

PUBLIC SECTOR - GOVT. - STATE Enterprise

1992

AUG. - DEC,

**Iscor's new
line set to
lift exports**

B/DA 218192
EDWARD WEST

ISCOR has taken a step further toward beneficiation with the commissioning of a R150m electrolytic galvanising line at its Vanderbijlpark works.

The line will manufacture corrosion-resistant body panels for the motor industry and components for the electrical and building industries and makers of steel furniture and home appliances.

MD Willem van Wyk said at the official opening on Friday Iscor could now export electroplated zinc coated sheet as well as meet local demand of some 45 000 tons of imports valued at about R100m a year. The line had a capacity of 120 000 tons a year, he said.

Iscor's capital expenditure programme was primarily aimed at upgrading and maintaining production facilities to world standards and to move more toward value added products, he said.

The line was similar to modern electrogalvanising plants in Belgium and Italy, he said.

8/04/92

Eskom's foreign deal

AN agreement between Eskom and Portugal's electricity utility company EDP was signed at the weekend, Eskom said.

(26)

The agreement allows for co-operation in the technical, managerial and customer service fields.

Alusaf 'will burn 16% of Eskom's excess'

13/04/92 518/92

EDWARD WEST

ALUSAF's multibillion-rand expansion programme, which has not yet been given the official go-ahead, would use only 16% of Eskom's surplus generating capacity in 1994

Alusaf MD Rob Barbour said the project to increase aluminium production to 460 000 tons was unlikely to be approved before the end of this month

He said a feasibility study had been completed and was being debated by the boards of the Industrial Development Corp, Genmin and Eskom, which has an option to take up a 25% stake in the project

The main advantage to Eskom would be the use of its excess capacity

city by the Richards Bay-based smelting plant

Based on optimistic economic forecasts, Alusaf's expanded smelters would consume up to 800MW or 16% of Eskom's excess capacity in 1994, Eskom spokesmen said.

Eskom, with nine of its coal-fired power stations in operation and six in mothballs, has an installed capacity of 38 396MW

Peak electricity demand on the integrated Eskom system amounted to 22 342MW in 1991, the utilities' annual report to December 1991

showed

Meanwhile, Eskom has awarded ABB Powertech a R100m contract to supply anti-air pollution equipment to Eskom's Duvha power station

Eskom power station engineering manager Andrew Dickson said three fabric filters would be fitted to Duvha to replace three faulty particulate precipitators.

Fabric filters would be fitted to the Majuba power station due to be commissioned in 1996, he said

He said the high cost prevented Eskom from fitting fabric filters to all its power stations, even though fabric filters had greater air-cleaning capabilities than precipitators

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Govt privatisation 'not stalled'

PRETORIA — Government's privatisation policy had not stalled and a number of state-owned enterprises were being commercially restructured to determine which were "privatisable", a spokesman for the Policy Unit for Public Enterprises and Privatisation said yesterday.

Responding to criticism that the process had slowed to a snail's pace, he said the policy of commercialisation, privatisation and deregulation was intact.

The process entailed a close evaluation of the readiness of likely candidates before Cabinet gave the go-ahead for privatisation. This took time and only three state-owned enterprises had so far been privatised, if the contracting out of services by central and local governments were excluded. These were Sasol, Iscor and the National Sorghum Breweries.

Iskor was sold for R3,6bn, most of which

~~232~~ GERALD REILLY (260)

was used for socio-economic infrastructural development, and the breweries for R43m, which went into a revolving fund for the establishment of bursaries for black students. No other state enterprise, with the exception of Abakor, was ready for privatisation, he said. *BIDAY 5/1/92*

State-owned enterprises currently being restructured on a commercial basis, but not yet privatised, were the SA Post Office, Telkom and Transnet, including SAA which was already competing in a deregulated market, the spokesman said.

Others being prepared for commercialisation included Foskor, Alexkor, Eskom, the state's forestry interests, state airports, air traffic control and Denel.

The spokesman said Eskom was not regarded as a suitable candidate for privatisation at this stage.

TopSport head on R1m charge

JOHANNESBURG — The SABC paid approximately five million rand for television rights into a National Soccer League account as it was under the impression the licensee wanted it that way, a SABC legal adviser told the Johannesburg Regional Court yesterday.

Mr Leander Gaum was testifying in the trial of former TopSport director Mr Hein Jordaan, who is appearing on charges of corruption and theft of an amount totalling R947 120

The state alleges that Mr Jordaan accepted four payments totalling R150 000 from former NSL PRO Abdul Bhamjee

and that Mr Jordaan conspired with Bhamjee to steal R797 120 from the NSL

Mr Gaum testified the SABC obtained exclusive broadcasting rights for the 1990 World Cup soccer tournament from the European Broadcasting Union (EBU)

Mr Gaum said in November 1989 Mr Jordaan told him that he had concluded a deal with the EBU, but because of political reasons, there could be no connection between the EBU and the SABC

The EBU was to grant broadcasting rights to the NSL which would in turn sublicense the SABC

Mr Gaum said he had suggested to Mr Jordaan and Bhamjee that the SABC sign

a letter of agreement with the NSL
"The agreement was not approved by Mr Jordaan He said we had forgotten to provide for the host broadcaster fee and asked me to add this fee of R300 000 to the agreement"

He included the fee and when Mr Jordaan was satisfied, countersigned the agreement with Bhamjee and Mr Jordaan

Earlier, an auditor testifying for the state, Mr Christopher Steven, submitted documents to the court which showed R797 120 which remained in the NSL trust account was transferred into accounts operated by Bhamjee and Mr Jordaan

The case continues — Sapa

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E along with its policy of screening all potential employees for HIV infection — have been slammed by both medical and legal Aids professionals as being discriminatory and ill-informed

The slogan "Don't bend for a friend" adorns an Aids information pamphlet put out by the parastatal electricity giant Eskom. The pamphlet also states that while employees can be infected heterosexually by "making love with an infected male/female", they can be infected homosexually merely by "sex between two male persons". The myth is thus perpetuated that homosexuality in and of itself is a primary cause of Aids.

"It's a very dangerous message," comments Johannesburg City Health Aids Services Dr Clive Evian, "for it fuels the perception that Aids is a gay disease, which is entirely incorrect in the South African context, where 95 percent of those who have the virus are heterosexual. The message must be that any kind of unprotected sexual intercourse between two people is dangerous — otherwise people will adopt the 'it can't happen to me' defense."

To make matters worse, the pamphlet has, on its cover, a skull beneath the words, printed in four languages, "Beware of Aids". Evian explains that "such doomsaying is counter-productive, for it creates negative impulses like rejection, discrimination, blame, panic — things to run away from. By putting a skull on the cover and then using the slogan 'Don't bend for a friend', the pamphlet slots into the discrimination of homosexual people and plays into stigmatisation rather than overcoming it."

To be fair to Eskom, the pamphlet was produced in 1987 when, by corporate medical consultant Dr Charles Roos' own admission, "we were on a steep learning curve, so we didn't always get things right." But while Roos claims to have "personally locked up the offending material in a cupboard", the pamphlet is still, according to Aids workers who have visited there, being widely disseminated at Eskom.

The Eskom pamphlet is, perhaps, the most glaring example of the wrong-headedness of much policy as South African employers try to come to terms with the fact that a large proportion of the workforce may well be infected in the future.

Eskom, to its credit, was one of the first employers to formulate an Aids policy. But while the parastatal has placed a strong emphasis on education — ill-informed though this might have been — there is another far more controversial component to its policy: the decision to screen all potential employees for HIV, and to deny any employment to those who test positive.

The World Health Organisation and the

Eskom's Aids drive gets short-circuited

W/Mail 7/8 - 13/8/92

Parastatal electricity giant Eskom has been singled out for criticism in its Aids policy, because it screens new recruits for HIV and because its educational material is filled with misinformation.

MARK GEVISSER looks at Aids in the workplace

International Labour Organisation have declared that "since HIV infection by itself does not affect a worker's ability to perform a job, and an infected person cannot transmit infection to co-workers casually, employment or pre-employment testing or screening is unnecessary and should not be required". Already, France, Italy, West Germany and the African countries of Malawi and Zambia have expressly prohibited such practice.

Yet a survey presented to a conference on Aids and the Law last month proves that many South African employers are still motivated by fear and loathing rather than common sense when it comes to Aids. 45 percent of the respondents stated that they would breach their employees' rights to confidence if they found out one had become infected, 65 percent said they would refuse to employ an HIV-infected person, and 64 percent have not considered any type of Aids education programme for their employees.

Good sense, though, seems to have prevailed on the issue of pre-screening prospective employees: only 10 percent of the companies canvassed, like Eskom, actively do this. Most employers seem now to accept that screening is, in the words of Edwin Cameron from the Centre for Applied Legal Studies, "futile, misleading, socially irresponsible, and unfair to the individual".

Roos counters, however, that Eskom's decision to screen is an attempt to "protect our fringe benefit schemes — like medical aid, housing subsidies and pension fund", and adds that there are two specific areas where "we just cannot employ HIV-positive people where Aids-related neurological disorders might affect the safety of the workplace, and where long-term and costly training is required". Roos concedes that "it might be a better plan



to continue screening, but just to exclude employers from these positions rather than from any work." He states, however, "that the policy is under review and screening might be scrapped altogether."

This change of heart is perhaps due to pressure and threats from the unions and the legal fraternity. Cameron makes a strong case that exclusion due to HIV-positivity constitutes an unfair labour practice and is grounds for a court challenge. "Since HIV positive job applicants may have years of constructive, healthy service ahead of them, excluding them from employment lacks a rational foundation and is unfair."

Pre-employment testing, he adds, "cannot achieve what it sets out to do. It cannot guarantee a sanitised Aids-free workplace", because the six-month window period means that many might test false-negative, and because many more may test positive after employment.

Furthermore, Cameron says, "pre-employment screening can lead to false confidence among workers and lull them into believing, quite wrongly, that it would be safe to have sex with each other."

Many organisations — most notably the Chamber of Mines — have changed their minds about screening, not least because of its expense. By law, HIV-testing needs to be

pre- and post-test counselling. The chamber initially had a policy of screening workers from "high-risk areas", but, due to the intervention of the National Union of Mineworkers (NUM), a new policy is being considered.

In contrast to Eskom, a model approach towards Aids has been adopted by the building construction giant, Anglo-Alpha, which points out in its Aids policy that, if all employers screened out HIV-positive people, "a leper colony of unemployed and unemployable people would be created", the consequences of which would be undesirable — both socially and economically.

So the company will not test present employees unless the employees themselves demand it, it offers full benefits to those who do test HIV-positive, and it does not require employees to reveal their HIV-status unless "they are unable to perform their tasks". Only once Aids-related illnesses affect an employee's ability to perform, will his or her employment be assessed, and then "the normal ill-health retirement regulations will apply".

Anglo-Alpha even acknowledges that "continued employment for an employee with life-threatening disease may sometimes be therapeutically important in the remission or recovery process or may help prolong that employee's life".

Labour lawyers and unionists are urging employers to treat Aids just like any other life-threatening disease. So serious is Anglo-Alpha about preventing stigmatisation in the workplace, that there is a clause in the policy that allows the company to take disciplinary action against employees unwilling to work with HIV-positive colleagues.

Critical to the process is the education of employees, and experience from abroad has proven that this — rather than testing — is where an employers' resources are best channelled. Unions like the NUM insist, however, that such education must not be imposed upon from above, but must be designed and implemented in full collaboration with the workforce itself if it is to be effective.

And, adds Evian, "such education must have two components: it must give the facts to prevent the spread of Aids, and it must fight stigmatisation, by urging support for those who have the disease." Many companies do the former, but few do the latter.

"And unfortunately," he concludes, "if a company gives information about Aids but at the same time discriminates against HIV-positive people, it is giving a mixed message to its employees. It is saying that Aids is fearful and bad and must be excised — like a malignant tumour — from the workforce. Within such a context, no amount of correct factual information will reach workers."

Bop call for open TV broadcasting

BOP Broadcasting Corporation director-general Jonathan Procter has called for broadcasting in southern Africa to be urgently depoliticised.

Procter said at a seminar in Johannesburg that "international trends are toward allowing private sector participation in broadcasting, which must be made independent of government".

He said an independent broadcasting council should be set up. Its role should be to open up radio and television broadcasting to the private sector in a controlled form, to allow use of frequencies, set the rate for licence fees and set up minimum standards.

Control

It should also evaluate applications for licences on financial capability and the ability to operate a broadcasting station, and should collect funds from government for educational and cultural broadcasts.

But Procter said the council should not impose restrictions on private broadcasters in terms of local content, language or programme content.

8/10/92 (260)
MARCIA KLEIN

He also warned against the dangers of no control at all, and said that in Australia, two of the five remaining broadcasters were in financial trouble.

Procter was confident Bop-TV was on the verge of entering independent broadcasting in SA.

"We ask not that the playing fields be levelled, nor that the target be fixed, because our vision goes beyond the horizon seen by the masters of old".

He said local players had lost sight of the real threat, which was not Bop-TV. It was much broader than that.

The increasing costs of buying programmes overseas was to the detriment of broadcasting in southern Africa.

Talk of turning all television broadcasting in SA to pay TV would result in most people being excluded from access to television, Procter said.

If all channels were to be reached through decoders, Bop TV "would welcome the opportunity to become a national competitor as an open broadcast channel for the people".

R10bn booster for forex from six projects

By ZILLA EFRAT

SOUTH Africa could boost foreign-currency earnings by more than R10-billion when six industrial projects come on stream in the next five years.

They are under scrutiny by the Industrial Development Corporation (IDC) which will partly finance the R29-billion cost of the projects.

Their potential foreign earnings are equivalent to 50% of SA's gold production and they will have a knock-on effect for the economy.

The projects are largely export-oriented and are aimed at adding value to SA's natural resources.

They focus on the production of steel, stainless steel, aluminium, minerals and petro-chemicals. One aims to boost eco-tourism.

IDC senior general manager Malcolm Macdonald says the size of the projects makes it difficult for individual companies to undertake them without help.

They will receive help in the form of an IDC equity stake or loan finance. To fund them, the IDC will have to

realise some of its investments in mature projects.

Until final decisions are made, Mr Macdonald is reluctant to detail how this will be done.

He is optimistic that most of the projects will get off the ground — good news at a time when industrialists say SA's foreign investment prospects look bleak.

Construction of some could start this year.

Smelter

The projects are

- The Columbus Stainless Steel venture between Highveld Steel and Samancor — expected to be the first to be given the green light.

It will expand a stainless-steel mill at Middelburg into a world-scale plant with a capacity of 300 000 tons a year.

It could cost well over R2,5-billion and be completed by 1996.

- Increasing capacity at Alusaf's Richards Bay smelter from 170 000 tons a year to

600 000. The project is backed by Gencor, the IDC and Eskom.

It is expected to cost R5,6-billion and generate exports of R2,8-billion annually.

- The Flogopite project at Phalaborwa, based on a process developed by the IDC to recover alumina, magnesia and potash out of waste ore from Foskor's mining of phosphate rock.

A demonstration plant is being built at a cost of more than R100-million.

If it is successful, a R4-billion plant will be built to make SA self-sufficient in these minerals and a large exporter of magnesia and later of magnesium metal.

The venture could come on stream in 1997 and boost SA's foreign trade account by R1,5-billion a year.

- A R600-million IDC loan to expand the infrastructure and accommodation in and around SA's national parks.

The IDC's investment is expected to be at least doubled by that of the private sector and parks boards.

Corex

The IDC has received 11 applications for R167-million and inquiries involving R356-million. A total of R25-million has been approved.

- A project which could make SA one of the world's lowest-cost steel producers.

It is based on the new Corex iron-making process developed by Iscor in partnership with Voest Alpine of Austria.

It will enable low-cost iron ore to be economically converted to steel. The mill will cost R3-billion and the venture could generate exports of R1-billion a year.

A feasibility study is expected to be completed by the first quarter of next year.

- A petro-chemical complex based on down-stream processing of gas from Moss gas.

A preliminary feasibility study has been completed and studies are being done by Sentrachem and the IDC. A detailed proposal could become final by the middle of next year.

Cost could be about R11-billion. Most of the output would be used for further processing domestically, with 30% being exported initially. Improvement of SA's foreign trade balance is estimated at R2,4-billion a year.

The IDC is also investigating a host of smaller mineral beneficiation projects. Some could involve foreign licence agreements.

Mr Macdonald says the IDC is spending R16-million on its investigation of these projects this year.

Its aim is to assist projects which can stimulate the economy in the long term, provide jobs and earn money for social spending.

MONEY MARKETS by Hilary Gush**Rates dip boosts capital market**

THERE was more activity on the streets and rugby fields last week than in the dealing rooms as major players stayed on the sidelines and took a "wait-and-see attitude" to the two-day general strike

On Wednesday distracted dealers changed the focus of their attention from mass rallies to rugby while rates on the money market took a back seat

The capital market was, however, more captivating. By mid-week bullish sentiment had driven rates down to eight-year lows. Expectations of falling inflation and an upturn in economic activity further fuelled gilts buying.

The yield on Eskom's bellwether E168 bond plummeted to 14,34% towards the weekend from 14,72% on Monday. The yield on government R150 followed a similar trend, falling 43 points over the week from 14,87% to 14,44%.

Buoyed by positive political perceptions the bull run is expected to continue.

Feeling in the market is that the yield differential on R150 and E168 stock will narrow substantially over the year, with yields possibly converging.

While the Eskom bond used to be the benchmark stock — the most traded semi-gilt — the government R150 has, since the

beginning of the year, taken the lead in terms of tradeability. The E168, however, remains the bellwether bond.

The reason for the initially lower tradeability of RSA 150s was that the Reserve Bank was not involved in the secondary market. This has since changed and an option market in government stock has developed.

August government spending saw liquidity in the money market pick up towards the end of the week with the shortage at R2,77bn from more than R5bn last month.

Speculation of a further Bank rate cut in September eased money market rates. By Friday the 90-day liquid BA rate was down at 13,4% from 13,5% the week before.

Bolstered by expectations of a Bank rate cut money market rates are expected to fall by at least one percentage point in the next few months.

The average rate on the Bank's weekly tender for three-month Treasury bills was down 13 points to 13,21% from the previous week's 13,34%. Demand for the short-term paper was good due to improved liquidity in the market. The Bank attracted bids of R960m for the R150m offered in six-month TBs, with the rate on these also down from 12,55% to 12,43%.

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Bulletin on AIDS issues

CAPE TOWN — An AIDS newsletter is to be launched by the Medical Research Council later this month.

Editor Dr Malcolm Steinberg, head of the MRC national AIDS research programme, said the quarterly AIDS Bulletin was prompted by the dearth of accurate, user-friendly information on AIDS issues.

"By providing information on AIDS education, prevention, care and research, we hope to raise the awareness of all interested individuals about the disease." **SDA 11/8/92**

The first edition will include an interview with ANC health representatives Cheryl Carolus on the movement's AIDS policy and the draft of SA's AIDS charter on the rights of AIDS sufferers.

The bulletin is available on request from PO Box 19070, Tygerberg 7505. — Sapa.

Rail campaign keeps the millions from starving

STEPHANE BOTHMA

DESPITE the fact that National Railways of Zimbabwe (NRZ) delivers 5 000 tons of maize to Zimbabwe daily, the country's government estimates that maize shipments will have to be dramatically increased to feed its citizens adequately.

Maize imports estimates were revised last week to 2,5-million tons from 1,6-million tons to cater for household and stockfeed needs as the drought forces more people to rely on government supplies.

SA's Spoorneet delivers thousands of tons of maize, either commercially bought or donated by the World Food Programme, to Beit Bridge with Harare acting as a distribution centre for relief supplies sent to Malawi, Zambia and Zaire.

Maize donated by the US, Argentina, Mexico and Australia is received by Portnet at SA's major harbours and is transported by Spoorneet to Zimbabwe at Beit Bridge, control

of Spoorneet's rolling stock is taken over by Zimbabwe

At the Grain Marketing Board in Harare, supplies are distributed either to trucks carrying maize in sacks to Malawi and Zambia or to grain silos from where local millers produce maize meal

Processed maize reaches rural areas by road

The board receives and dispatches about 1 000 tons of maize on a 24-hour basis daily, says operating manager Philemon Makumburofa.

"We operate on an almost hand-to-mouth basis," Makumburofa says, explaining that almost everything received was sent out the same day.

Privately owned Bak Storage of Harare handles the same capacity as the board on a daily basis

Since the import of maize started in April this year, 314 300 tons had been also received by rail and road

from Beira, NRZ eastern region area manager Norman Shoko said

NRZ had so far received about 700 000 tons of maize from SA, of which 400 000 was destined for Zimbabwe, 100 000 for Malawi and 200 000 for Zambia, he said.

Eight-million tons of maize will be imported by SA, Lesotho, Botswana, Swaziland, Namibia, Zimbabwe, Malawi, Zambia and Zaire in the 18-month period which began in April.

Referring to Zimbabwe's increased demand for maize, Shoko said NRZ could easily handle the flow of additional produce.

"We are geared to move this mammoth amount of food and so far nobody is starving because of transport problems," he said

The entire distribution operation is being planned, controlled and overseen at Spoorneet's operations room in Braamfontein, Johannesburg, where all the countries receiving food aid are represented

CSIR prepares water relief for Zimbabwe

MICHAEL HARTNACK

HARARE — An SA water expert returned home at the weekend to prepare emergency relief schemes for the drought-stricken cities of Mutare and Bulawayo.

CSIR water quality information system programme manager Dr Peter Ashton finished a four-day inspection of the worst crisis areas with a visit to Matabeleland.

He said a CSIR team had already found an aquifer of water-bearing rocks outside the eastern border town of Mutare, whose residents were limited to a few hours of water supply from their taps every second day.

In Matabeleland, the CSIR team was examining the Nyamandlovu aquifer, northwest of Bulawayo, where householders were rationed to 300l a day. The CSIR fears taps will run dry in a few weeks.

Co-operation in tackling regional water problems featured in talks which took place in Harare last week between Zimbabwean officials and SA Foreign Affairs chief director (Southern Africa) Gert Grobler.

Grobler reportedly told the Zimbabweans that SA desired to develop a "more constructive" relationship with its neighbour.

Sources in Harare said Grobler discussed further technical co-operation between Zimbabwe and SA in other sectors, including transport, health, agriculture and telecommunications.

SA is assisting in the transportation to Zimbabwe of an estimated 2,5-million tons of maize.

Eskom shelves bond issue

ESKOM has postponed a \$150m international bond issue, saying it intends to keep out of foreign markets until the domestic political climate improves. **8/DA7 11/8/92**

Finance CE Mick Davis said yesterday Eskom would find it difficult in the current climate of social and political insecurity to approach the market and wanted to avoid an unsuccessful issue.

Davis confirmed that Eskom had shelved plans for a \$150m to \$200m issue next month. He said this money would be raised on the local market, although it would definitely not take place in September.

Eskom would probably again approach the international market next year for part of the approximately R3bn needs, Davis said, adding that he expected an interim government to be installed by early next year after which the political situation was likely to improve.

Last November the Independent Development Trust indefinitely postponed a \$100m Eurobond issue after opposition from the ANC.

Syfrets portfolio manager Rob Nichol said that with the current bullish sentiment in the capital market Eskom would have "no problem finding the funding locally".

PETER DELMAR
and HILARY GUSH

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Any government bond issues in response to shortfalls in government revenues would also be easily absorbed by the market.

Dealers said the market could "without a doubt" sustain Eskom's borrowing requirement and that an extra R500m would make "little difference" to rates in the capital market, which currently reflected the weakness of the economy.

Expectations of a looming bank rate cut had pushed money market rates down while equities were susceptible to the current political uncertainty.

Nichol said that yesterday's 14 point correction in capital market rates was not a reaction to Eskom's statement. The market had long anticipated short term rates would come off.

The yield on government R150 stock finished up on the day at 14,59% from a previous 14,44%, while the yield on the bellwether E168 bond firmed to 14,43% from 14,34% at the opening of the session.

"As always, Eskom is noted in the market for the ability to fund with extreme professionalism," Nichol said.

Media Council reaches end of an era

Own Correspondent

STAR 12/8/92

CAPE TOWN — A streamlined Media Council is to cut its membership from 30 to 11, move its headquarters to Johannesburg and bar the use of lawyers at hearings

The council's executive is to investigate changing the council's name as its role changes to being mainly a commission to adjudicate complaints

Registrar Bob Steyn and dep-

uty registrar Jack Friedman are to be offered retrenchment packages Mr Steyn is to be asked to stay on temporarily to brief his successor.

Founded as the Press Board of Reference and later known as the Press Council, since 1983 the Media Council has investigated broader issues of the media in society.

At a meeting on Monday, Ken Owen, representing the Conference of Editors, said the Media

Council and its predecessors had been devices accepted by the press to escape repressive legislation.

His newspapers would withdraw from the council if it continued in a form which would "continue (former president) P'W Botha's work"

John Featherstone, of the Newspaper Press Union, said the changes were aimed at cutting costs for all parties

participants are playing in the ongoing violence". The Senate is expected to approve the same text soon

The summit was scheduled for July 30 but was postponed after Buthelezi refused to attend, citing the ANC statements and the continued existence of the ANC's armed wing Umkhonto we Sizwe as rea-

Meanwhile, Sapa reports that Qwa's ruling Dikwankwetla Party has withdrawn from the committee Party leader Kenneth Mopeli said some committee members, especially the ANC, "make a mockery of the whole spirit of the accord".

Sasol agrees to probe of 'hit squad' claims

BIDAY 12/8/92. 260
SASOL has agreed to an independent commission of inquiry — possibly the Goldstone commission — to investigate Chemical Workers' Industrial Union (CWIU) allegations of CCB and Inkatha hit squad involvement in the deaths of its members at Sasol.

Sasol executive director Dirk Mostert yesterday rejected "with utter contempt the untruthful, vicious, malicious and unfounded allegations" of the CWIU that Sasol management was behind attacks and killings.

Two CWIU members were killed and one was seriously injured last Friday night after an attack allegedly by Inkatha supporters who worked during a week-long strike at Sasol's Secunda Colliery last week.

Mostert said Sasol was prepared to have an independent inquiry to get to the truth

DIRK HARTFORD

The CWIU has been demanding for some time that the Goldstone commission investigate its allegations

CWIU and Sasol have different versions of the events — which occurred after a strike by 5 000 CWIU members had ended — leading to last week's murders.

The union says its members asked security to search a room allegedly occupied by Inkatha-supporting non-strikers and "outside people" but they refused. Instead, the CWIU says, three workers were attacked by the guards while a shaft steward was killed at the security office by "Inkatha and outside people".

The following day another worker was found dead near the security gate of the hostel.

Sasol confirmed the deaths, but gave no details. It also confirmed — as the union alleged — that a manager had met a delegation from the KwaZulu government and Uwusa last Friday.

The CWIU said a security guard called Moolman pointed a gun at a worker during the attack. Sasol said he had been suspended.

Sasol will meet the CWIU tomorrow for further talks.

Meanwhile, the CWIU says the agreement to settle the strike was that Secunda Colliery workers get three weeks' severance pay for every year of service and an 11,5% increase.

More than 90% of CWIU's 1 200 members at Consol Glass have voted to strike at five plants countrywide

by the recession

The business had assets of R1,5m against liabilities of R2,6m and various creditors, including the Receiver of Revenue, were pressing for payment

Water supply ensured

EXTENSIONS costing R1,5bn would increase the capacity of the Rand Water Board's purification and pumping plant by an additional 1 200 MI a day

The board said it would be able to satisfy the increased demand — 4-7% over 10 years — by 1998

REPORTS Sapa-AFP, Business Day Reporters.

650 Samcor workers to be retrenched

THE SA Motor Corporation (Samcor) would be retrenching 650 workers from its plants in Pretoria and Port Elizabeth this month, Samcor chairman Spencer Sterling said yesterday.

In a statement, Sterling said deteriorating economic conditions and falling vehicle sales had necessitated the move. *BIDAY 12/8/92.*

July car sales figures, released by the National Association of Automobile Manufacturers earlier this week, indicated a drop of 8,2% compared with July 1991 and a 0,9% fall on June 1992's figures.

ADRIAN HADLAND *(260)*

Sterling said the retrenchment of 650 hourly paid employees, out of a total of about 4 000, would facilitate a return to a normal working week for the remaining employees *(260)*

A Samcor spokesman said salaried staff had not been affected by the restructuring.

He added that manning level adjustments and retrenchment packages had been accepted following discussions with motor industry trade union Numsa

New Iscor plan to limit capital expenditure *(260)*

ISCOR's massive capital expenditure programme of the past four years has come to an end.

A new plan, approved by the board last week, focuses strongly on limiting capital expenditure during the next four years, providing only for the essential replacement and maintenance of production facilities, and on controlling working capital to reduce the current debt situation.

Finances and business services GM Louis van Niekerk said yesterday borrowings were running at more

BIDAY 12/8/92.
PETER DELMAR

than R2bn and the interest bill had climbed to R400m a year. Capital expenditure in the past few years had amounted to R4bn. In the past two years it was R2,2bn

A new electro-galvanising line at the Vanderbijlpark works was commissioned last week. The only other major project outstanding is the modern continuous casting facility at its Pretoria works, due for completion later this year. A major capital

project under investigation by Iscor and the IDC — a R2,8bn steel mill — was likely to be commissioned only in 1997, if given the go-ahead.

Van Niekerk said that while interest had grown from R100m two years ago and R275m a-year ago, it had been expected to peak at the current level. For the six months to December it was R218m.

He said Iscor's ability to raise permanent capital was being inhibited by its depressed share price, which stood at 113c yesterday.

Lower tax bills boost IDC Selections profits

PROFITS of the Industrial Development Corporation's (IDC's) general investment companies National Selections and Industrial Selections were boosted by lower tax bills in the year to June 1992.

Today's published results show the 53% IDC-controlled Industrial Selections' earnings improved to 14,36c (1991 13,88c). A final dividend of 6,5c (6c) was declared, bringing the total dividends for the year to 12c. National Selections' earnings rose to 17c (16,47c) a share and the final dividend was upped to 8c (7,5c) bringing the annual total to 14,5c (14c).

Industrial Selections' pre-tax income increased marginally to R39,98m (R39,4m), but the tax bill, which fell substantially to R671 000 from R1,4m, boosted taxed income to R39,31m (R38m).

National Selections' pre-tax income also increased marginally to R39,73m (R39,39m). The tax bill fell

to R600 000 from (R1,49m) leaving taxed income at R39,13m (R37,9m).

National and Industrial Selections' major investments included Sappi, Impala Platinum, C G Smith and Richards Bay Heavy Minerals, said IDC GM Louis Kingma

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EDWARD WEST

SABC offer (260) fair — claim (2)

JOHANNESBURG —
The SABC yesterday
said its wage increase
offers to members of the
Media Workers' Associa-
tion of SA engaged in a
strike at the corporation,
were fair. 5/13/7/92

In an open letter in
newspapers, SABC
group chief executive Mr
Wynand Harmse said the
SABC had offered an
11% across-the-board in-
crease with effect from
March 1, 1992 when most
employers were negoti-
ating less than 10% this
year. — Sapa

84 schools to get electricity

Sowetan 13/8/92

By Joshua Raboroko

ESKOM is to electrify 84 schools countrywide by the end of the year

Eskom's chief executive, Dr Ian McRae, said his company was committed to "making things happen".

He said the project was part of Eskom's contribution to educational development in disadvantaged communities. The company electrified 10 schools last year.

McRae said his company realised that the most significant contribution they could make to the development of a child was the electrification of schools.

"This leads to the creation of an environment which is more conducive to learning. Teachers will now have access to electronic teaching aids such as videos and overhead projectors to enhance their teaching.

"Educational TV programmes can also be screened. This will make learning easier, more fun and more effective," he said.

The company supported non-formal

■ Learning will now be easier for schoolchildren:

education which benefitted more than 95 000 pupils each year, he said. The organisation also contributed to the in-service training of about 9 500 teachers at pre-primary, primary and secondary schools.

It had also supplied teaching equipment which benefitted 35 000 school children, built 237 classrooms in the past two years and presently paid for full scholarships for 185 pupils at 18 open, independent schools.

The deputy director-general of the Department of Education and Training, Mr Dirk Scholtz, said Eskom's contribution was making a substantial difference in the development of future human resources.

"Only if big business and other interested parties stand together and plan and act in a co-ordinated way can we succeed in our efforts to build an educated nation," he said.

260

The CSIR (260) declares its first profit (269)

TIM COHEN

PRETORIA — The CSIR's external income had exceeded its parliamentary grant for the first time, primarily as a result of its commercialisation drive, results released yesterday showed. **81047 14/8/92**

The organisation ended its financial year with a surplus of R22,7m

Private sector sales increased 25% and royalty income increased 126%

The CSIR's parliamentary grant was decreased slightly in 1992, but this was offset by the 8,5% increase in external sales to the public and private sectors

Presenting the results yesterday, executive vice-president Mike Groch said the CSIR was becoming more involved in Africa, where about 10% of its sales were concluded

GERALD REILLY reports that president Brian Clark said as barriers between nations and sectors fell, the "global village" was becoming more competitive

"The only way for SA to obtain a competitive advantage in this environment is through outstanding implementation and management of technology," he said

Mossgas signs agreement

(260)

Business Day Reporter

STATE-owned oil company Mossgas last night signed a R10m agreement with Pentow Marine and Portnet involving the operation of the marine tanker facility through which Mossgas's petroleum products will be shipped.

From the end of the year about 85% of the petrol, diesel and paraffin produced by Mossgas would be shipped by tanker from the marine tanker terminal at Mossel Bay to Port Elizabeth and East London, Mossgas said.

Pentow Marine will be responsible for the loading and unloading of the products through the terminal which consists of a single-point mooring buoy, 3km out at sea, and ancillary equipment such as floating hoses.

As part of the agreement, Pentow Marine has purchased the buoy tendering vessel, Pentow Málgas, which will be used for servicing the marine tanker terminal.

Portnet will be responsible for rendering port services including a pilot and tug service. It will also take over ownership of the marine tanker terminal from Mossgas.

Key SABC, PAC meeting today

31 DAY 147192
THE outcome of today's meeting between the SABC management and the PAC would determine whether the campaign to force companies to withdraw advertisements from the corporation would go on, the PAC said yesterday.

But the Durban-based Mwasu Support Committee, headed by former National Soccer League (NSL) GM Roger Sishi, has started writing to companies calling on them to withdraw advertisements from the SABC. The PAC last week announced the launch of a campaign against the SABC, in solidarity with the Mwasu strikers, warning companies to withdraw advertisements or face mass action.

The ANC/Cosatu alliance also announced plans to embark on such action "probably next month"

THEO RAWANA 260

PAC national campaigns committee chairman Ntsudeni Madzunya said the campaign had been postponed pending the outcome of today's meeting. The PAC had a list of targeted companies, but that would be released after the meeting.

The Mwasu Support Committee, which comprises 20 Natal-based political, civic, labour, cultural and journalists' organisations, says in its letter the cancellation of advertising contracts with the SABC would force management to resolve the dispute.

"For the sake of peace within the black community, you are asked to consider the possibility of terminating an advertising contract with the SABC," reads one letter to Lion Match in Durban.

SABC urges fund raiser to join JSE

SITimes (BUS) 16/8/92 (260)

GAMES Africa, the new company that will raise funds for the Ithuba Trust, is being encouraged by the SABC to go for a JSE listing

A source close to Games Africa said a listing would give the company an image of public accountability

This follows criticism of Ithuba's past fund-raising activities

However, it will be at least three years before the company satisfies the profit history needed for a JSE flotation

The JSE's three-year rule can be waived in exceptional circumstances. But this is unlikely to happen before the

By CHERILYN IRETON

R12-million in loan capital used to set up Games Africa has been repaid

Central to Games Africa's initial success is an agreement with the SABC which gives it free air time for the promotion of its games and scratch card competition

The SABC has in the past been criticised by welfare bodies for its arrangements with Ithuba

The SABC did not respond to questions put to it by Business Times this week

The first of Games Africa's activities will be a weekly 30-

minute game show which will be launched on TV1 this month

Games Africa has put up R3-million from its initial capital to part fund the production costs of the 52 programmes. The SABC will pay for the rest

The R12-million used to finance Games Africa came from six groups of investors — including black businessmen, an Israeli company, management, Ellerine Holdings, UAL Merchant Bank and stockbroker Simpson McKie

Rewards

The company is unashamedly profit oriented and believes these investors should, in time, receive fair reward for risking their money

Games Africa believes it can generate turnover of R100-million in its first year

Half of the money will be used for prizes and 15% (or R15-million if the forecasts are correct) will go to Games Africa

Some 30% (or R30-million) will end up in the Ithuba Trust and ultimately go to charity and welfare organisations

From its income of R15-million Games Africa will fund marketing and administration costs

The shareholders of Games Africa include a consortium of black businessmen, called Vela International, headed by Gibson Thula

A quarter of the capital came from Kardan, an investment company quoted on the Israeli Stock Exchange. The company's SA representative, Eytan Rechter, says the R3-million which Kardan has invested, was brought in through the commercial rand

He expects it will be at least three years before Kardan receives a "fair" return on its investment

Mr Rechter came under the spotlight this year when former Finance Minister Barend Du Plessis allegedly intervened to help him and associate Shalom Shpilman smooth out foreign-exchange difficulties

Games Africa management will ultimately become the third-largest shareholder with an effective stake of 20,1%

A company called Games Management Holdings borrowed R2,4-million, at the prime overdraft rate to take up its stake

These shares will eventually be passed to management through an incentive scheme

Judges

Games Africa managing director John Pittman, an American who has been brought to SA on a two-year contract, says "We have gone to great lengths to ensure that the security and integrity of our games are above reproach"

The company's marketing director is Ithuba founder Gareth Pyne-James. Mr Pyne-James has been criticised in the past for his R17 000-a-month Ithuba salary, a claimed inability to administer, and for a failed fund-raising scheme. Mr Pyne-James says the scheme failed after he had cut his ties with it

At Games Africa he will be a salaried employee in charge of marketing. He will also be answerable to the directors. He has no shares in the company

Moves to ensure that the funds raised for Ithuba are correctly allocated include the appointment of a panel of judges comprising Miss Justice Leonora van den Heever, Mr Justice B de V Pickard and Mr Justice P Tebbutt. Syfrets Trust and Coopers Theron du Toit will be custodians

Shakeup looms at Eskom

ESKOM will soon cut several hundred professional posts or transfer incumbents from head office to power stations

Confirming the group had decided on major restructuring, group engineering manager Andrew Dickson said at the weekend rationalisation of the workforce had already begun

This was occurring because Eskom was nearing the end of its 10-year, R50bn construction programme

"The opportunity is now being taken to focus the group's engineering resources on the effective technical support of the operating plant," Dickson said. To achieve this refocusing, fully fledged engineering departments were being established at power stations.

B/DAY 17/8/92
PETER DELMAR

The existing generation technology department at Eskom's Megawatt Park — which employs about 700 people, about half of them in professional capacities — would be scaled down to a "core" of specialists and technical consultants

"In this way a substantially increased engineering resource will be made available on site to manage the life cycle of the generating plant," Dickson said

He said a number of functions would no longer be carried out in-house and "a number of redundancies" are expected

"The civil and building division, consist-

To Page 2

Eskom

ing of architecture, civil engineering and quantity surveying, has been worst affected by the rationalisation. In future no significant architectural work will be performed in-house. Only an informal client capability will be retained

The architecture department employs about 50 architects and draughtsmen

Dickson said the bulk of civil engineering and quantity surveying work would be performed at the power stations, with a relatively small core of specialists remaining at Megawatt Park

Generation group human resources manager Gawie Horn said although Eskom employment contracts stipulated staff could be employed anywhere in SA, "when we do send people to the gramadoelas, we

260

From Page 1

will look at the compassionate grounds" Eskom followed a policy of no forced retrenchments and affected staff were encouraged to accept positions in other groups in Eskom where needs arose

"Concurrent with this policy, Eskom has made available a variety of voluntary options to staff members. These include applications for separation packages, early retirement, retraining and relocation

"Eskom needs to ensure that it retains the necessary skills for its operations and applications for the above options are subject to these constraints

Last year Eskom reduced its workforce from 50 000 to 46 600. It is expected the other operating groups will be similarly affected.

Sasol warns of possible job losses

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17/8/72
PIBK HARTFORD

AN ESTIMATED 1 500 Sasol workers could be "affected" over the next few months by cost-cutting measures to ensure its economic viability, Sasol's Lee-Anne Goodman says

But Chemical Workers' Industrial Union (CWIU) assistant general secretary Muzi Buthelezi has warned that any potential retrenchments would now go through a joint panel

Goodman said Sasol was doing everything in its capacity to minimise forced retrenchments

This included shortening the working week, introducing half-day posts and offering voluntary retrenchment and early retirements, she said

Employees being retrenched who had their home loans guaranteed by Sasol, had 90 days "to relieve Sasol of that obligation", Goodman said

Meanwhile, Sasol has threatened to sue Buthelezi for libel. Buthelezi is alleged to have said Sasol management was behind "attacks and killings" of its members. And the Goldstone commission is to be asked to investigate CWIU allegations that CCB and Inkatha hit squads are operating at Sasol.

CSIR seeks foothold in Africa

STAR 17/8/92

By Helen Grange
Pretoria Bureau

The Council for Scientific and Industrial Research, now depending heavily on the private sector for funds, has turned its attention to providing and managing technology in Africa, where it hopes to gain a lucrative foothold.

In the organisation's annual report, CSIR president Dr Brian Clark said democratisation, social integration, and the lifting of sanctions and protectionist trade measures were changing the scientific and technological environment in South Africa.

Because information

technology was enabling nations to gain access to technological innovation worldwide, the only way South Africa could obtain a competitive edge was through outstanding implementation and management of technology, he said.

Changing government priorities had led to cutbacks in public-sector investment in contract research in the defence, transport and energy sectors.

Despite this, the CSIR had managed to increase its external sales by 8,5 percent for the past financial year.

The organisation ended the past financial

year with a surplus of R22,7 million.

A network of representatives had been established in several African countries, and a number of new projects were being investigated, some in response to specific requests by African governments for the CSIR's involvement.

The organisation had also actively promoted greater interaction with development agencies to further its technology transfer activities, especially in Africa.

The CSIR had been registered as a consultant with the World Bank and the Deutsche Gesellschaft für Zusammenarbeit.

THE extent of state involvement and the sums required for Industrial Development Corporation (IDC) undertakings mean that we ignore them at our peril.

According to news reports, the parastatal IDC is co-operating with leading private companies and Eskom to develop five projects with an estimated capital cost of almost R30bn. The schemes would produce stainless steel, aluminium, petrochemicals and other commodities for export and domestic use.

Investments on this level will define SA's growth strategy for years to come. Even if we enjoyed an upsurge in savings or foreign investment, they rule out other options.

The proposals' combined capital cost exceeds half of today's annual savings. Even if they absorb, say, only R5bn a year for the next three years, they would triple new investment. If they use domestic capital, interest rates will probably rise. Foreign markets impose informal credit limits by country, so borrowing abroad for these ventures could reduce loans to other South Africans. Similarly, if the IDC and Eskom focus on planning these mega-projects, they can only have less time for other developments.

At the very least, we must examine the alternatives carefully before plunging ahead. If the country does embark on these schemes, plans to stimulate job creation in related sectors must be worked out in far greater detail.

The proposals share several characteristics. All are huge, ranging from more than R3bn for the stainless steel plant to about R10bn for a petrochemicals complex. The IDC expects each to become a leading exporter. As a group, their projected foreign earnings total about R10bn a year. After fairly limited initial incentives under the 37E programme, the projects will contribute heavily to tax revenues.

Finally, the plants themselves would produce bulk commodities both for export and as inputs for local manufacturing. In this way, they could encourage downstream production and job creation. The proposed projects also share

Epic schemes are a foolish gamble with SA's future

NEVA SEIDMAN MAKGETLA and ZAVAREH RUSTOMJEE

BIDA 17/8/92

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some less desirable properties

First, in spite of their extraordinary cost, they would create few jobs directly. Indeed, the R3bn stainless steel works will create no new jobs at all. Instead, it will employ the workforce from an existing plant. In themselves, then, given SA's estimated 40% unemployment rate, the schemes seem difficult to justify.

Proponents argue that the initial project will lead to job creation in downstream manufacturing. Yet they have no specific plans. The fond belief that they will emerge spontaneously ignores SA's experience to date. Domestic commodity producers have tended to charge import prices rather than pass lower costs on to manufacturing.

Second, all five schemes would further strengthen the centres of power in the economy. Each involves some of the largest companies in SA. True, only the very largest companies can design ventures of this size. But it seems that none of the proposals has plans to involve small-scale enterprise at any level.

In the absence of broad institutional changes, SA's highly concentrated economy will almost automatically give rise to enormous projects. Stalin's five-year plans come to mind. This centralised state notoriously leaned toward gigantic investments that would enhance its power and

prestige. SA's private and public sector conglomerates also appear to favour the large over the small.

The aluminium refinery, for instance, will cost an estimated R5bn. Apparently Eskom came up with the idea as a way to use its excess capacity, since electricity is a key input.

Eskom could use its extra production capacity to bring electricity to deprived communities and producers. Such an approach would foster a more diversified, participatory and high-employment economy.

Instead, Eskom approached Alusaf. But the ability of two corporate giants to help each other does not necessarily take into account society's wider needs and opportunity costs. Eskom has reportedly agreed to electricity charges based not on its own costs but on the London price of aluminium. If the aluminium price falls, Eskom's other customers will, in effect, subsidise Alusaf.

The proposed projects would deepen SA's dependence on commodity exports, whose prices have historically fluctuated. As a country, we will be betting between 7% and 20% of gross annual investment on each scheme. That bet will succeed if export prices remain high, and will

come home at a canter if downstream industries succeed. But if the estimates of international prices are too optimistic, all South Africans will be left sitting with the bill.

The IDC itself argued in its 1990 policy document on tariffs that SA should expand exports of capital goods, not raw materials. In particular, it suggested the need for "pragmatic and innovative development schemes" to take advantage of specialisation and market niches. But that strategy disappears in the IDC's current plans.

In the words of a great American entrepreneur who also favoured epic ventures — Sam Goldwyn — this whole scenario evokes a sense of *déjà vu*. Remember Mossog? Remember Sasol III? Those projects, too, involved heavy spending to earn foreign-exchange benefits, with a vague promise that they would stimulate other sectors in the long run. When costs and world prices proved less favourable than hoped, the country as a whole paid dearly.

Of course, Mossog and Sasol III arose in the old SA, when a handful of white men controlled decision-making in secret. Bureaucrats and businessmen generated over-optimistic scenarios on international prices, costs and linkages, and the lack of public scrutiny meant that no one else could correct them. In the ab-

sence of broad discussion, the state could indulge its predilection for large-scale projects that strengthened its power and influence.

But this is the new SA, and surely things have changed. Big business says it accepts the need for stability based on social compacts, for consultation, for democracy. Virtually all economists agree, too, on the need for a new, labour-demanding growth path to shore up a more democratic society.

In these conditions, we would expect massive, capital-intensive ventures to emerge only after a serious review of other options, and as part of detailed plans to maximise upstream and downstream linkages so as to provide more jobs.

Surely, then, the captains of industry — whether in the private or parastatal sector — will seek wide debate before taking decisions that affect all our lives. So why do we see so little discussion of the IDC proposals? The IDC has not sought secrecy. But it has not encouraged a discourse on its plans, either. It seems to have consulted only the businessmen directly involved.

Probably for this reason, for all the talk about a new growth path, these proposals make no attempt to break with the past. Apparently the IDC's sole criteria have been profitability, the contribution to foreign-exchange earnings and tax revenues, and electricity use. Less obviously, the ventures all build on the expertise of big business in mining and beneficiation.

Development requires, however, that we also ask about the effects on job creation, the quality of life, capacity building and empowerment of the majority. Until proponents have answered those questions, the IDC proposals should not go ahead. Otherwise we may find that the economic trajectory set in the days of apartheid will bind a democratic government far into the future.

□ Makgetla lectures in economics at Wits University; Rustomjee is researching the SA mining and energy sectors as a doctoral candidate at the University of London. Both are linked to the ANC's economic policy department, but these are their own views.

Plans afoot to set up national forum

Major drive to electrify households

BIOM 18/8/92.

(23)
(24)
(26)

DEVELOPING new strategies to electrify millions of homes is the aim of a major conference of representatives from Eskom, government, business, labour, political parties and civic organisations next month.

The conference was expected to pave the way for a national "electrification forum", which would work out ways of extending the provision of power to more areas of the country, a source close to Eskom said yesterday.

Eskom estimates that 70% of the population — an estimated 23-million people in 3-million households — do not have electricity. Most of these people live in rural areas and townships.

The two-day national electrification conference will be convened by the Development Bank of Southern Africa at Midrand from September 1. It will be attended by 160 representatives of interested organisations.

The electrification forum it sets up will look into the specifics of the electrification process, such as funding and technology. The conference was the brainchild of the ANC and the Mineral and Energy Affairs Department, which "separately requested the Development Bank to convene a conference for all interest groups in the field of electrification", the source said.

The foundation for the conference was laid at an ANC conference on electrification in Cape Town in February. At that conference the bank was requested to convene next month's gathering.

Peter Freeman of the Development

WILSON ZWANE

Bank said next month's conference was intended to create an opportunity for all stakeholders to participate in establishing an effective national mechanism to drive affordable and sustainable electrification.

"This could take the form of an electrification forum at national level but it is up to the conference to consider the structure and its goals and functions. The important thing is that the basic needs of people must be met."

Eskom public affairs executive Johan du Plessis said yesterday the utility was "very happy" about the conference and the envisaged national forum.

"We see this as a major step towards the democratisation of the electrification process," Du Plessis said.

He said its decisions would not have legal effect, but it would bring pressure to bear on a governing body of the day to "implement its recommendations".

STEPHANE BOTHMA reports that Eskom, in its annual report, said it was going all out to electrify 700 000 homes in the next five years. The report said 38 050 homes were connected to the electricity supply last year, and the plan was to connect a further 164 000 this year.

Eskom said it was proceeding with the programme even though loss of revenue, because of non-payment of accounts, amounted to R291m last year. The figure was expected to rise to R390m this year.

Capital expenditure in the current financial year was expected to be about R2,8bn.

d general amnesty

SABC is grossly biased

- Numsa

■ Union takes complaints
up with Media Council:

By Isaac Moledi

THE National Union of Metal Workers of South Africa is to lay complaints with the Media Council against the SABC and certain newspapers for what it calls "gross bias".

Numsa national organising secretary Mr Benny Fanaroff said in a statement yesterday that the union was unhappy with the way the corporation covered events during the mass action campaign.

"SABC continues its biased coverage despite the complaint we raised during August 3-4 mass action campaign.

"For instance, the corporation spent more time talking about violence and intimidation in work places. But when we raised violence and intimidation against our members, the corporation ignored our pleas," Fanaroff said.

He said the union had not set a date for its meeting with the council.

A meeting would also be organised with editors of "certain" newspapers who "are deliberately ignoring the strike and intimidation against Numsa members and officials".

Numsa's national executive committee at the weekend also vowed to intensify the strike action in the engineering industry following Seifsa's rejection of exploring possibilities for a settlement.

The holding of pickets and marches in towns and industrial areas would go hand in hand with Cosatu's campaign against companies which dismissed or disciplined workers who took part in the mass action campaign.

Numsa said it would start its strike in Transkei and Ciskei tomorrow.

Drought spurs plans for regional grid

Eskom pact with African neighbours

B/DAY 20/8/92

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[Handwritten scribbles]

PETER DELMAR

ESKOM has reached agreement with its Zimbabwean counterpart on a R350m power grid system to be extended later to sub-Saharan Africa

Eskom CE Ian McRae said in Johannesburg yesterday that the drought had accelerated the need for implementing the grid, which would link SA with 17 other countries. The scheme was likely to become a reality within a decade at a cost of R8bn. The urgency surrounding the establishment of the grid could result in some mothballed Eskom power stations being brought back into service.

McRae said work on providing Eskom power to Zimbabwe and Zambia was already under way. Both countries would run out of hydroelectric power by the end of the year if the drought persisted.

In terms of the proposal, the work would be jointly financed by the Zimbabwe Electricity Supply Authority (Zesa) and Eskom. Eskom would cover costs to the Zimbabwe border and Zimbabwe the costs inside its borders. The total cost of the project would be about R350m, with the Matimba-Zimbabwe connection costing more than R200m.

The supply project involved strengthening the power system between Eskom and the Botswana Power Corporation via Gaborone to Bulawayo and installing a new 500MW line from Matimba power station in the northern Transvaal to Bulawayo.

Work on the line via Gaborone had begun and the Zimbabwe government would soon consider proposals for the Matimba-Bulawayo link, compiled by Zesa.

Agreement on the project represents a major breakthrough for Eskom. Despite enjoying a close relationship with its counterpart in Zambia, relations with Zimbabwe have traditionally been frosty.

It is believed Zimbabwe Transport and Energy Minister Denis Norman — who spearheaded Zimbabwean co-operation with Spornet on the transport of millions of tons of maize — played a key role in negotiations.

McRae also disclosed that Eskom and the electricity authorities of Zaire, Zambia, Zimbabwe and Botswana had agreed last month on initial steps, including detailed studies, for a sub-Saharan grid.

"The focus (at the meeting in Lusaka) was on the immediate and short- to medium-term solution to the threat in power supplies in Zimbabwe and Zambia as a result of the drought. The gathering took place with the full backing of the respective governments. A sense of urgency prevailed which transcended politics."

McRae said the link-up would bring far-reaching social, economic and political benefits to the region and would give SA a

□ To Page 2

Eskom

[Handwritten scribbles]

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major economic boost in terms of technical and consumer goods demand.

SA electricity prices would benefit from the grid through improved economies of scale. Initially, as an exporter of power, Eskom would be able to make better use of its excess capacity. Later, as a possible partial importer, it would benefit from reduced capital expenditure demands.

McRae said Eskom had spare capacity to the year 2000, but the grid could mean that it would put into service some of the three power stations and two power station units it had mothballed.

An end to the drought would not delay the process towards the grid.

McRae predicted a mix of power sources for the grid, with new hydroelectric dams and new mines being built. Cahora Bassa would have to be involved, as would stations in Cabinda, Angola, and the Ippa Falls in Namibia/Angola and Be-

toka Gorge on the Zambezi. Major extensions of the grid proper would span Botswana, Zimbabwe, Mozambique, Tanzania, Zaire, Uganda, Kenya and Angola. □ Sapa reports from Harare that Norman told parliament yesterday plans were under way to import 50MW of electricity from SA.

He said authorities in Botswana, Zaire, Zambia, SA and Zimbabwe were looking at ways of how the five nations could share the supply of electricity.

Norman said the drought in the sub-region was having serious implications on power generation from major hydro-schemes on which Zimbabwe depended to a large extent for its power.

And Zesa corporate planning manager Simbarashe Mangwengwende said yesterday that power rationing could soon be introduced in Zimbabwe because of the critical shortage of energy.

B/DAY 20/8/92

Zimbabwe poised to buy Eskom electricity

STAR 20/8/92

By Derek Tommey

(260)

A major breakthrough in South Africa's economic relations with Zimbabwe — and a major boost for South Africa's electrical engineering industry — is likely in the next few days

Early next week the Zimbabwean government is expected to consider — and hopefully to approve — a proposal to buy large quantities of electric power from South Africa.

Officials of Eskom, which produces most of SA's electricity, confirmed yesterday that negotiations had been taking place with Zimbabwe, but were not prepared to say any more at this stage

Electrical industry sources say the Zimbabwean announcement could be followed shortly by Zambia agreeing to the purchase of South African power

These developments follow a meeting in Lusaka on July 21 of representatives of Eskom, Zaire, Zimbabwe, Zambia and Botswana.

Because of the drought it appears to be a matter of some urgency for Zimbabwe and Zambia to obtain electric power

from South Africa.

Both countries are dependent on hydro-electric power for a significant portion of their requirements.

But the drought has lowered river levels to such an extent that both countries could run out of electricity by the end of the year if the rains do not return.

However, even if there are good rains later this year, it is believed that Zimbabwe and Zambia are likely to go ahead with plans to buy South African power

This makes a great deal of sense South Africa has a huge surplus of generating capacity

Peak demand in South Africa is about 26 000 megawatts, while Eskom's generating capacity is around 36 000 mW, and it has other generating sets on order

Eskom power would cost much less than Zimbabwe and Zambia would have to pay if they decided to build their own power stations to make good the shortfall Just as important, it is immediately available.

The expected increased sales, though small in relation to total capacity, would help Eskom cover its overheads and in-

crease profitability.

Should the Zimbabwe approve the proposal, it is planned to strengthen the power line between Eskom and Botswana Power Corporation and Zimbabwe by installing a new 500 mW line from Iscor's Matimba power station to Gaborone and Francistown and then to Bulawayo

Industry sources suggest the cost could be in the vicinity of R350 million

No details are available about how Zambia will be linked to the South African system

The construction of the line would help the South African electrical engineering industry, which is going through a lean patch

Being the closest to the action, it should be able to win most of the business

A positive announcement by Zimbabwe next week would be a major triumph for Eskom's chief executive, Dr Ian McRae

It would be the first stage in the dream he has had for several years of a sub-Saharan electricity grid.

The grid could provide power to the region's 200 million population and create major markets

CCV replaces old with the new and comes up tops

FAIR amount of criticism has been levelled at the SABC's new CCV channel since it launched on January 1

CCV, which was formed from the old TV2/3/4, has faced major challenges in its first year of operation but it appears to have come through virtually unscathed in terms of advertising support and viewership

Apart from a prolonged ABC strike, which affected programming, the delay in receiving audience figures caused concern in the advertising industry

CCV, which stands for Contemporary Community Values, did not specifically target black viewers. But advertisers were wary that their advertising, which could previously reach black viewers through

TV2/3/4, would not be reaching this market following the change to CCV

But CCV trade communications marketing manager Maurice Britten says that CCV has listened to its critics, and has made some changes in line with suggestions put forward

Contention

Britten says that since the launch on January 1, audiences have increased

This has been an area of contention, as CCV critics claim audiences rose on the back of a wider increased sample universe. Nevertheless, audiences did rise in numerical terms. Amps figures showed that the movies, soaps and mini series attracted consistently good audiences

While Amps figures for

white, coloured and Asian viewers were available soon after the station launched, Amps diaries released in May gave the first indications of black viewership

Britten says this delay has "caused some consternation with our clients as they were not able to buy with the same confidence as previously when diary figures were available for TV2/3/4"

CCV has guaranteed its black audiences in the core viewing times between 6pm and 9pm "in order to restore confidence in the station"

According to Britten, the station's faith was vindicated in 83% of cases where the audiences had either grown or at least remained the same size as the previous year, despite the

change in the station and in the schedule

Where it had lost viewers, CCV had changed the schedule — effective from October 1 — to reintroduce more vernacular dramas during the week

He says CCV is happy with its efforts to date, and it is on target in terms of adspend

Positioned

CCV's difference is that it delivers "a uniquely SA audience". Although 70% of its target market is black, it is positioned as a station for the new SA, encompassing all market segments

It appears the station will not rest on its laurels now that it has ironed out some teething problems. Britten says it is investigat-

ing the market via Socio-monitor audits advertising agency BSB/Bates

In its latest newsletter, advertising agency SBBW Partnership pointed out that during the strike, the major changes in schedule were in news, sport and magazine programmes

In the latter, replacement programmes were found and there was probably hardly any effect on audiences

Some other advertising agencies were not as impressed. D'Arcy Masius Benton & Bowles (DMB & B) said recently that the CCV audience had increased in numerical terms, but the survey universe had grown as well

According to DMB & B, CCV's reach potential had declined

Wits Tech allowed to broadcast off campus

WITS Technikon's Channel T was granted a limited licence last month by the SABC to broadcast to the Doornfontein area

The move is seen as a relaxing of the stringent broadcasting laws enforced by the SABC, over which it has a monopoly.

Unlike Rhodes Music Radio (RMR), which is granted limited broadcasting rights during the annual Standard Bank Arts Festival in Grahamstown, Channel T has been granted a licence to the end of the year and station manager Andrew Bond feels the SABC will renew it

The station broadcasts off 98.8 FM and caters for "everything from black soul music to heavy metal", Bond says

RMR was the first station in the country to be given limited broadcasting rights — with the SABC's blessing. The corporation provides the campus station with transmitters during the 10-day festival.

RMR secretary Kirstie Bowers says the station has put in an application for broadcasting rights "a couple of times" but has had no response.

She says RMR hopes to get a permanent licence as soon as regulation falls away

Agencies work harder to keep clients happy

OVER the past year, the advertising industry, which is known to be fairly volatile, has been characterised by more uncertainty than usual

Some major advertising accounts have been changing hands, most notably the multimillion rand OK account — which left Grey Advertising to go inhouse — and the Checkers electronic media account, which left Meridian to go to Cape Town, where its new owner Pepkor is based

The huge TV1 account — previously with Bernstein, Loxton, Golding & Klein — is up for grabs, and there has been more than the usual number of rumours that other big clients are unhappy with their agencies

Advertising industry players say agencies are coming under increasing pressure to produce value for their clients' money. The upshot is that agencies have become leaner and are working harder to keep clients happy

Despite pressures on clients' advertising rands, adspend for 1991 grew by a surprising 25,1% to R2,3bn, amounting to real growth in a contracting economy

Adspend figures for the past few months have been distorted by a change in the SABC radio station's computer systems. While this makes any analysis difficult, advertising players say the trends remain the same, with TV continually taking a larger slice of the adspend cake

March adindex figures showed that adspend had continued to hold up well into the first few months of 1992. Adspend in the first quarter was up by an average 22,2% to R525m compared with the first quarter of 1991

Print media, which has been feeling the pinch ever

since TV was introduced to SA, was supported by the massive campaign urging the Yes vote in the March referendum. Print adspend has also benefited from the new and highly successful 087 premium rate numbers

Growth

The increased adspend represents real growth and is more than most other industries can boast, but adspend in some sectors, especially the print media, remains under pressure, industry sources say

As the electronic and print media get segmented, and as more and more marketers try to find a new niche, they have been trying to spread the advertising cake over more and more stations and publications

Now niche television networks, including Medical Television Network, Africa

Microchip creativity is making its mark

COMPUTER technology has been making its mark on the advertising industry — so much so that some fairly large agencies have no layout or finished artists on their payrolls

Column advertising creative directors Rob McLennan and Alain Nichele say that with the help of computer technology, the creative process is becoming easier and more cost effective

Although creative advertising is seen as being something mysterious and far removed from technology, many advertising agencies are using technological tools from the first idea to the final product

Hunt Lascaris' award-winning Mercury ad for BMW, which recently won

TV and community networks — and more print media, including the new northern suburbs publication Northsider and Australia's New Idea, have been aggressively searching for some of the adspend cake

Agency spokesmen say that while the philosophy of maintaining or increasing marketing activities during a recession appears to have been taken up by SA's marketers, the prolonged recession could force many to tighten their advertising belts

But opportunities, including the opening of Sunday movies, advertising on and sponsoring of major international sporting events and new services or airlines coming to SA, are continually being presented to advertisers. Currently, the Virgin Atlantic account is one of the major new opportunities

it an award at Cannes, was filmed using the most advanced computer technology to show a drop of Mercury winding its way along a human form

The latest Simba ad done in highly advanced animated graphics by agency Wilsenach, was created almost entirely with computer technology so advanced that it can show depth and perspective from a two-dimensional drawing

According to Column creative people will never be replaced, but they will have increasing access to systems which can streamline and improve the creative process

Computer design also means that reproduction can be done without loss of quality

Electronic media

Niche products pay off in untapped markets

B/DAY 20/8/92 260



Publico chairman Jack Shapiro (left) and MD Reuben Shapiro with Medical Television News producer Marron Segal.

WHILE there has been little change in the nature of the major broadcasting stations in view of no amendment to SA's broadcasting regulations, the past year has seen major innovations in electronic media. These developments relate mostly to niche markets, where some entrepreneurs have found a novel product for an untapped audience. Recently, financial information service I-Net, jointly owned by Times Media Limited and Ivor Jones, Roy & Co, announced that it had secured the full text of London's Financial Times to provide as a service on-screen daily.

London The introduction of the new service also means people do not have to wait for the paper to be sent to them by airmail, arriving long after the paper is published. Another new development in electronic media is Africa TV, which has targeted black rural consumers as its market niche.

Monitors

The service, which will switch on in January, will provide programming and advertising aimed at rural black people in their home language. It will be broadcast through 1 000 TV monitors and video recorders installed nationally at rural trading stores.

Africa TV's Paul Bateman says videos will feature sport, drama, music

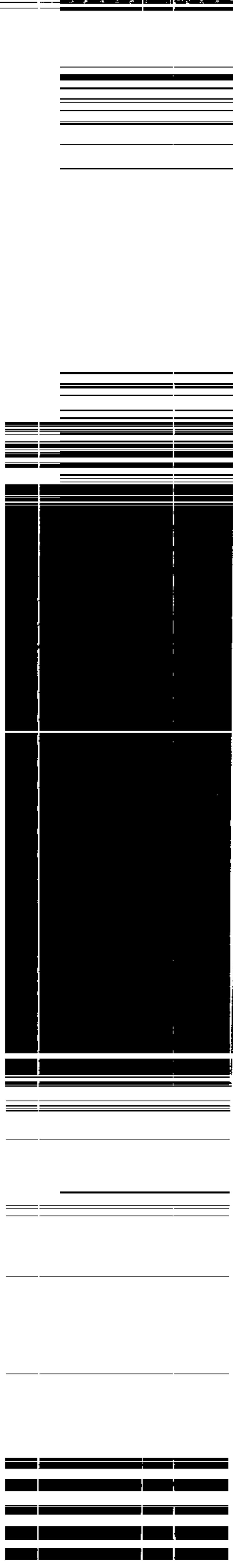
the electronic media. MTN's 90-minute magazine programmes, TV sets and video machines have been placed in the waiting rooms of most of SA's major private hospitals, some key public hospitals and high turnover private practices.

While entertaining patients with lifestyle and health programmes, advertisers are able to tap into a market geared towards their products. MTN GM Marron Segal says that advertisers are offered "a level of flexible programming not found on conventional TV" as programmes are packaged so that the advertising message goes hand in hand with the editorial.

Although it has only been in operation since April, it seems that MTN is not short of advertising. Some of the major broadcasters have also become aware of the need to access selected audiences. CCV launched three multi-cultural half-hour regional programmes for the Transvaal, Natal and the Cape in response to viewers' requests for a programme where regional issues would be highlighted. According to CCV, both presenters and language reflect the local population.

An industry source says that from an advertising point of view, niche stations often provide marketers with an electronic means of getting their advertising message across. Many advertisers are gaining access to an audio-visual medium for the first time, either because their target audience had no been in a position to own a TV or because the advertiser's target market was often too small or specialised for national TV.

But an ad agency executive says she will not put clients' money into most of these networks as they are untested markets, and audience figures can be misleading.



World Bank may back Eskom's power plans

ESKOM has given the proposed multiparty electricity forum its full support and has disclosed that the World Bank responded positively in talks on funding SA's electrification drive.

Marketing and electrification executive director Allen Morgan said yesterday the utility believed it was vital to involve all interested parties in the planning and execution of electrification.

It is expected that the go-ahead for the forum will be given at a conference next month convened by the Development Bank of Southern Africa and attended by 160 representatives of political parties, community groups, local authorities and other interested groups.

Morgan said the electrification forum would look at all obstacles to the cost-effective and efficient delivery of electricity. This could involve a restructuring of organisations involved in supplies. Apart from Eskom, some 450 local authorities are also involved in bringing electrical power to consumers.

"People want access to energy and their needs are urgent. Given the need for development, the supply of electricity has to happen parallel to the political process. We

can't wait until a new government is in place. One needs to emphasise the importance of participation in this type of planning. Eskom can't come up with a grand plan and force it on the others."

Morgan said an important advantage of having co-ordinated control over electrification was the possibility of attracting outside development aid.

The World Bank, he said, had indicated to Eskom that it would consider becoming involved in electrification within SA, "but only if there is a co-ordinated approach".

Eskom had allocated about R2,5bn for its project to bring electricity to 900 000 consumers over the next five years.

It is expected that another 2,3-million users will get electricity from other suppliers, particularly local authorities and development agencies, whose input is likely to cost more than double the R2,5bn being invested by Eskom.

While the plan will double Eskom's user base to about 6-million, it will only increase maximum demand — currently about 22 500 MW — by about 10% as domestic consumers currently account for just 14% of Eskom's output.

PETER DELMAR

ough at present to hold the held on Monday

ie

70 SABC

staffers

210

CT 22/8/92

face cuts

By IVOR CREWS

SEVENTY SABC staffers nationwide are facing re-trenchments

Informed sources yesterday said that jobs are on the line for 70 people, including 20 Cape Town staffers, following cost-cutting measures

SABC management will be visiting the Sea Point offices on Monday to discuss retrenchment packages.

"Most of the posts affected involve staff associated with the TV news programmes unit and some TV producers have been told to either transfer to Johannesburg or accept retrenchment packages," one source said.

Mr D Esterhuysen, group general manager of Human Resources at the SABC in Johannesburg, yesterday said that retrenchments were taking place "continuously" and the SABC was constantly considering measures to cut expenditure.

"The salary bill is a major concern and people are being retrenched. Whether matters presently under consideration can be referred to as retrenchments on a big scale are debatable," he said

Mr Esterhuysen said no finality has been reached. The SABC could not disclose details to outsiders because retrenchments were always subject to discussions with the individuals concerned and if necessary with a trade union

It is claimed that the corporation will save R10,4 million next year if they retrench staff in the near future.

Sasol could supply gas to Columbus

S/Times (BUS) 23/8/92

By ZILLA EFRAT

SASOL is concluding negotiations to build a gas pipeline costing more than R100-million from Secunda to the Middelburg-Witbank area

Its major customer could be Columbus Stainless Steel, a venture between Highveld Steel and Samancor, at Middelburg. The project is expected to be given the go-ahead soon

Sasol Oil managing director Danie de Villiers says the company is designing the pipeline which will be between 115km and 160km long, determining its route and preparing to obtain servitude rights

The venture looks profitable at this stage and he is optimistic it will go ahead

The pipeline could cut through Witbank on its way to Middelburg, boosting Sasol subsidiary Gascor's gas supply within a year by between 6-million and 8-million gigajoules annually

Current sales to about 700 customers in the greater Witwatersrand area are about 25-million gigajoules a year

Partner

This route could be extended to Pretoria, a potential market of 3-million to 4-million gigajoules a year

Sasol and Empresa Nacional de Hidrocarbonetos (ENH) of Mozambique are investigating the possibility of importing natural gas from the Pande gasfield to SA

This project could involve the development of the gasfield and building a 900km-long pipeline, costing up to R1-billion. It would link up with the 1 200km-long gas pipeline system operated by Sasol

Earlier this year, Sasol and ENH signed an agreement to jointly explore the Pande gasfield. They are looking for a third partner.

Mr De Villiers says that before building a pipeline,

Sasol would need to be assured of at least one large base load customer in an area. At Middelburg, this customer would be Columbus

Sasol has never been able to justify a gas supply to Pretoria, but the pipeline to Witbank could make it more attractive

Sasol expects to complete the pipeline to Middelburg 20 months after an agreement is reached

Its gas is used for virtually any type of industrial heating. Mr De Villiers says the advantage of the pipeline gas supplied by Sasol is that it is environmentally friendly, being sulphur free, and has no stockholding requirements

The ease of the gas application opens many opportunities to improve the efficiency of manufacturing processes to levels that are not normally attainable with liquid or solid fuels.

Complaints about parastatals grow

S/Times (B455) 23/8/92 (260)

By KEVIN DAVIE

PRIVATE-SECTOR complaints to the Competition Board against corporatised and commercialised parastatals have increased in number and complexity

Board chairman Pierre Brooks says the complaints result from the Government's policy of commercialisation which has put pressure on parastatals to seek other sources of income by expanding their activities

This "has been challenged by the private sector whose own viability is threatened by such actions", he told a conference in Pretoria on Friday

Examples of high-profile parastatals are Soekor, Transnet, Telkom, the Post Office, Abakor, Eskom and Denel

Businessmen say "with some justification" that policies of commercialisation and privatisation conflict, according to Dr Brooks

Commercialisation enables — even compels — parastatals to take business from the private sector. Privatisation aims to transfer public enterprises to the private sector.

"According to some observers, the net result is an increase rather than a decrease of State involve-

ment in the economy"

Dr Brooks says the board tries to promote competition and ensure that parastatals compete on an equitable basis with the private sector. Competition between parastatals and private-sector monopolies and oligopolies can result in lower prices or improved services

Dr Brooks says competition between the private and public sector should take place on a level playing field. The parastatal should not receive preferential treatment, such as exemption from taxes, and should not be able to cross-subsidise operations which compete with the private sector

Other factors are impor-

tant, such as the basis on which the assets of the parastatal are valued and the rate of return it is expected to achieve, if any

Dr Brooks says confrontation between the private and public sectors is inevitable, but acceptable if certain ground rules are observed. All subsidies should be disclosed and the parastatal should use sound, generally accepted business practices

An independent regulatory body should approve public utility prices. Parastatals should restrict themselves to core activities. Other activities should be stopped or privatised

Dr Brooks says the private sector should be able to compete in markets controlled by parastatals in the past. All legal barriers to entry should be removed

Scope of parastatals queried

THE BASIS on which the private and public sectors competed in the market should be clarified as soon as possible, Competition Board chairman Pierre Brooks said at the weekend **B10A7 2418192**.

Speaking at a commercialisation and corporatisation conference in Pretoria on Friday, Brooks said as competition by parastatals posed a significant threat to the continued existence of some private firms, it was essential that clear ground rules be laid down as soon as possible.

He said government's policy of commercialisation was intended to reduce or eliminate its financial commitment to parastatals. However, pressure on parastatal managers to extend their activities in order to secure alternative sources of income often threatened private sector business.

In practice, commercialisation and privatisation were proving to be at variance with each other in that, while privatisation was intended to transfer certain state-

HILARY GUSH (260)

owned business to the private sector, commercialisation was in effect compelling parastatals to take business away from it.

The net result was an increase rather than a diminution of state involvement in the economy, he said.

Provided the playing fields were levelled, the Competition Board favoured those moves by parastatals into private sector monopolistic and oligopolistic markets that would result in lower prices or improved consumer services.

Brooks said that core activities of parastatals should be identified so the scope of their business ventures would be restricted to such activities. "Existing non-core activities should as far as practicable be terminated or privatised."

He called for full disclosure of all parastatal activities and approval by independent regulatory bodies of all prices levied by the public utility corporations.

Eskom plans on hold pending union talks

6/08/92 PETER DELMAR (26)

ESKOM has put restructuring plans affecting thousands of workers on hold pending talks with its unions.

An Eskom spokesman said yesterday proposed restructuring would affect all nine business groups and functions.

Eskom and the unions — which include Numsa and the NUM — were developing new “participative mechanisms” for handling issues affecting workers.

Media reports on the proposed restructuring had pre-empted talks with the unions and Eskom had agreed not to proceed with new restructuring plans until the new processes were initiated.

“Recommendations arising from studies conducted since the beginning of this year have indicated the need for changes in departmental structures and skills distribution. These include the establishment of an on-site engineering department at each power station in the generation group and the retention of a small core of specialists to act as consultants to the power station teams. This particular aspect . . . will now also not be proceeded with until further discussions with the trade unions.

“The work being done on consultative processes launches a new era of working relations between Eskom and organised labour,” the spokesman said.

The restructuring of the generation group was expected to affect hundreds of staff members, either through staff reduction or transfers.

Iscor 'to report further fall in earnings'

BIDAM 25/8/92

(260)

JANE ARBOUS

STEEL manufacturer Iscor, still undergoing fundamental rationalisation, will report tomorrow a further sharp fall in annual earnings, according to analysts

Market conditions were worse than expected in the second half and Iscor's high debt levels continued to be of concern, they said. Analysts forecast a 45% drop in earnings to 18c a share in the financial year to June 30 1992 from a previous 33c

They said the total dividend could be cut to 6c from 11c if a three-times cover was maintained.

Iscor, listed in 1989, opened yesterday's trading at 101c, virtually half the issue share price of 200c

Considered a cyclical stock by ana-

lysts, Iscor would at best see earnings drift sideways in the current financial year, but it would be well poised to take advantage of any improvement in demand and prices, they said

"I don't see much improvement until the local economy and the US economy in particular turn the corner," said Hennie Vermeulen of stockbroker Simpson Mckie

He expects Iscor's domestic steel sales — its major source of profit — to be substantially lower in the period under review compared with the previous year

The steel industry's total domestic steel sales were down 15% in the first

six months of 1992, compared with the same period last year, and 20% lower than the period July to December, he said

Vermeulen said despite unattractive export prices he expected results to show an increase in Iscor's exports to about 3,0-million tons in the past year, compared with the previous year's 2,6-million

Its policy in the face of declining local steel sales has been to maintain optimum production by exporting excesses to local requirements

Iscor's high debt levels, believed to be about R2,5bn at year-end, and crippling interest bill, are still worrying factors despite progress with the action plan it declared in February, analysts said — Reuter

260

SABC plans to trim news jobs

DURBAN — The SABC has proposed cuts in television news production staff by "voluntary retrenchment" that might lead to 64 people leaving their jobs.

The Daily News in Durban has a copy of a letter written by SABC labour relations manager Christo Pretorius that says staff cuts are necessary for "financial and operational" reasons.

Employing television news production staff not directly involved with providing news in Durban, Cape Town and Port Elizabeth can, he says, "no longer be justified".

Some 27 staff could be affected in Durban, 22 in Cape Town and 15 in Port Elizabeth. Own Correspondent.

ST. EPIST
MAY 17



Cash crisis forces SABC to cut jobs

Sowetan 26/8/92

260 (355)

Sowetan Correspondent

■ **CASH BLUES** But no workers will

Financial problems appear to have hit the South African Broadcasting Corporation (SABC) which has proposed television news production staff cuts by "voluntary retrenchment" that might lead to 64 people leaving their jobs.

Sowetan's sister newspaper, *The Daily News*, has a copy of a letter written by SABC group labour relations manager Mr Christo Pretorius, which says staff cuts were necessary for "financial and operational" reasons.

Employment of Television News Production (TNP) staff not directly involved with the provision of news in Durban, Cape Town and Port Elizabeth can, according to the letter, "no longer be justified".

"Only those positions which contrib-

have to be forced out of their jobs:"

ute directly to the TNP product, in line with the requirements of the two TV channels, TV1 and CCV, should be maintained," the letter says.

The number of staff who could be affected around the country are. Durban (27), Cape Town (22), and Port Elizabeth (15) - a total of 64 people.

These include employees from executive producers and video editors to cameramen.

The TNP unit, responsible for production of news and magazine programmes, was expected to lose about R10,4-million in the 1992/93 financial year - the period October 1 this year to September 30, 1993, if it continues to operate in its present form.

The loss was said to be as a result of an estimated drop in advertising revenue, given the depressed state of the economy and cost increases caused by inflation.

However, the letter stresses that management was not considering "forcibly retrenching the staff employed in the above positions at this stage".

A meeting would be held in all the respective regions to give all the staff who may be affected a chance to "apply for voluntary retrenchment packages".

The voluntary retrenchment process would be given until September 11 this year and then the situation will be re-evaluated, says the letter.

FW asked to resolve row over R1-bn

By Michael Chester

STAR 26/8/92

(S27) (S28) (260)

Business magnate Dr Anton Rupert yesterday urged the State President to intervene and halt a corporate feud that has been blamed for the blockage of some R1 billion in funds earmarked to create thousands of new small businesses and new jobs.

Dr Rupert, founder and chairman of the Small Business Development Corporation, disclosed plans to seek talks with President FW de Klerk on ways to break the impasse and release more cash to counter the unemployment crisis

The R1 billion has been trapped in limbo because of a breakdown in discussions between the SBDC and the State-controlled Industrial Development Corporation over control of the funds.

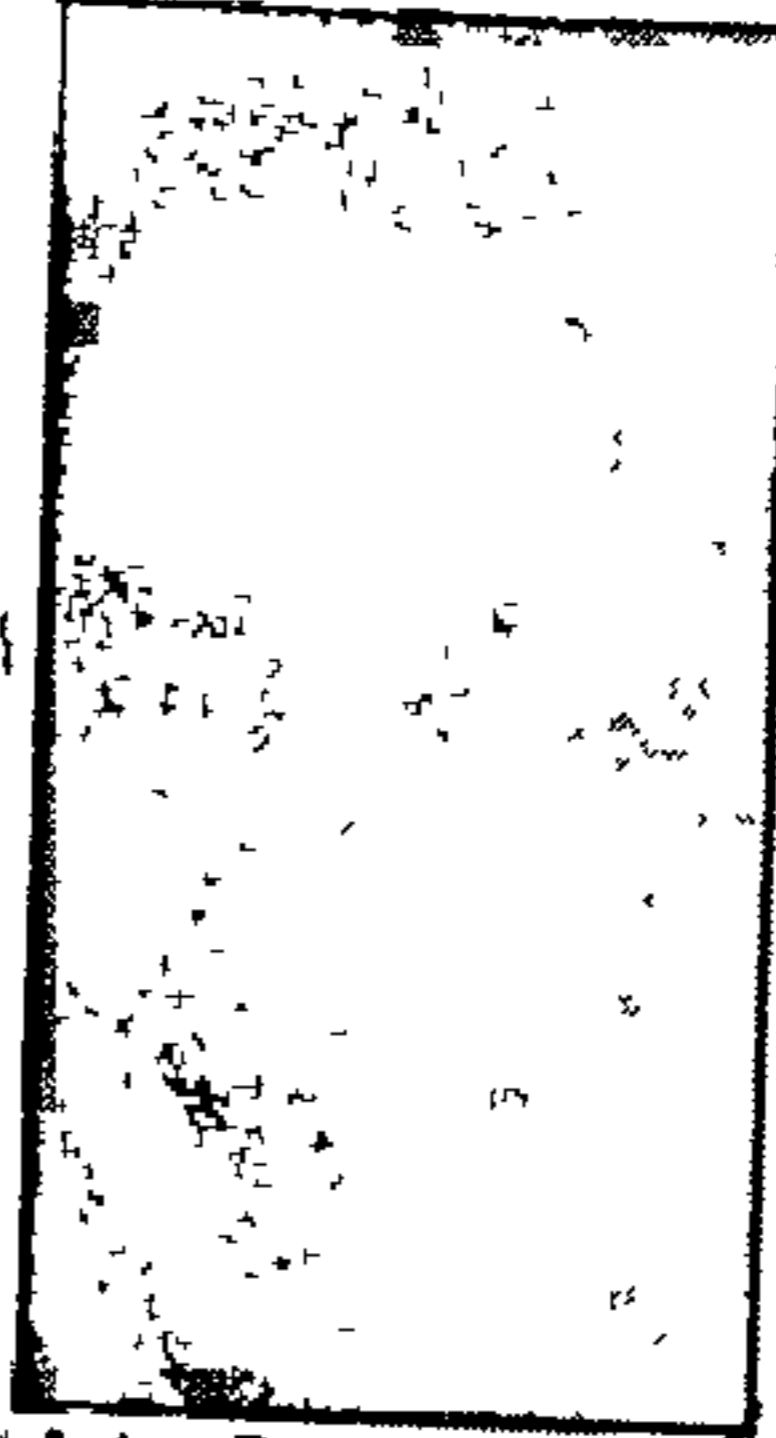
Dr Rupert intends to deliver a blunt warning that the power struggle threatens to force severe cutbacks in SBDC loan programmes because of critical cash shortages

"We cannot allow a development programme of such critical importance to become shipwrecked by inertia or lack of vision," he told the SBDC annual general meeting in Johannes-

burg
SBDC managing director Dr Ben Vosloo blamed the impasse on an IDC demand for equal control of the SBDC administration in exchange for an injection of R1 billion from its surplus funds

He said the SBDC preferred to remain under private-sector control, which had worked with outstanding success since it was founded 11 years ago, and considered the IDC demands totally unacceptable.

IDC managing director Carel van der Merwe was unavailable for comment last night



Anton Rupert... to deliver blunt warning on power struggle.



THE article "Epic schemes are a foolish gamble with SA's future" by Neva Seidman Makgela and Zavareh Rustomjee (Business Day, August 17) raises three basic questions why has the IDC chosen to follow the route of large capital intensive projects based on beneficiation of raw materials, have the more labour intensive alternatives been properly considered, and why had wider consultation not taken place before a decision to go ahead was taken?

To place IDC programmes in perspective, it should be noted that the IDC usually provides about one-third of complementary finance to private sector initiatives. It is generally agreed that

SA urgently needs economic growth after a long recession and almost a decade of no industrial employment growth,

Significant economic growth can be generated only by the industrial sector; and

To become the engine of growth, industry needs to be internationally competitive, to expand exports and supply growing local markets without fuelling inflation

Where do we stand at present? A fair summary would seem to be that, particularly in the field of manufactured goods, our industries, for various reasons, are considerably less competitive than the rest of the industrial world. Until this is rectified, we have to rely on relatively high levels of protection against imports, and will continue to have difficulty exporting manufactured goods without considerable and, in the longer term, probably unaffordable, state export assistance.

In 1991, manufacturers of the R3,7bn worth of manufactured goods exported received about R700m in state assistance. The affordability of paying an exporter of manufactured goods a non-taxable cash allowance of almost 20 cents for every rand of exports must surely be in doubt. SA therefore has no choice but to become internationally competitive if our industry is to survive. To do so

IDC's megaprojects are an essential ingredient of growth

By DAY 26/8/92. CAREL VAN DER MERWE

our wages will have to be competitive, productivity will have to show vast improvement, import surcharges will have to be removed, tax rates will have to come down, and inflation will have to be reduced.

The table gives some idea of the task ahead. The problem is not insurmountable but progress will need time and a concerted effort by government, business and labour.

The Pacific Rim miracle, so often held up as an example to us, was based on total co-operation by all. In contrast, in SA last year, strikes cost industry 3,8-million mandays and industry worked mainly a one-shift, five-day week compared to the three-shift, six-day week of most of our competitors. There seems to be little concern about the negative effect of strikes on productivity in general and the permanent damage it does to the economy.

OUTPUT PER EMPLOYEE IN MANUFACTURING

	US	JAPAN	GERMANY	KOREA	TAIWAN	SA
1970	100	100	100	100	100	100
1989	176.9	287.0	155.6	530.7	236.7	135
% annual growth	2.8	5.8	2.2	9.3	4.7	1.4

Source: NPI

some of our major competitors. Wages in some industry sectors are four times those in India and Pakistan, and the electronics industry has to contend with wages more than double those in Taiwan, Hong Kong, Singapore and the Philippines. At the IDC-owned tea plantations, wages paid are 140% and 420% of those paid by our main competitors in Sri Lanka and Malawi respectively.

Where does this lead? If SA is to grow industrially, we will need foreign reserves to do so, given the propensity of imports to increase when growth accelerates. Exports of more labour intensive final products can, in time, provide part of the answer, but only if and when we become competitive.

By contrast, three of the beneficiary schemes under consideration by the IDC will earn or save a net R3,8bn a year in foreign exchange in today's values. This is equal to all the manufactured exports in final product form achieved by the whole of SA industry in 1991, and represents al-

most 20% of present gold exports.

In this light, the proposed megaprojects are not only desirable but absolutely essential if the desired economic growth is to be achieved.

The IDC projects are all designed to exploit opportunities where we have an international competitive advantage.

To be built on a large enough scale to be internationally competitive.

Not to need subsidisation. The 37E tax concessions to be granted provide no more than an access to standard tax allowances on capital expenditure as it is spent rather than when it is put into use, which is common in many countries and does no more than level the playing field.

To supply local consumers at world market prices to encourage downstream development, and

To make, where possible, maximum use of surplus Eskom capacity.

Eskom's ability to bring electricity to deprived communities will in no way be impeded — its capacity is such that it can do both.

The projects are the most promising and viable available at present. Our participation does not and will not, however, limit our ability to supply similar assistance to other deserving projects that materialise.

In the past year alone, more than R1bn was made available to companies in this category, and our five-

year plan makes provision for a further R5bn over the period. Lack of capital has not been the most serious inhibiting factor for small business development. Apart from the commendable efforts by the SBD, a recent survey conducted by the IDC indicates that more than R50bn of the present outstanding advances of the commercial banks have been made to small businesses and individuals. The main problem to be addressed in this sector is not the availability of capital but the administration mechanisms to assess the credit risk and to manage the resultant advances.

The megaprojects are not in themselves major job creators, but experience has shown that the basic wealth created by large projects has a multiplier effect of at least five employment opportunities for every one in the beneficiation plants, without taking into account downstream manufacturing possibilities.

If construction of at least one of the major projects were to commence soon, a major additional benefit would be the positive effect on the engineering and construction industries. With the Mosses project nearing completion, these already stagnant sectors are facing an extremely serious situation.

Have we consulted enough? No final decisions have yet been taken, but we have done exhaustive feasibility studies, undertaken social cost-benefit analyses, considered the environmental impact, and consulted customers and all other commercially affected parties. We have also widely published our intentions.

The IDC management makes recommendations to its board for final acceptance or rejection, and decisions are taken on economic merit. Business decisions cannot be made in any other way, and certainly cannot be based on public consensus.

While I have the greatest sympathy for the need for social upliftment, its realisation will depend largely on economic progress. The two issues are complementary and not exclusive. Every effort needs to be made to promote viable industrial development.

Van der Merwe is IDC MD.

THE article "Epic schemes are a foolish gamble with SA's future" by Neva Seidman Makgetta and Zavareh Rustonjoe (Business Day, August 17) raises three basic questions. Why has the IDC chosen to follow the route of large capital intensive projects based on beneficiation of raw materials, have the more labour intensive alternatives been properly considered, and why had wider consultation not taken place before a decision to go ahead was taken?

To place IDC programmes in perspective, it should be noted that the IDC usually provides about one-third of complementary finance to private sector initiatives. It is generally agreed that

□ SA urgently needs economic growth after a long recession and almost a decade of no industrial employment growth.

□ Significant economic growth can be generated only by the industrial sector; and

□ To become the engine of growth, industry needs to be internationally competitive, to expand exports and supply growing local markets without fuelling inflation

Where do we stand at present? A fair summary would seem to be that, particularly in the field of manufactured goods, our industries, for various reasons, are considerably less competitive than the rest of the industrial world. Until this is rectified, we have to rely on relatively high levels of protection against imports, and will continue to have difficulty exporting manufactured goods without considerable and, in the longer term, probably unaffordable, state export assistance.

In 1991, manufacturers of the R3,7bn worth of manufactured goods exported received about R700m in state assistance. The affordability of paying an exporter of manufactured goods a non-taxable cash allowance of almost 20 cents for every rand of exports must surely be in doubt.

SA therefore has no choice but to become internationally competitive if our industry is to survive. To do so

IDC's megaprojects are an essential ingredient of growth

BJDAY 26/8/92. CAREL VAN DER MERWE

(260)

our wages will have to be competitive, productivity will have to show vast improvement, import surcharges will have to be removed, tax rates will have to come down, and inflation will have to be reduced.

The table gives some idea of the task ahead. The problem is not insurmountable but progress will need time and a concerted effort by government, business and labour.

The Pacific Rim miracle, so often held up as an example to us, was based on total co-operation by all. In contrast, in SA last year, strikes cost industry 3,8-million mandays and industry worked mainly a one-shift, five-day week compared to the three-shift, six-day week of most of our competitors. There seems to be little concern about the negative effect of strikes on productivity in general and the permanent damage it does to the economy.

This alarming trend is further aggravated by a decade of unrealistic wage inflation which has placed SA wages substantially above those of

some of our major competitors. Wages in some industry sectors are four times those in India and Pakistan, and the electronics industry has to contend with wages more than double those in Taiwan, Hong Kong, Singapore and the Philippines. At the IDC-owned tea plantations, wages paid are 140% and 420% of those paid by our main competitors in Sri Lanka and Malawi respectively.

Where does this lead?

If SA is to grow industrially, we will need foreign reserves to do so, given the propensity of imports to increase when growth accelerates. Exports of more labour intensive final products can, in time, provide part of the answer, but only if and when we become competitive.

By contrast, three of the beneficiation schemes under consideration by the IDC will earn or save a net R3,8bn a year in foreign exchange in today's values. This is equal to all the manufactured exports in final product form achieved by the whole of SA industry in 1991, and represents al-

most 20% of present gold exports.

In this light, the proposed megaprojects are not only desirable but absolutely essential if the desired economic growth is to be achieved. The IDC projects are all designed:

□ To exploit opportunities where we have an international competitive advantage,

□ To be built on a large enough scale to be internationally competitive,

□ Not to need subsidisation. The 37E tax concessions to be granted provide no more than an access to standard tax allowances on capital expenditure as it is spent rather than when it is put into use, which is common in many countries and does no more than level the playing field,

□ To supply local consumers at world market prices to encourage downstream development, and

□ To make, where possible, maximum use of surplus Eskom capacity. Eskom's ability to bring electricity to deprived communities will in no way be impeded — its capacity is such that it can do both.

The projects are the most promising and viable available at present. Our participation does not and will not, however, limit our ability to supply similar assistance to other deserving projects that materialise.

In the past year alone, more than R1bn was made available to companies in this category, and our five-

year plan makes provision for a further R5bn over the period. Lack of capital has not been the most serious inhibiting factor for small business development. Apart from the commendable efforts by the SBDC, a recent survey conducted by the IDC indicates that more than R50bn of the present outstanding advances of the commercial banks have been made to small businesses and individuals. The main problem to be addressed in this sector is not the availability of capital but the administration mechanisms to assess the credit risk and to manage the resultant advances.

The megaprojects are not in themselves major job creators, but experience has shown that the basic wealth created by large projects has a multiplier effect of at least five employment opportunities for every one in the beneficiation plants, without taking into account downstream manufacturing possibilities.

If construction of at least one of the major projects were to commence soon, a major additional benefit would be the positive effect on the engineering and construction industries. With the Mossos project nearing completion, these already stagnant sectors are facing an extremely serious situation.

Have we consulted enough? No final decisions have yet been taken, but we have done exhaustive feasibility studies, undertaken social cost-benefit analyses, considered the environmental impact, and consulted customers and all other commercially affected parties. We have also widely published our intentions.

The IDC management makes recommendations to its board for final acceptance or rejection, and decisions are taken on economic merit. Business decisions cannot be made in any other way, and certainly cannot be based on public consensus.

While I have the greatest sympathy for the need for social upliftment, its realisation will depend largely on economic progress. The two issues are complementary and not exclusive. Every effort needs to be made to promote viable industrial development.

□ Van der Merwe is IDC MD.

OUTPUT PER EMPLOYEE IN MANUFACTURING

	US	JAPAN	GERMANY	KOREA	TAIWAN	SA
1970	100	100	100	100	100	100
1989	176.9	287.0	155.6	530.7	236.7	135
% annual growth	2.8	5.8	2.2	9.3	4.7	1.4

Source: NPI

Ithuba funds power project for schools

WILSON ZWANE

ESKOM and the charity organisation Ithuba have embarked on a major project to electrify schools and health centres in areas where government has not been forthcoming with funds. Eskom public affairs executive Johan du Plessis said yesterday the utility and Ithuba had an agreement in terms of which some proceeds from Ithuba's fundraising programme went into the project.

Last year Eskom obtained R1m, or 20% of the proceeds from Ithuba's fundraising programme, which it ploughed into the electrification of clinics and schools in the northern Transvaal and in the PWV region.

Completed projects include a high school, developed from a horse stable in Orange Farm in the Vaal, several schools in Alexandra, and two clinics in the northern Transvaal — one in Marble Hall and another in Elandskraal.

Du Plessis said he hoped Eskom would get more than 20% of the proceeds from this year's Ithuba fundraising programme as the utility planned to electrify more schools in the Transvaal, Natal, the Cape and the Free State.

Among schools earmarked for electrification in the next few months were three in Orange Farm. These schools were converted from chicken runs.

Augustus Khumalo, founder and owner of the schools in Orange Farm, said this week the DET had not provided funds to electrify the schools.

"I get a grant from the DET with which I have to pay the teachers and run the four

schools," Khumalo said.

Since Eskom electrified one of his schools, Black Forest High School, parents had been called on constantly to foot electricity bills.

Orange Vaal DET spokesman Philip Mahasela said although Khumalo's schools had been registered with his department, they were privately owned and as such did not qualify for government subsidy.

But, said Mahasela, the DET had given Khumalo a R250 000 grant last October to run the schools. "That grant was not a one-off thing. Every month the department gives Khumalo about R55 000."

Asked to comment on the two northern Transvaal clinics, a TPA spokesman said she was not aware that Ithuba money had been used to electrify them.

In another development, Du Plessis disclosed that Black Management Forum president Prof Wiseman Nkuhlu would chair next week's national electrification conference. Du Plessis said Nkuhlu was chosen as chairman by an eight-member committee entrusted with the convening of the conference, which would pave the way for an electrification forum to develop strategies for speeding up electrification of about 3-million homes.

Several people were considered for the position, but Nkuhlu was acceptable to all parties. These parties excluded government but included Eskom and the Development Bank of SA.

At last, a storage

Iscor earnings sag under debt burden

B/DAY 27/8/92

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MATTHEW CURTIN

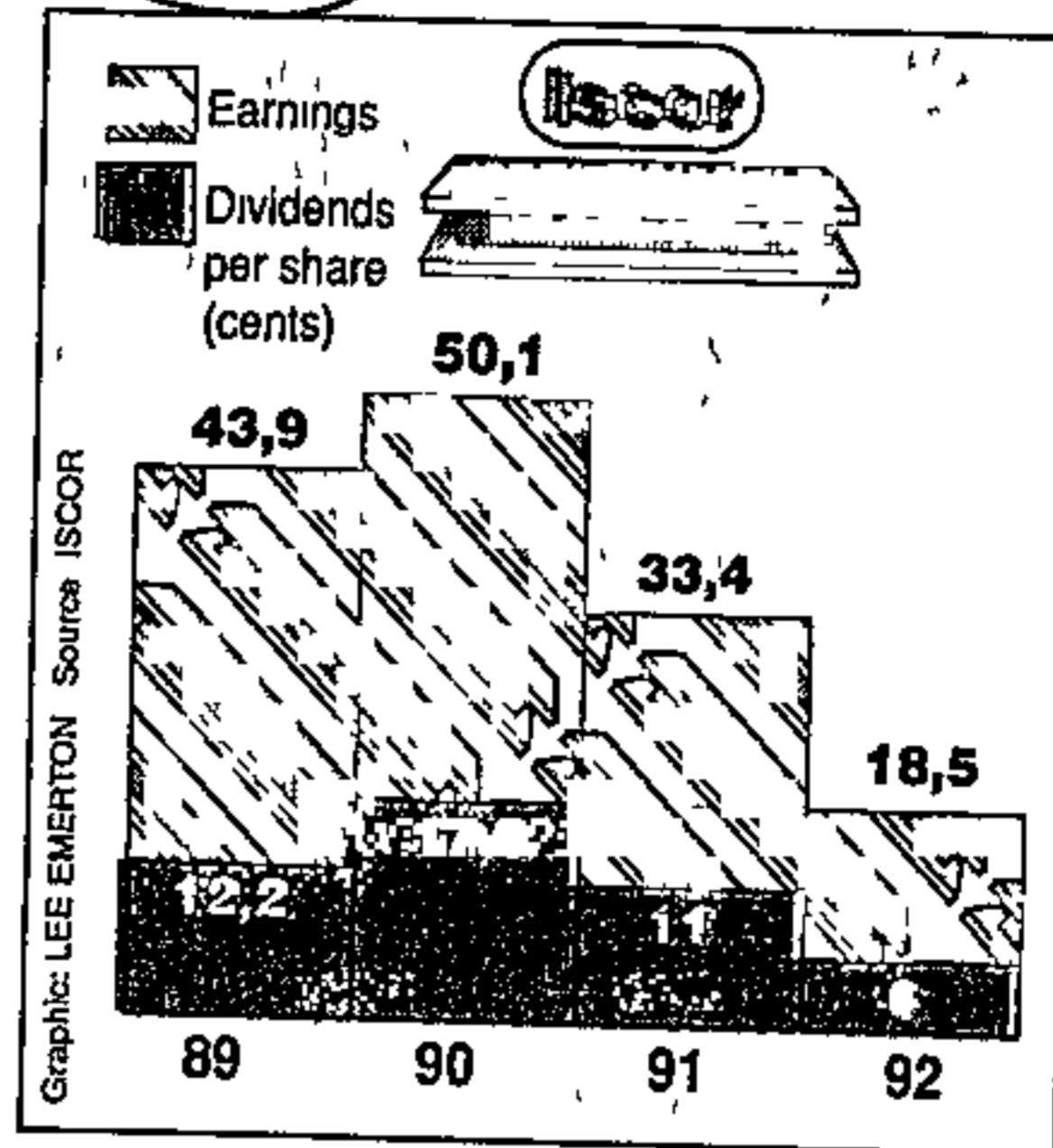
CRIPPLING interest payments hammered Iscor's results in the year ended June 1992. Earnings a share fell 45% as the group's debt burden compounded the impact of weak local and international demand for the steel company's products.

Iscor reported earnings of 18,5c a share, compared with 33,4c in 1991, falling further behind forecasts made at its listing in November 1989. The group declared a total dividend of 6c, down from 11c a share, maintaining dividend cover at three times

An Iscor spokesman said last night it would be "extremely difficult to match this year's performance" in the current financial year, given prevailing local and international market conditions.

He said the North American economy was showing little sign of moving out of recession this year and most other leading economies were showing "slack" growth. Dollar prices for iron and steel would remain weak for some time, with domestic consumption continuing to weaken.

The group sold a record 6,04-million tons



in the year, up 6,6% from 1991, thanks to a 22% increase in export volumes, contributing 53% of total tons sold.

However, Iscor's profitability sagged. Domestic sales, the group's higher margin business, fell more than 5% and the increase in exports coincided with an 8% fall in dollar export prices.

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□ From Page 1

The spokesman said the rand's loss in value against the dollar was not enough to compensate for SA's high inflation compared with its trading partners.

Turnover rose nearly 17% to R8,6bn from R7,4bn, but net operating profit fell to R748m from R874m. The operating profit margin fell to 8,7% from 11,8% last year.

The real blow to performance was the jump in interest payments to R403m, one-and-a-half times the 1991 figure of R257m, which cut attributable earnings to R346m from R624m. The group's interest cover fell to 1,9 times from 3,2 times last year, while its debt-to-equity ratio increased slightly to 30,2% from 29,4%.

Iscor has paid the price for timing its R4bn expansion programme with an unexpectedly long slowdown in the local and world economies.

Capex in the year fell to R852m from

R1,3bn and will tail off sharply this year, but the group still has to service its multi-million-rand debts, including more than R1bn in long-term borrowings.

Analysts say the pressure is now not on Iscor's operating performance but its financial management. Finance charges rose R110m in the first half of the year, but only by R170m year on year.

The Iscor spokesman said results remained closely tied to local and international economic cycles.

"An improvement in the domestic market is dependent on an end to violence, the restoration of business confidence through positive developments in the political and constitutional reform processes, better agricultural conditions in the coming season and measurable success in curbing inflation through fiscal and monetary measures," he added.

Eskom seals Zimbabwe deal

ESKOM is expected to announce today that the Zimbabwe government has given the go-ahead for a multimillion-rand electricity project linking SA with Zimbabwe

It is believed the Zimbabwe government approved plans for a R200m, 500MW connection between Bulawayo and Eskom's Matimba power station in the northern Transvaal

Work has already begun on upgrading links between Eskom and Bulawayo via the Botswana Power Corporation at a cost of more than R100m

The Zimbabwe government has traditionally resisted pressure from the business sector to buy power from SA. However, its Transport and Energy Minister Denis Norman announced earlier this month that Zimbabwe planned to import 50MW from SA

Today Eskom CE Ian McRae is expected

PETER DELMAR and
MICHAEL HARTNACK

to disclose further progress towards developing a power grid linking most of sub-Saharan Africa, including the breakthrough with Zimbabwe

Meanwhile, the worst electricity blackout in Zimbabwean history left the whole country in darkness for up to seven hours on Tuesday night, underlining the country's fragile power system. By yesterday afternoon some sections of the country were still without power.

The Zimbabwe Electrical Supply Authority (Zesa) warned that load shedding was to be expected as generation capacity fell short of demand, due partly to the falling level of Lake Kariba and the rationing of water to old-fashioned thermal power stations. Zesa said more power cuts could be expected.

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IDC paints bleak picture of output in manufacturing

BIPAY 28/8/92

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PETER DELMAR

THE Industrial Development Corporation (IDC) has painted a bleak picture of manufacturing performance in its second quarter survey of the industry.

The report says the volume of manufacturing production declined 1% in the first quarter compared with the previous three months and was more than 2% down on the same quarter last year.

In the second quarter, the value of manufactured exports declined 7%. Employment in the sector — at under 1.42-million — was at its lowest level since 1986

Production of paper, paper products and printing showed the largest decline of the manufacturing sectors — 7% in the first quarter. In the second quarter exports in this sector declined 19%.

"Exports of mineral products and manufactured exports such as transport equipment, plastics, chemicals and machinery fared well, while the import of vegetable products and prepared foodstuffs showed a noticeable increase," the report says.

"Although SA maintained a relatively favourable balance of payments situation, and current reserves cover about two months' imports, hopes of an export-led recovery are dependent on an upturn in international economic conditions.

"However, indications of a marked improvement in international economic conditions remain on hold, with negative implications for potential export earnings."

While there are signs of a possible economic recovery in the US, the general outlook remains "subdued".

The report says the prevailing "depression" continued to deepen during the first half of the year "with little sign of abatement on the horizon".

The report notes a GDP decline of 0.6% in the first three months of this year, compared to 1991. Losses in construction amounted to 4.3% and trade 2.5%

Positive growth was, however, achieved in the service sectors, including government and finance

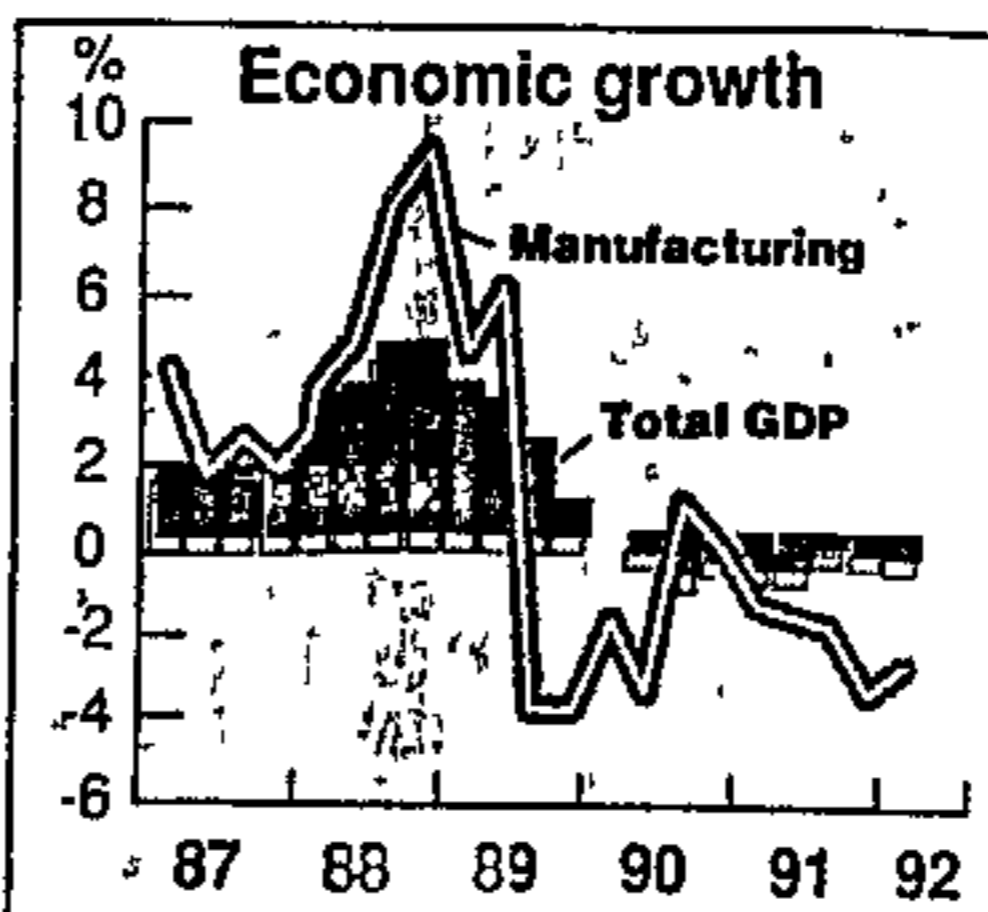
From the third quarter of last year, real consumer spending went into decline and in the first quarter of this year was running at 3.3% less than last year and real government spending was down 4.3% in the first quarter of this year.

"A downturn in demand for investment goods, as measured by real fixed capital outlays, was registered since the 1990 second quarter. But recently the rate of decrease accelerated to more than 11% with that of fixed investment in manufacturing, showing an even sharper downturn of 14.4% in the 1992 first quarter

"Since the end of 1989, the economy experienced a destocking process which was halted in the first quarter of 1992. A likely explanation is that the sharp downturn in demand caused the accumulation of unwanted stock — which will be liquidated as soon as possible.

"This development nevertheless softened the downturn in total demand, but will continue to brake the future level of overall demand

The report notes the trade balance increased in the first half of this year compared to 1991 from R7.6bn to R8.8bn. However, in the second quarter, exports and imports both showed a 2% growth



Graphic: LE EEMERTON Source: IDC

STAR 27/8/92

Hammer blow for Iscor

By Derek Tommey

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Iscor's earnings dropped 44,6 per cent in the year to June from 33,4c to 18,5c a share.

The final dividend has been reduced to 3c from 6,5c last year to make a total payment of 6c (11c) for the year.

These results were expected by investors because recently the shares, issued at 200c in 1989, had fallen to 99c.

Iscor said yesterday a 5,1 percent drop in local steel sales to the lowest level for 15 years, and lower dollar

prices for exports, were the cause of the smaller profits.

Turnover was 16,6 percent higher, rising from R7,39 billion to R8,61 billion, but income before tax and finance costs dropped 14,4 percent to R748 million.

Attributable income was down from R624 million to R346 million, which was in line with a forecast made in February.

Steel sales rose from 5,6 million tons to 6,04 million, with some 53 percent being exported.

Exports rose by 22 percent. But dollar prices fell by eight percent and the rand-dollar exchange rate turned unfavourable.



Eskom CE Ian McRae addresses a Johannesburg news conference yesterday

Picture BRIAN HENDLER

Eskom unveils plans to take power to Zimbabwe

ESKOM yesterday unveiled plans to bring short-term relief to energy-strapped Zimbabwe.

Warning that because of the drought, SA's northern neighbour would face electricity shortages by the end of the year, Eskom CE Ian McRae said a number of projects were either in the pipeline or already being implemented to bring power to Zimbabwe.

Power would start flowing to Zimbabwe next month and by November Eskom would be supplying 40MW. Improvements to the Messina-Zimbabwe links would cost some R7m.

McRae told a news briefing in Johannesburg a link from Eskom's Spitskop power station near Ellisras to Gaborone would supply another 40MW to Zimbabwe, probably by May next year, at a cost of R145m, of which R100m would be borne by Eskom.

McRae said the Zimbabwe government was

“finalising its final decision” on a R315m link from the Matimba power station in the northern Transvaal to Bulawayo, which would take about 18 months to complete.

The improvements to the supply system would eventually enable 500MW to flow from SA to Zimbabwe and Zambia.

The fragile state of Zimbabwe's electricity supply system was illustrated by an eight-hour blackout this week after the country was simultaneously cut off from its main power sources at Kariba and Hwange.

The short-term Eskom supplies could make a major contribution to meeting Zimbabwe's current maximum demand of about 1 600MW.

PETER DELMAR

Eskom unveils power strategy for neighbours

Eskom yesterday clarified plans to help ease the energy crisis facing neighbouring states due to the drought in the region.

Eskom chief executive Ian McRae said three projects were in the pipe-line, the first of which is expected to be operational next month to supply energy to Zimbabwe.

Zimbabwe recently announced that its residents and industries would have to face power rationing due to the reduced capacity of its hydro-electrical supplies brought about by the drought.

The country's energy woes were exacerbated on Tuesday night by electricity blackouts because of problems largely at Hwange's coal-fired power station.

Eskom has developed a strategy to set-up a power grid linking most of sub-Saharan Africa and these efforts have now become more imperative.

"The situation has dramatically changed in the region in that the drought has brought about a critical situation in these countries," Mr McRae said.

"If there are no further inputs into their dams, these countries are facing a situation where they would run out of hydro-electric power by the end of the year, or early into next year."

Although it was not possible to import large quantities of power into the neighbouring states in the short-term, Mr McRae said a transmission line to South Africa's border with Zimbabwe at Beit Bridge had been established.

Zimbabwean technicians would shortly link up with that line, and by November this year 40 megawatts of South African power would flow into Zimbabwe's system.

The total project cost

amounted to R7 million with South Africa footing R4 million of the bill.

This would go some way towards easing Zimbabwe's crisis but the energy situation in the country is expected to remain critical until May next year.

A second project of R145 million in conjunction with the Botswana Power Corporation would involve the strengthening of lines through to Gabarone.

This would allow 100 MW from Eskom to flow into Botswana from May next year and then also, if necessary, be directed to Zimbabwe and Zambia.

However, the threat of a prolonged drought and other water shortages in the future meant it was essential there should be a very strong energy tie between Eskom and the Zambian, Zimbabwean and Botswana systems.

Mr McRae said a R315 million project to flow power from Eskom's Matimba station across the south-eastern corner of Botswana to Bulawayo in Zimbabwe was being negotiated.

The project had been approved by the South African government while Botswana and Zimbabwe still had to take a decision.

Mr McRae said this would allow some 500 MW to flow into these countries' systems and if South Africa faced an energy shortage in the future the flow could be reversed enabling it to import power.

This project would extend through Zimbabwe to supply Zambia as well.

In addition to these three projects, Eskom had been invited to participate in a study with Zaïre, the region's other energy powerhouse, to strengthen Zambia, Zimbabwe and Botswana's

energy systems.

Further regional developments being considered were the linking of power stations on the Zaïre River with Angola and, further down the line, with Namibia.

Once financing for the Cahora Bassa project, floundering due to years of civil war in Mozambique, had been secured it could be operational within three years.

Responding to criticism that Eskom was pursuing regional plans at the expense of domestic needs, Mr McRae said it remained a priority to extend electricity supply to South Africa's people.

"Electrification is vital for the region to move towards economic growth, but likewise it is a high priority to bring electricity to the 20 million or so people in South Africa without it," he said —Sapa

RADIO BROADCASTING

Sending out a signal

The first small crack in the SABC monopoly of the radio waves appeared last month when Wits Technikon was granted a licence and started SA's first legal campus radio station

The station's transmission area extends only a few blocks from its Johannesburg campus but it is still the first non-government station based outside the homelands

Now a group of students at Wits University wants to open a bigger crack in the SABC's control over radio After failing to



obtain a licence, the students plan to launch a pirate radio service called Voice of Wits

The FM station's format will be modelled on North American university radio stations It will have a mix of music programmes, sprinkled with local news, educational features and debates The station's slogan is "Educating, enlightening, entertaining" It will broadcast for about 14 hours a day and, though it will sell commercial time to cover expenses, will operate as a non-profit organisation

Station officials don't want to disclose how the service will be transmitted, but say listeners will be able to pick up Voice of Wits near the main campus in Braamfontein

The volunteer staff will not have to start the service from scratch The station has been broadcasting on a limited schedule since the Seventies but only through loudspeakers in the student union building

The decision to go on the air without government permission came after a frustrating year of dealing with the country's broadcasting bureaucracy

Says law student and station director Marc Friedman "The system is so messed up now that nobody knows which channels are the right ones to go through We feel that something is needed to prod the process"

The Viljoen Task Group's report on broadcasting last August was expected to pave the way for the deregulation of the radio waves But, a year later, almost nothing has happened

It's tempting to blame the SABC but the main reason for the inertia is the breakdown of the Codesa talks Codesa had agreed that

government would form an independent broadcasting authority to oversee the deregulation of broadcasting Codesa appointed a committee of lawyers from the ANC/SACP alliance, the Democratic Party and the National Party to draw up legislation but the talks collapsed before they could meet

Now it appears that deregulation is dead until the politicians get back to the table "Nothing will happen until there is agreement at a Codesa-style situation," says DP MP Peter Soal, who chaired Codesa's Task Group on Broadcasting He says the lawyers did not carry on with their work, so there will be no draft legislation for the special session of parliament in October

The Viljoen report recommends that no licences should be granted until the "recommendations of this report have been evaluated and implemented"

But, in addition to the Wits Technikon licence, government has granted three two-week radio licences this year — to Rhodes Music Radio, which broadcast during the Grahamstown Festival, Showtime Radio, a special motorists' holiday service that broadcast during the Easter break and CTFM, which broadcast during the Cape Festival

Other groups that want to start radio stations continue to wade into the regulatory quagmire to try their luck All applications are referred to the SABC for comment, though it does not have the power to reject applications

SABC Radio CE Carel van der Merwe says "It is not expedient to issue licences now, it will make life impossible for the broadcasting authority if it inherits a mess"

But Friedman believes the best way to free the airwaves is to allow an element of mayhem, with stations, legal and otherwise, springing up all over until the market sorts them out

It is not clear why Wits Technikon's Channel-T radio station received a licence but Wits University and other applicants have failed The station commissioned an electronics company to build its transmitter and obtain the licence It sends its signal from the studio through a landline to the school's main building, where a "leaky feeder" transmitter that broadcasts to a limited and precise area is located

"We're the first and only campus station doing it this way In the past there have been only illegal transmitters and pirate broadcasts," says station director Andrew Bond The licence expires at the end of the year but he is confident it will be renewed

The Voice of Wits has not been so lucky Repeated applications to the Department of Home Affairs — which rules on requests before the Postmaster-General issues licences — have been refused The usual excuse is that government is not granting licences until the independent broadcasting authority is formed

"The Viljoen report said licences could be granted to community-orientated stations and VOW, with its educational programmes for students and school pupils, as well as

community news and entertainment fits the bill," says Friedman

Rhodes Music Radio, which used an SABC transmitter and Radio 5 personnel during the arts festival, has decided to stick to the legal route "We would like to broadcast legally to the Grahamstown area and still work with the SABC," says station director Tony Lankester

Pirate broadcasts and illegal transmitters are out, he says "I think we stand a pretty good chance of getting a licence and we don't want to jeopardise our chances"

Many parties have called for the formation of an independent, impartial authority to monitor broadcasting

The National Association of Broadcasters, which was organised this year and includes SABC TV and radio, Bop TV and radio, 702 and M-Net, has called for "light touch" regulation and for the establishment of an impartial, non-political authority to license radio-spectrum users

The association believes that this body should determine which frequencies and channels should be made available and plan and administer the electromagnetic-frequency grid allocated to SA

Association chairman and Radio 702 GM Stan Katz believes it will be at least another year before any serious deregulation begins Katz, who has long sought an FM licence for

continue —>

BUSINESS & TECHNOLOGY

his station, would like to see free-market principles apply in radio But, from an economic point of view, he doesn't believe the country could support an explosion of private radio stations "The advertising pie is not big enough" Paul

the publication is now about using technology to solve business problems.

Advances in computer hardware and software technology over the past couple of years has pushed computing out of the climate-controlled computer room on to the desktop Information technology should no longer be handled solely by the data processing department

The most important trend now is the linking of computers and computer networks on a global scale. This gigantic communications infrastructure will create new markets, necessitating new ways to manage organisations It is now even more important for executives to become information-technology literate

This week we look at how presentation software can help executives to communicate — and sell — more effectively We investigated why car telephones are so expensive and went to the Cape to establish who's who in computing in and around the Mother City.

STATE CORPORATIONS

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FM 28/8/92

Back on the path to privatisation?

Two-and-a-half years ago, bowing to political pressure from the ANC, mounting union protests and an about-turn by the Democratic Party, government shelved most of its privatisation plans and focused on commercialisation — the halfway house devised to run State entities along business lines

Now, Public Enterprises Minister Dawie de Villiers, the man who put on the brakes, is talking about privatisation as if the past few years hadn't happened

"Commercialisation and privatisation form an integral part of the government's economic restructuring programme," he told a forum last week examining commercialisation and corporatisation, arranged by AIC Conferences "This programme is aimed at promoting economic growth and job creation, a better distribution of incomes, improvement in the quality of life, eliminating socio-economic backlogs and the upliftment of communities that have been deprived of basic needs"

Government also seems determined to push ahead this year with the full privatisation of the Abattoir Corp (Abacor), despite complaints that the industry must be deregulated first

The change in strategy is surprising. Certainly ANC opposition to privatisation is as rabid as ever. ANC economics adviser Tito Mboweni's message to the gathering of business leaders leaves no room for doubt "Our policy is that any public corporation that is privatised now will be renationalised without compensation" He does stress, however, that the ANC has no hard and fast policy on commercialisation, though it has resisted all such efforts so far

Clearly, the ANC believes State corporations have an important role to play in SA's development, particularly in the redistribution of wealth. The ANC correctly points out that these bureaucracies were, after all, used to implement apartheid policies to the disadvantage of blacks. But the ANC's greatest fear, it seems, is that commercialisation and privatisation will transform enterprises supposedly designed to provide universal service into mere profit-making centres. Says Mboweni "Service will naturally only be extended to those who have the money to pay such a market-determined price"

SA Post Office chairman Donald Masson, however, points out that if services are priced too high, enterprises will simply go under. He suggests that privatisation and

commercialisation will deliver services more effectively than the State ever could or would "A bureaucrat will see providing telephones to 30m people as a nightmare. A businessman will see those same 30m as a business opportunity"

Government's renewed commitment to privatisation, it seems, has been spurred by the collapse of State-run economies worldwide. Says De Villiers "In the economic history of the world, the past few years will emerge as the period in which the total failure of centrally controlled economic systems have been proved beyond a doubt. The inability of a State-controlled economy to provide growth and to improve the quality of life of its citizens speaks for itself"

Recent World Bank findings have also been an encouragement. De Villiers quotes

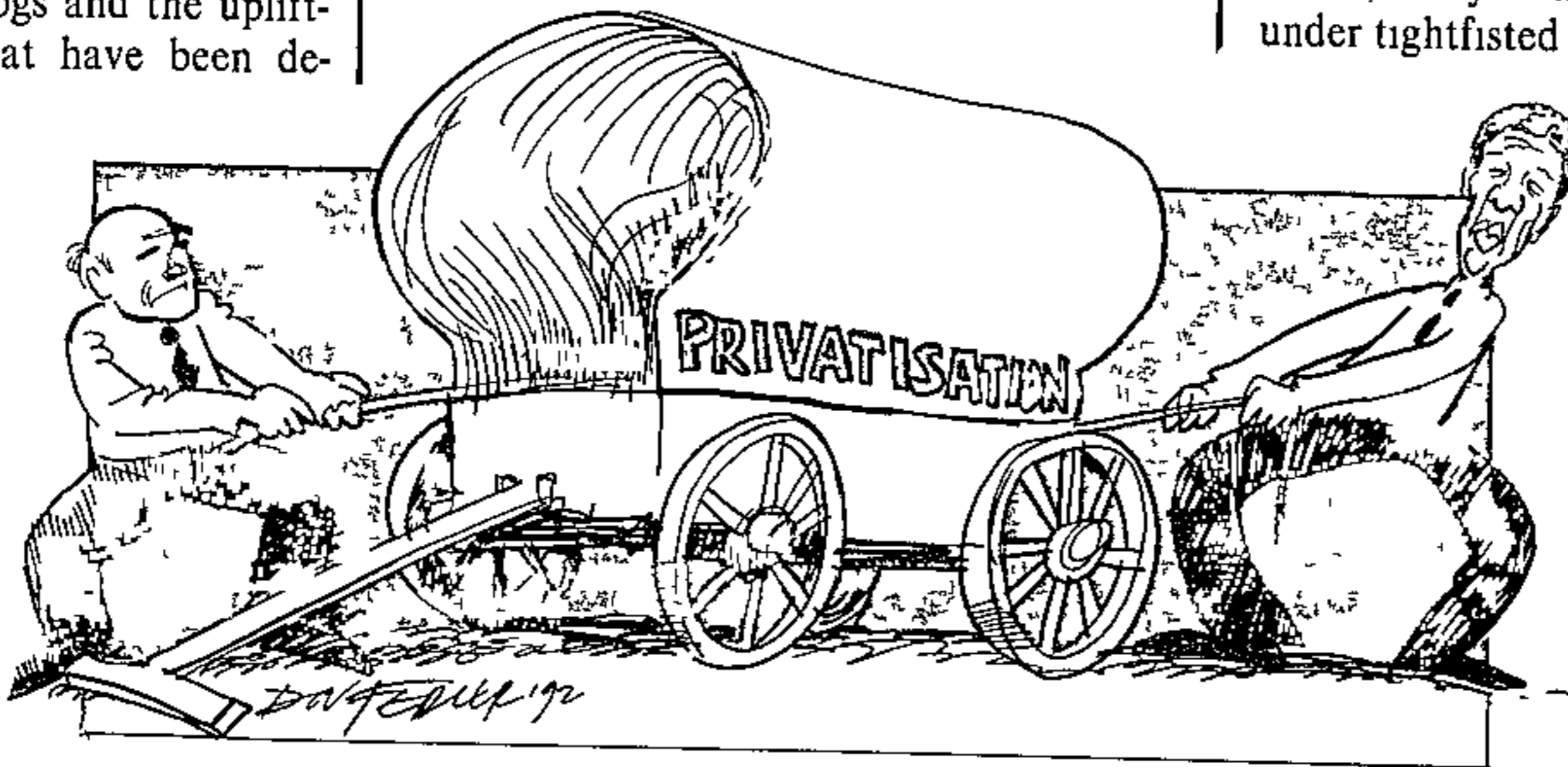
privatisation of Sasol and Iscor also went off smoothly, though share prices for Iscor have been hit by world market conditions

Likewise, the commercialisation of, among others, Telkom, the Post Office, Transnet (including SAA, which now has to compete in a deregulated market) and Armscor, has at least made these former bureaucracies financially accountable and more efficient, competitive and profitable (or at least less unprofitable)

Of course, in some instances, greater success could have been achieved had government skipped the commercialisation route and privatised directly. An example is many of the former Armscor subsidiaries. Industry experts believe they should have been sold off to the private sector immediately. Instead, as subsidiaries of the commercialised Denel, many of them are battling to survive under tightfisted government ownership and

need further investment to diversify and adapt to a commercial market

Commercialisation has also ushered in a host of other problems. Competition Board chairman Pierre Brooks says numerous complaints have been lodged against many of the recently commercialised or corporatised



from a World Bank publication "Private initiative and competitive markets play a critical role in fostering dynamic and flexible economies. Support for private-sector development, therefore, is an essential element in helping to raise standards of living and reduce poverty"

In June, the World Bank released the results of a study on privatisation that concludes that privatisation really does create wealth. The study, which looks at three privatisations in each of four countries — Britain, Chile, Malaysia and Mexico — concludes that 11 of the 12 privatisation sales produced a dramatic net increase in wealth. Reasons for these successes vary but the bank suggests that privatisation resulted in higher investment, managerial innovation, better pricing of services and a shedding of surplus workers

Certainly, SA's own experience is reason for optimism. The privatisation of National Sorghum Breweries last year proved a model for raising capital and redistributing wealth — the shareholders are mostly workers and small black entrepreneurs and the company is more profitable than ever. The

entities "This does not come as a surprise. The government's policy of commercialisation is intended to reduce or eliminate government's financial commitment to parastatals. This has put pressure on the managers not only to trim their particular operations but to seek alternative sources of income by extending the scope of their activities. Doing so during a prolonged downturn has been challenged by private-sector firms whose viability is threatened by such actions"

It appears that, in practice, the policies of commercialisation and privatisation are proving to be at variance with each other. Says Brooks "With justification, businessmen aver that while privatisation is intended to transfer certain selected State-owned businesses to the private sector, commercialisation is, in effect, enabling and perhaps compelling parastatals to take business away from them"

Of course, many argue this clearly increases rather than diminishes State involvement in the economy — which might be why government has decided to bravely re-assert its commitment to full-on privatisation

Mirryna Deeb

STATE CORPORATIONS

260

FM 28/8/92

Back on the path to privatisation?

Two-and-a-half years ago, bowing to political pressure from the ANC, mounting union protests and an about-turn by the Democratic Party, government shelved most of its privatisation plans and focused on commercialisation — the halfway house devised to run State entities along business lines

Now, Public Enterprises Minister Dawie de Villiers, the man who put on the brakes, is talking about privatisation as if the past few years hadn't happened

"Commercialisation and privatisation form an integral part of the government's economic restructuring programme," he told a forum last week examining commercialisation and corporatisation, arranged by AIC Conferences "This programme is aimed at promoting economic growth and job creation, a better distribution of incomes, improvement in the quality of life, eliminating socio-economic backlogs and the upliftment of communities that have been deprived of basic needs."

Government also seems determined to push ahead this year with the full privatisation of the Abattoir Corp (Abacor), despite complaints that the industry must be deregulated first

The change in strategy is surprising. Certainly ANC opposition to privatisation

is as rabid as ever. ANC economics adviser Tito Mboweni's message to the gathering of business leaders leaves no room for doubt "Our policy is that any public corporation that is privatised now will be renationalised without compensation" He does stress, however, that the ANC has no hard and fast policy on commercialisation, though it has resisted all such efforts so far.

Clearly, the ANC believes State corporations have an important role to play in SA's development, particularly in the redistribution of wealth. The ANC correctly points out that these bureaucracies were, after all, used to implement apartheid policies to the disadvantage of blacks. But the ANC's greatest fear, it seems, is that commercialisation and privatisation will transform enterprises supposedly designed to provide universal service into mere profit-making centres. Says Mboweni "Service will naturally only be extended to those who have the money to pay such a market-determined price"

SA Post Office chairman Donald Masson, however, points out that if services are priced too high, enterprises will simply go under. He suggests that privatisation and

commercialisation will deliver services more effectively than the State ever could or would "A bureaucrat will see providing telephones to 30m people as a nightmare. A businessman will see those same 30m as a business opportunity"

Government's renewed commitment to privatisation, it seems, has been spurred by the collapse of State-run economies worldwide. Says De Villiers "In the economic history of the world, the past few years will emerge as the period in which the total failure of centrally controlled economic systems have been proved beyond a doubt. The inability of a State-controlled economy to provide growth and to improve the quality of life of its citizens speaks for itself"

Recent World Bank findings have also been an encouragement. De Villiers quotes

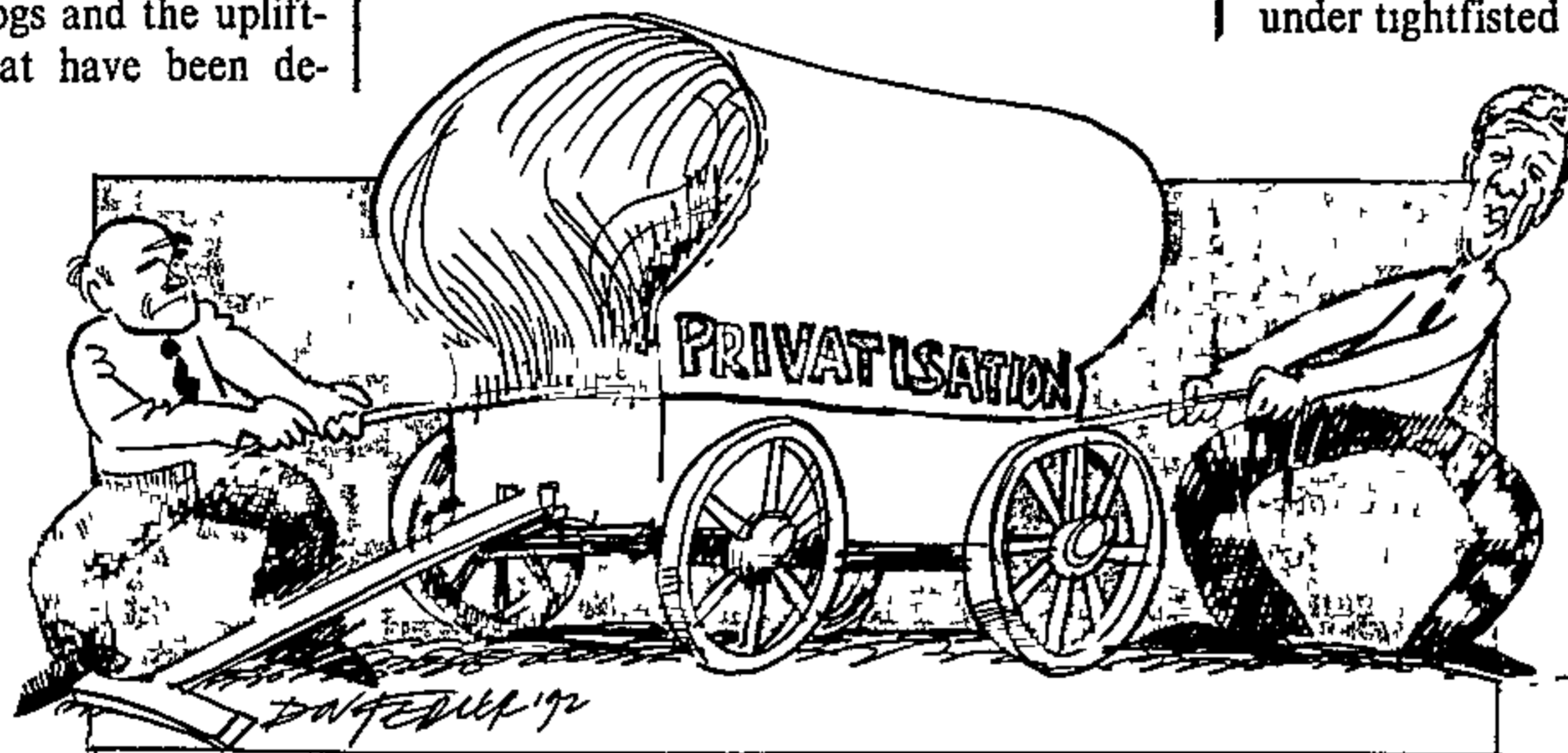
privatisation of Sasol and Iscor also went off smoothly, though share prices for Iscor have been hit by world market conditions

Likewise, the commercialisation of, among others, Telkom, the Post Office, Transnet (including SAA, which now has to compete in a deregulated market) and Armscor, has at least made these former bureaucracies financially accountable and more efficient, competitive and profitable (or at least less unprofitable)

Of course, in some instances, greater success could have been achieved had government skipped the commercialisation route and privatised directly. An example is many of the former Armscor subsidiaries. Industry experts believe they should have been sold off to the private sector immediately. Instead, as subsidiaries of the commercialised Denel, many of them are battling to survive under tightfisted government ownership and

need further investment to diversify and adapt to a commercial market

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Mirryena Deeb

Iscor's cash problems add up to its greatest burden

B/DAY 28/8/92 (260)

MATTHEW CURTIN

ISCOR faces two critical problems — management of its borrowings and working capital — if it is to survive another year of depressed market conditions.

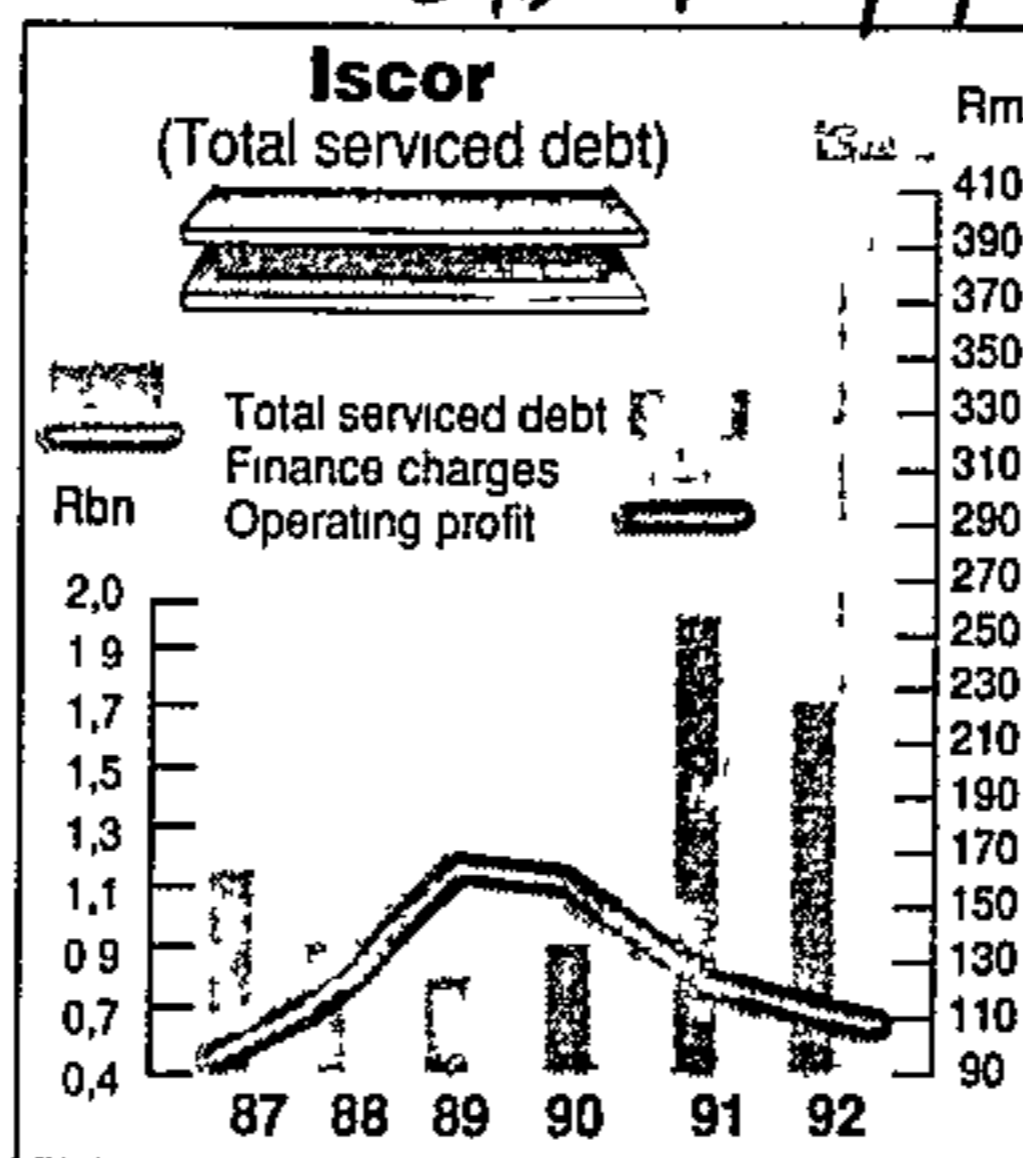
Finance and business services GM Louis van Niekerk said yesterday "Our number one priority is cash." Iscor adopted a new action plan at the beginning of August to limit capital spending and control working capital.

However, he said "If the unforeseen should happen and the company's profitability deteriorate dramatically in the 1992/3 financial year, the group will consider passing its dividend." That decision would be taken by the Iscor board and the group would otherwise maintain its policy of a three times dividend cover.

At the same time, there was a level of profitability at which the group would consider passing its dividends if its cash resources had not been managed successfully, he said.

Van Niekerk said the group had had some success in the past year in rolling over short-term debt into long-term borrowings. Iscor had converted R509m of short-term loans "at favourable rates".

Long-term borrowings rose to R1,7bn at June 30 this year from R1,1bn in 1991, and Iscor paid R403m in finance charges in the year, covered 1,8 times by net operating profit.



Graphic LEE EMERTON Source I NET

He said Iscor had employed two merchant banks to evaluate its debt-burden and how best to relieve the pressure from borrowings.

The group was waiting for interest rates to fall lower before converting more short-term debt.

Iscor's capital expansion programme was at an end with the only project still to be financed and completed this year being the continuous casting line at the Pretoria works.

However, the problems may be more acute at the level of financing the group's day-to-day operations. Van Niekerk said Iscor faced capital spending of between R500m and R600m every year simply to maintain its plant, equipment and production capacity. He estimated that the replacement value of the group's assets was in the order of R40bn.

In addition, the group had R2,2bn in stock spread between finished product inventories, work-in-progress and consumables. He said Iscor would ideally like to raise capital through a rights issue but its low share price and depressed stock market were not in the group's favour.

Instead, Iscor was focusing on productivity, cost containment and testing its creditors. He said that Iscor had shed about 2 000 workers in the year, but produced record tonnages.

Middle management received only a 3,5% pay award in the past year, and Iscor would "only pay what it can afford" in the current year, he said.

Iscor's debts totalled R1bn at end June, and the group was being tough on its creditors, who were receiving "a maximum of 60 days unless they offer discounts". Van Niekerk said with weak local demand and falling export prices, Iscor could not afford to compensate suppliers for increases in their overheads.

Iscor shares rose 4c on the JSE yesterday, closing at 104c, as the market appeared to have discounted the group's poor 1991/1992 results. Earnings fell 45% and the group cut its dividend to 6c from 11c.

The shares were listed at 200c in November 1989, but have fallen steadily this year, as Iscor's profits have dropped further behind forecasts in its listing prospectus. The shares touched 99c earlier this week, and have fallen 10c in the past month.

Star 28/1/92
**Media body turns
down SABC invite**

The Campaign for Open Media (COM), which has been issuing reports on SABC news coverage for the past six months, has refused to participate in a meeting called by the SABC to set up a group which will monitor the broadcasting corporation's news output.

The SABC had invited various "communications scientists", including COM's media researcher, to discuss the establishment of a monitoring structure, COM said.

"COM believes a monitoring group convened by the SABC cannot be construed as impartial.

"In democratic countries and even now in South Africa, it has been accepted that it is impossible for an organisation to investigate itself.

(260) (C-4)
Moreover, SABC's recent fiercely defensive attitude towards external criticism, especially the news analysis reports from COM, raised questions about the motives of the meeting and of the SABC.

"COM's view is that the proposed monitoring is not so much a response to public pressure, as a defence mechanism to counteract independent monitoring initiatives" — Sapa

COMPANIES

Iscor's cash problems add up to its greatest burden

B/DAY 28/8/92 (260)

MATTHEW CURTIN

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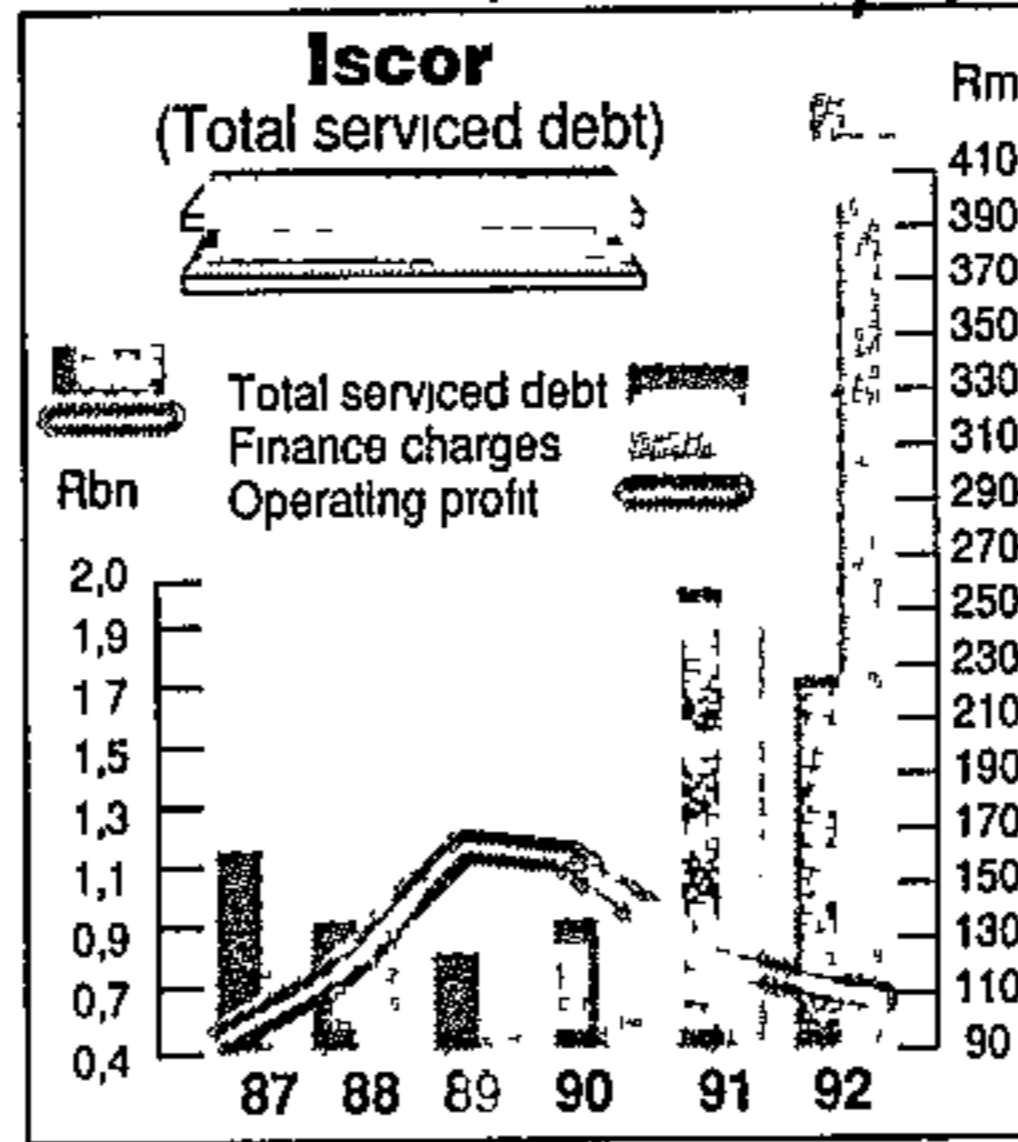
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Sasol gets Namibian oil exploration licence

STAR 28/8/92

260 (circled) 2213 (circled) 1911 (circled)

WINDHOEK — Sasol has taken a first step in expanding operations beyond South Africa with the award yesterday of a licence to explore for oil off the coast of Namibia

The licence, granted to subsidiary Sasol Mining, is the third awarded by the Namibian government for oil exploration in its territory

Announcing the deal yesterday, the Namibian deputy Minister of Mines and Energy, Jessaya Nyamu, said "The award of this licence signifies the beginning of a vibrant chapter in our emerging bilateral business relationship, which is indicative of the growing confidence between our people"

The 11 000 sq km licence area 2012 is situated southwest of Terrace Bay on the northern Namibian coast

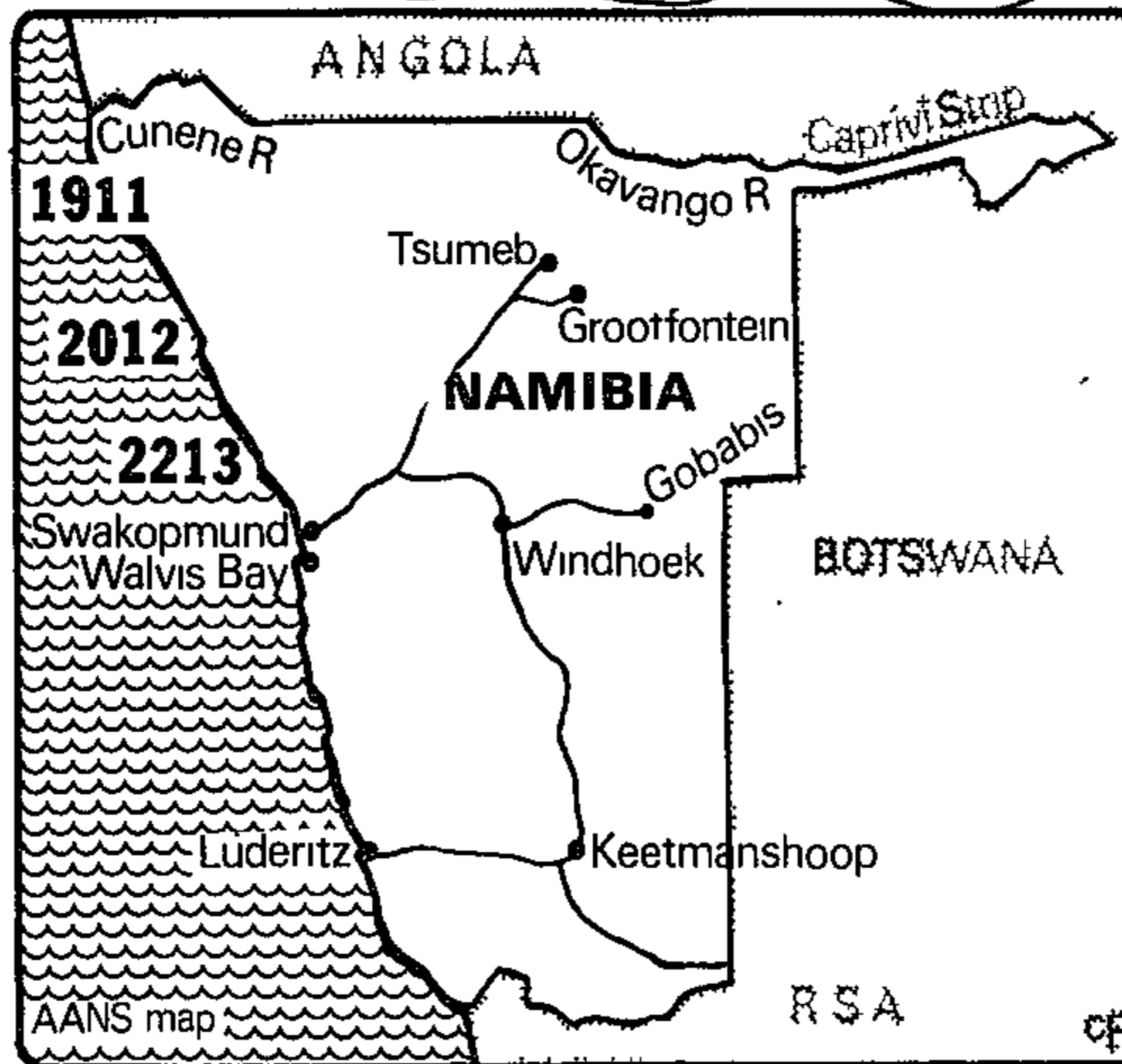
Sasol Mining is expected to spend about R27,5 million on exploration and over R1 million on training Namibians in the first four years

Sasol said yesterday the agreement was expected to be signed in Windhoek next month

Work is due to begin as soon as the agreement is signed

Mr Nyamu said, in response to a question, there was no contradiction in Namibia entering into an agreement with SA, despite calls by other countries for non-involvement

He said it was understood and



The Sasol exploration block 2012 is 11 000 sq km in extent sited between two other blocks already allocated.

accepted, by bodies including the Organisation for African Unity, that Namibia was an "exception" when it came to sanctions against SA because of their linked economies.

"It would not make practical sense," he said.

Namibia earlier signed contracts with a Norwegian consortium, which has already begun seismic work close to the new licence area, and with Canada's Ranger Oil and Britain's

Hardy Oil & Gas, which will be exploring inshore close to Walvis Bay in block 2213.

Geologists are optimistic that the exploration activities will eventually yield viable oil reserves off the Namibian coast

The presence of oil to the north, off Angola, and Namibia's giant Kudu gasfield to the south, with reserves estimated at up to 560 billion cu m, are among factors indicating large oil reserves off the Namibian coast, they say

A study of the complementary South American coast, and results of a basic seismic survey conducted under SA supervision in 1989, confirm this view

Klaus Endresen, whose Norsk Hydro Namibia heads a consortium including Norway's Statoil and Saga Petroleum, and which was granted the first licence in April, said "The enthusiasm to explore this area reflects the fact that a lot of companies are confident of the Namibian continental shelf, particularly when you take the low oil prices into account"

But he warned that the exploration of this coast would not be completed this century

Mr Nyamu said the Norsk consortium had beaten five others to the licence for block 1911, an 11 000 sq km sector near the northern border with Angola.

A total of 18 companies were bidding for search rights

Mr Endresen said Norsk would install five Norwegian technicians and sophisticated equipment to interpret the results of a detailed seismic survey launched last month by subcontractors Western Geophysics of the US

"This is no half-hearted operation. We are creating a completely autonomous office. All the interpretation will be done in Namibia. We are very serious" — Sapa- Reuter

The new Ratplan — Business Times has a copy — was agreed to by Mineral and Energy Affairs Minister George Bartlett and the oil companies

Mineral and Energy Affairs spokesman Lourens van den Berg says the plan has been agreed to but not signed "The oil companies do not sign because of (foreign) anti-trust legislation

"The oil companies agreed to abide by the new four-year cycle"

The Competition Board — it granted Ratplan an exemption from a prohibition under the Competition Act in 1986 — has begun an investigation of the plan

The probe follows a complaint from a would-be petrol station operator who has been thwarted because of the plan's closed-shop conditions.

Key

Pick 'n Pay chairman Raymond Ackerman, who is campaigning for lower petrol prices, says "Ratplan protects vested interests Protectionism is socialism

"We were promised deregulation, but instead have more regulation to run until 1995"

The Service Station Rationalisation Plan, known in the industry as Ratplan, has increased the number of petrol stations by 10% since 1960 to 4 650. Average volumes sold have increased in the same time by 378%.

A key clause says no oil company may "grant any benefit whatsoever to any end user of petrol in respect of sales made through service stations"

The Ratplan provides for 200 new garages before the end of 1995.

Existing siteholders — Trek, Shell, Engen-Mobil, Caltex, BP, Total, Zenex and Sonap — are allowed 25 new service stations each

Ratplan also provides for another 183 sites through the closure of low-volume ones, such as in rural areas, because of population migration

Radius

Caltex is allowed to open 35 new stations, Shell, BP and Engen/Mobil 33, Trek 12, Zenex eight and Sonap six.

These relocations require permission from the Government if the closure leaves no petrol garage for a radius of 10km

Ratplan also provides penalties for offending participants who may have to forfeit part of their quota for transgressions

If an oil company is found to have supplied petrol or diesel to a station owned by another oil company, the transgressor is obliged to pay three times the wholesale price of that fuel to the aggrieved party

By KEVIN DAVIE

Mr Ackerman says "There should be free competition, just like a food store. The consumer uses enormous amounts of petrol. If we are serious about bringing inflation down we have to start with petrol."

Ratplan's objectives are to

- Provide fuel nationally at a reasonable price through a countrywide network of viable petrol outlets.

- Ensure essential services are available for the motoring public

- Improve the profitability of dealers by promoting increases in average site petrol sales and thus reduce the need for margin increases

- Achieve overall parameters which provide for a basic minimum service standard and prevent the proliferation of petrol outlets and unnecessary duplication.

Mr Van den Berg says the Ratplan accords with the Government's policy of protecting small business and providing jobs.

Margins have decreased in real terms since 1980, but he acknowledges that average volumes have risen dramatically because of the plan's restrictive provisions

He says service stations are not usually developed against quota under 250 000 litres a month. At the present retail margin of 15c/l this realises R37 500 a month

Effect

Mr Van den Berg says there is no pricing in Ratplan "But if prices are not maintained, the industry will not supply"

Ratplan controls unbridled expansion, but does not prescribe where stations can be sited. Oil companies pick up the best sites, but if an individual can show there is a need "he will be able to get that site".

Competition Board chairman Pierre Brooks is investigating a complaint that the Ratplan is anti-competitive and against the Competition Act

He says Ratplan predates this Act, which took effect in 1980, by 20 years

Dr Brooks confirms that the Competition Board's view is that there should be as little regulation as possible

"Ratplan could constitute a restrictive practice in that it creates a barrier to entry"

Mr Van den Berg says the oil companies own about 22% of the 4 650 stations in SA. A senior Motor Industries Federation (MIF) source says the oil company-owned sites are the busiest and account for about 60% to 70% of total volume sold

The oil companies are not allowed to operate the petrol

● To Page 3

THE infamous Ratplan, the secret agreement between the Government and the oil industry which has controlled fuel distribution since 1960, can now be disclosed.

The Government and the oil industry this week agreed to a new four-year cycle of the plan to limit the number of new service stations, restrict entry by newcomers and outlaw the sale of petrol at lower than Government-approved prices

Secret Govt fuel pact is disclosed

STimes/Buss 7/24/89

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● From Page 1

stations themselves, they are managed by MIF members, some of whom also own the sites

The MIF is the third member of Ratplan

Mr Ackerman supports the outlawing of self-service stations as a measure to protect jobs

He says criticism that Pick 'n Pay could drop prices at its petrol outlets by up to 8c/l because of alleged subsidisation from its food interests is unfounded "We run our oper-

Fuel pact

ations as separate, profitable business units"

Ratplan is one of several regulations, measures, conventions, agreements and formulas which regulate SA's fuel industry

The worldwide trend in petrol retailing is to deregulation. Most EEC countries operate free petrol retailing markets. Service station operators have to meet only zoning, environmental and safety standards

DAY, Tuesday, September 1 1992

MEDIA SPOT

Free SABC satellite TV service for Africa

260
BIDAY 1/9/92

Reports by
MARCIA KLEIN

THE SABC's External Services is to go commercial, executive editor Lionel Williams announced yesterday

This SABC division, which has changed its name to Channel Africa, also announced it would begin a daily satellite service to Africa, sending out a television broadcast from October 1.

Channel Africa says the new television service will be uniquely African. The programmes, initially half-hour slots in English and French, will consist of news, information and educational material

The satellite programmes will be available to African broadcasters free of charge

A spokesman said 12 to 15 countries had indicated they would use the satellite feed.

While Channel Africa would initially use its own material, it hoped to source programmes from African broadcasters and to act as a

distributor of African material

The spokesman said that until now the division's budget had been covered by Foreign Affairs. This would continue, but Channel Africa was hoping advertising would bring in additional income and enable it to increase its budget. It hoped to attract local, multinational and African advertisers.

Radio RSA began broadcasting nearly 27 years ago. The External Services' television division started seven years ago and was initially packaged for the international market.

A spokesman said advertisers who wanted to market their products in Africa had few options. The new service, with advertising and sponsorship, would reach a potential 600-million listeners.

Sasol starts R370m high-value chemicals project

SASOL has started the first phase of its R370m, 450 000 ton-a-year alpha olefins purification facility, and has awarded the construction and engineering contract to the Bavarian firm Linde AG. Alpha olefins, from which the chemicals pentene and hexene are made, are high-value chemicals derived from fuel. They are used in the plastics industry and in the manufac-

EDWARD WEST

ture of high grade synthetic lubricants and biodegradable detergents. Phase one is due to commence production by mid-1994 after which phase two will be considered.

Site work at Secunda is due to start in the first quarter of 1993. The plant is designed so that 80% of the equip-

ment can be procured locally.

MD Paul Kruger said 90% of production would be exported while 10% would be consumed locally. The facility would make Sasol a world player in the alpha olefins market with significant competitive advantages.

Sasol's feedstock cost for alpha olefins was lower than its competitors' Sasol's purification process was also less costly, he said.

BINA 11/9/92

(260)

SOUTH AFRICAN PUBLIC CORPORATIONS have historically and, actually, to this day, operated within the context of the apartheid system.

Most, if not all of these corporations, functioned as an employer of last resort or as repositories for protected white labour.

In the developed countries of the West, public corporations marshalled cost-averaging and value of service pricing mechanisms. In South Africa these mechanisms were utilised to extend service to the white minority.

Of course, the private sector also benefited a great deal. As a result, only about 30 percent of the South African population has access to such basic services as electricity and telephones. Indeed, there is inadequate or even an absence of physical infrastructure in the black communities of South Africa.

In most communities, one can literally see Eskom high voltage lines pass over one's house without having any access to such electricity.

Infrastructural development in most industrialised countries is almost complete.

These infrastructures were built out largely as a consequence of the state-owned enterprises model. South Africa, in sharp contrast to these industrialised countries, has not even come anywhere close to building its basic infrastructure. The existing differences in South Africa between black and white communities testify to this.

This is the time in South Africa for massive public and private sector capital investment. A central task for a democratic majority government will be the universalisation of basic services which were deliberately channelled to the white minority during the apartheid period. In this sense, public corporations will continue to play an important role in the overall economic, socio-economic and development programmes of South Africa.

But these corporations must change, adapt and gear themselves to play a more dynamic role within the context of strict efficiency and accountability rules. One can argue the existing South African public corporations are unaccountable and also operate without an overall socio-economic development programme.

Whatever their formal structure, public corporations must be made accountable and their workings transparent to the public. There are probably two levels of accountability that are now necessary.

Firstly, and most clearly, management autonomy is an important aspect of this process. But management power without accountability always becomes flabby or tyrannical. There must be real community and consumer participation in the decision-making processes of all public corporations.

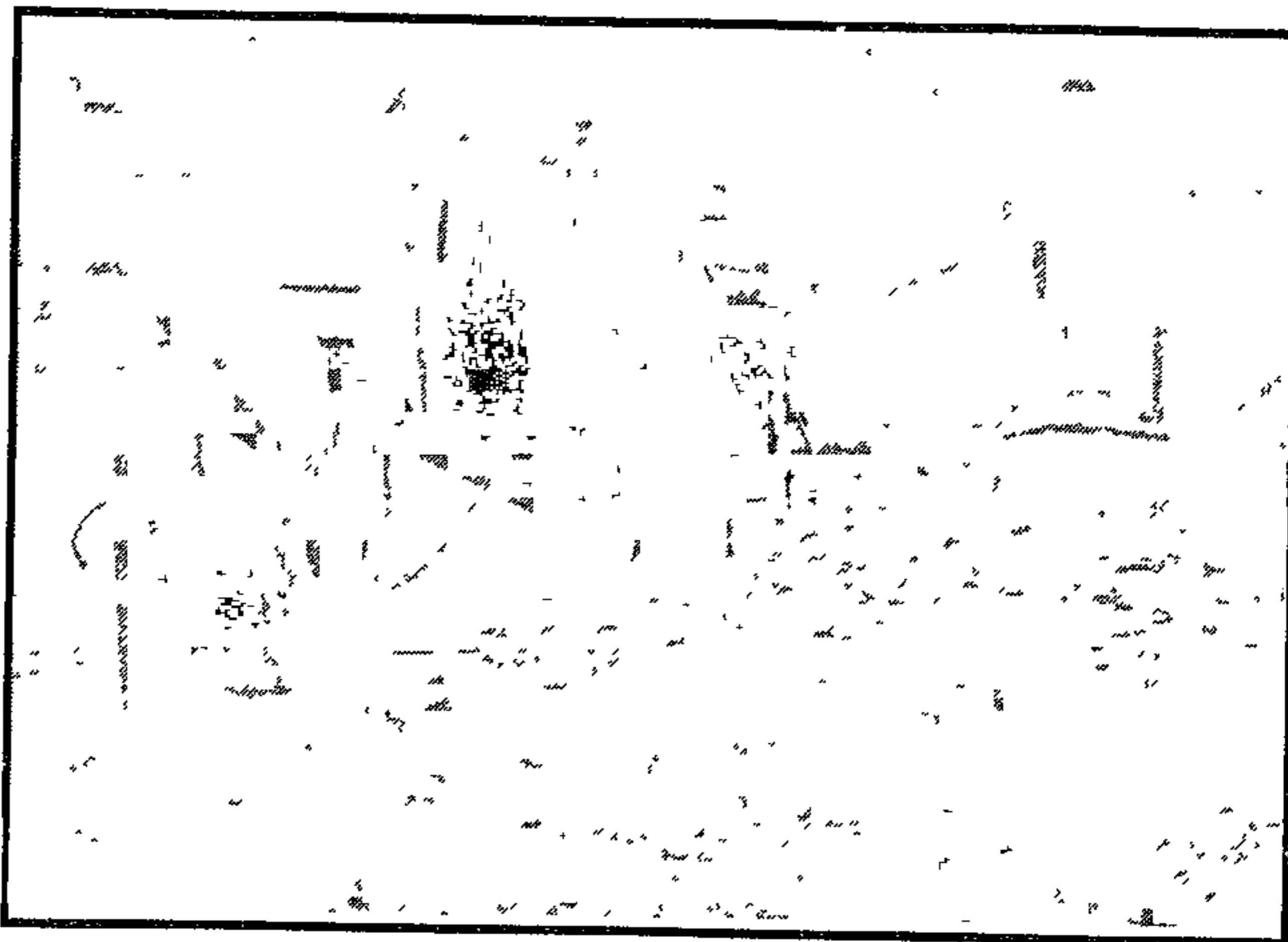
The second, and critical level, of accountabil-

The ANC wants parastatals to be controlled by the State for social transformation and development of disadvantaged communities. This is among the many critical

issues facing SA. Economist **Tito Mboweni** puts the ANC case:

Sowetan 3/9/92

260
~~260~~



Some people do not have access to electricity in the townships.

ity is through regulation. Public corporations, commercialised or corporatised, must have clear statutory mandates to provide universal service and to pass on the benefits of improved efficiency to the public.

To achieve this, there must be strong public regulation - regulation with teeth, serviced by expertise and characterised by a high level of political accountability too.

In conclusion, it seems to me that there are many critical issues which must be debated in the coming period in South Africa. In my view, some of the issues for the debate are:

1. Is cross-subsidisation necessarily a bad thing? Or does the question need to be posed differently, ie, how can cross-subsidisation be implemented in such a manner that the process and the destiny of the cross-subsidies can be identifiable, transparent and clearly accounted for,

2. What are the primary, fundamental objectives in our given situation? What efficiency

and rationalisation are important, are these only achievable through commercialisation and privatisation? What about universal service and redistribution?

3. Clearly a racial approach to employment is not justifiable on any bases and this must be stopped. But the primary question to be discussed in the South African case is whether, as a result of commercialisation and or corporatisation, jobs are lost under the disguise of rationalisation. If jobs are lost, will such a programme sell to the majority of the people?;

4. How should the boards and management of all commercialised or corporatised enterprises be constituted and operate? How will the inclusion of community and consumers affect the corporate governance of these enterprises;

5. Does commercialisation disqualify these corporations from being part and parcel of a national programme of redistribution and development in which public enterprises should be an integral part.

8/10/91 3/9/92 IDC sells industry sector data profiles

THE Industrial Development Corporation (IDC) has entered the financial information business with a product it says is unobtainable elsewhere

MD Carel van der Merwe said yesterday the IDC would sell profiles on each of 71 manufacturing sectors based on its extensive database on manufacturing economic statistics. These highlight the economic importance and features of the industries.

The IDC will sell compact, typically 16-page sectoral profiles at R30 each. They cover the period 1972 to 1990 and the following aspects: demand and supply, employment and wages, fixed capital stock,

(260) PETER DELMAR (160)

gross operating surplus, added value, productivity, input and output price indices, imports, exports, and protection and export assistance measures for each sector.

IDC economics manager Hein Wiese said the profiles drew on data from the Central Statistical Service, Reserve Bank and Customs and Excise Department, giving a range and detail of analysis.

Complete data series on each of the 71 sectors are available at R500 each, while individual data groups not covered by the profiles can be bought for R10 each, with a minimum order of R100.

Modest earnings for Sasol, analysts predict

31 DAY 3/9/92 (260)
JANE ARBOUS

SASOL would report on Monday only modest growth in earnings in the year to June 30, 1992, with weaker prices and demand for its main products, analysts predicted

"Operating income in the second half, year on year, could be down 20% in line with lower refining margins," said Mike Ray, an analyst at stockbroker Anderson Wilson Partners

But Sasol's annual earnings and dividend were likely to rise slightly as a result of a lower interest bill and adjustments in its substantial deferred tax reserve, he said

Analysts said without these two factors Sasol would be hard pressed to maintain earnings in tough world market conditions

They warned of another difficult period in the current financial year ended June 1993 before several major chemical projects coming on stream in calendar 1994 fuel further growth

Ray forecast a 5% increase in earnings to 194c a share in 1991/2 from a previous 185c, while other analysts said earnings could be slightly higher at about 200c

The dividend for the full year was expected to rise in line with earnings to 75c to 77c from a previous 71,5c.

"There has been no fundamental growth," said an analyst who declined to be identified

Sasol, whose share price opened yesterday at R16,85 after lagging the rest of the industrial sector this year, is considered a rand hedge stock with limited exposure to the local market

Most of Sasol's products are priced in

dollars and a weaker, depreciating rand kicks in higher sales returns

Sasol, increasingly shifting its business to higher-margin petrochemical production from synthetic fuels, is the world's only producer of transportation fuels converted from coal.

Ray said prices of its petrochemical products, mainly ethylene and polypropylene, had fallen sharply because of oversupply and lack of demand in both domestic and export markets

However, he expected finance charges, R542m in the previous year, to be lower after the issue earlier this year of convertible debentures

The current drought was expected to severely affect Sasol's fertiliser business, although the company said in February it had implemented cost containment measures at its plants

Analysts said they were looking for further information on several recently announced projects. Sasol's mining subsidiary was recently awarded an exploration licence by Namibia, a project that analysts consider high risk

Sasol has also started the first R370m phase of its giant alpha olefins project. It said eventual total capacity of 450 000 tons a year of the alpha olefins 1-pentene and 1-hexene would make it the dominant player in this lucrative world market — Reuter

ISCOR

FM 4/9/92

260

More drastic action may be needed

Ambitious forecasts at the time of its listing nearly three years ago, coupled with an ambitious capex programme, have cost Iscor dearly. It is now paying the price, but more drastic, or creative, measures might be needed to prevent profit sliding further.

The share looked promising when Iscor was floated in November 1989. World steel prices were peaking and the domestic market, according to Iscor's prospectus, was expected to grow by 2,1% a year for 10 years. Instead, the world market is oversupplied and the domestic market is shrinking. The share price, now R1, has halved.

The capex programme proved to be badly timed and is probably the biggest single factor depressing the latest results. Long-term debt has climbed 54% to R1,7bn. Interest, at R403m, is 73% up on a year ago, crippling pre-tax profit.

The vertically integrated nature of Iscor, while being one of its strengths, will make the huge corporation hard to turn. Management's strategy is to try to reduce debt and concentrate on cash flow. This is having some success, but more will be needed before shareholders start getting a decent return — maybe even mothballing of plants if Iscor's structure will allow it.

It's no good simply pointing to weak world and local markets as the cause of the trouble. If Iscor is going to wait for the economy to turn, it could be heading for a loss in the next year, and certainly further cuts, or passing, of its dividend.

MD Willem van Wyk will not comment on either of the latter prospects. He limits his forecast for the next six months to the terse statement by the board, that "under such conditions it will be extremely difficult to match this year's performance." That doesn't look promising.

But Iscor has been tightening its grip on costs and debt over the past six months. While interest remains uncomfortably high, it has come down slightly from the half-year's R218m. The increase in long-term loans is partly because of Iscor's strategy of converting short-term debt to long-term borrowings. Interest-bearing debt has fallen 11,3%, to R811m.

Iscor has also done well at holding stock levels. Van Wyk says stock is now worth



Iscor's Van Wyk more staff cuts to come

R2,187bn, only 0,7% up on last year. He says further measures to control costs and increase profits coming from the capex programme will see another reduction in staff this year (about 3 000 jobs went last financial year), as fewer employees will be needed at modernised plants. "We would like, however, to see staff numbers reduced through attrition rather than retrenchments," Van Wyk says.

With beneficiation the major aim of the capex programme, Van Wyk says Iscor is concentrating on getting better business. He points out that while the corporation used to export low-value pig iron and slabs, these have been replaced by higher-value products. "Export of billets is also coming to an end," he says.

But exports, which now account for 53% of total tonnage sold (compared to 47% a year ago), are going at tight margins.

Another worrying factor is the negligible tax being paid, R3m against last year's R32m. The end of the capex programme will remove some tax benefits, and when local demand starts to pick up export benefits and incentives will decrease, as Iscor switches its sales back to the domestic market. A rising tax rate could stunt earnings growth for some years.

Irish & Menell Rosenberg analyst Dave Russel says while Iscor's assets are first class, they possibly could perform better if focused away from Iscor's traditional business. He believes one of Iscor's main problems remains debt servicing and poor asset management and says the group should consider unbundling.

"Unfortunately this would destroy one of the major benefits that Iscor has, its full vertical integration from ore to steel pro-

ducts," he says. "But other mining houses can see rationalisation benefits with the unbundling of Iscor, with synergy in their coal, ferrous alloy businesses, and possibly even Columbus, where rolling mills still have to be funded."

But Van Wyk says Iscor remains a world leader in profitability, and a major reason for this is that it produces its own raw materials. "We consider this an advantage, and would not sacrifice it for short-term gain," he says.

Shareholders who have not yet bailed out would probably best serve their interests by holding the share, provided they are prepared to take at least a two- to three-year view. Otherwise there seems little incentive for buyers now, except to try to anticipate the upturn — which should lag a general recovery in the economy.

Shaun Harris

IMPHOLD FM 4/9/92

Insurance boost

Imperial's impressive performance comes on the back of improved results in the insurance and car rental operations. The jump in Regent Insurance's pre-tax profit to R9,6m (1991 R3,5m) was largely behind the 23% increase in group pre-tax profit.

Results from Regent, a niche player limiting itself to motor insurance, followed a surge in premium income to R40m (R27m), as well as a rise in investment income, which more than doubled. Executive chairman Bill Lynch says the investment income consisted largely of interest receipts.

There is, however, further significance in the surge in insurance activities. With these figures, contributions from all four divisions — car rental, motors, truck systems, and insurance, finance and property — have become more balanced.

Truck systems remains the largest contributor, with pre-tax profit of R18,3m, followed by car rental's R16,8m, motors' R14,7m, and insurance, finance and property's R12,5m.

It's notable that market share in the car rental and motor divisions was gained at the expense of trading margin. For instance, in the car rental division turnover jumped 38%

LOSING FIRE

Year to June 30	1991	1992
Turnover (Rbn)	7,39	8,62
Operating income (Rm)	874	748
Attributable (Rm)	624	346
Earnings (c)	33,4	18,5
Dividends (c)	11	6

BROAD BASE

Year to June 30	1991	1992
Turnover (Rm)	597	781
Operating income (Rm)	56,8	72,6
Attributable (Rm)	21,5	27,7
Earnings (c)	38,3	45,7
Dividends (c)	15	17,5

continued

ON THE AIR, FOR NOW

(260)

FM 49.92
Defying SABC's control of the airwaves, the campus radio station "Voice of Wits" began broadcasting on an FM frequency last Friday night.

The station, transmitting on 106.1 MHz, began by broadcasting a few hours a night and then started operating full-time on Monday. Despite fears that the SABC would quickly shut down the station, the authorities have not yet reacted to the unlicensed broadcaster.

Voice of Wits plans to continue operating from about 7 am to 9 pm weekdays — and four hours each weekend day — with a format that emphasises music but includes news and educational programmes. Staffers said last week that they want to develop the operation into a community radio station, despite not be-

ing granted a licence by the Department of Home Affairs (*Business & Technology* August 28).

The signal, transmitted from the Wits campus in Braamfontein, has been picked up in Parktown, Yeoville and as far as Sandton. The students plan to amplify the signal by installing a two-watt booster and raising the aerial a few metres. Once that is done, says station director Marc Friedman, the station will kick off a promotion campaign to drum up listeners and advertisers.

Voice of Wits is believed to be the only unlicensed radio station operating in SA. The only non-SABC station broadcasting in SA outside the independent homelands is Wits Technikon's Channel-T, which received a licence in July.

SABC's new voice sounds out Africa

STAR 5/9/92

(260) (B)

**MANDY JEAN
WOODS**

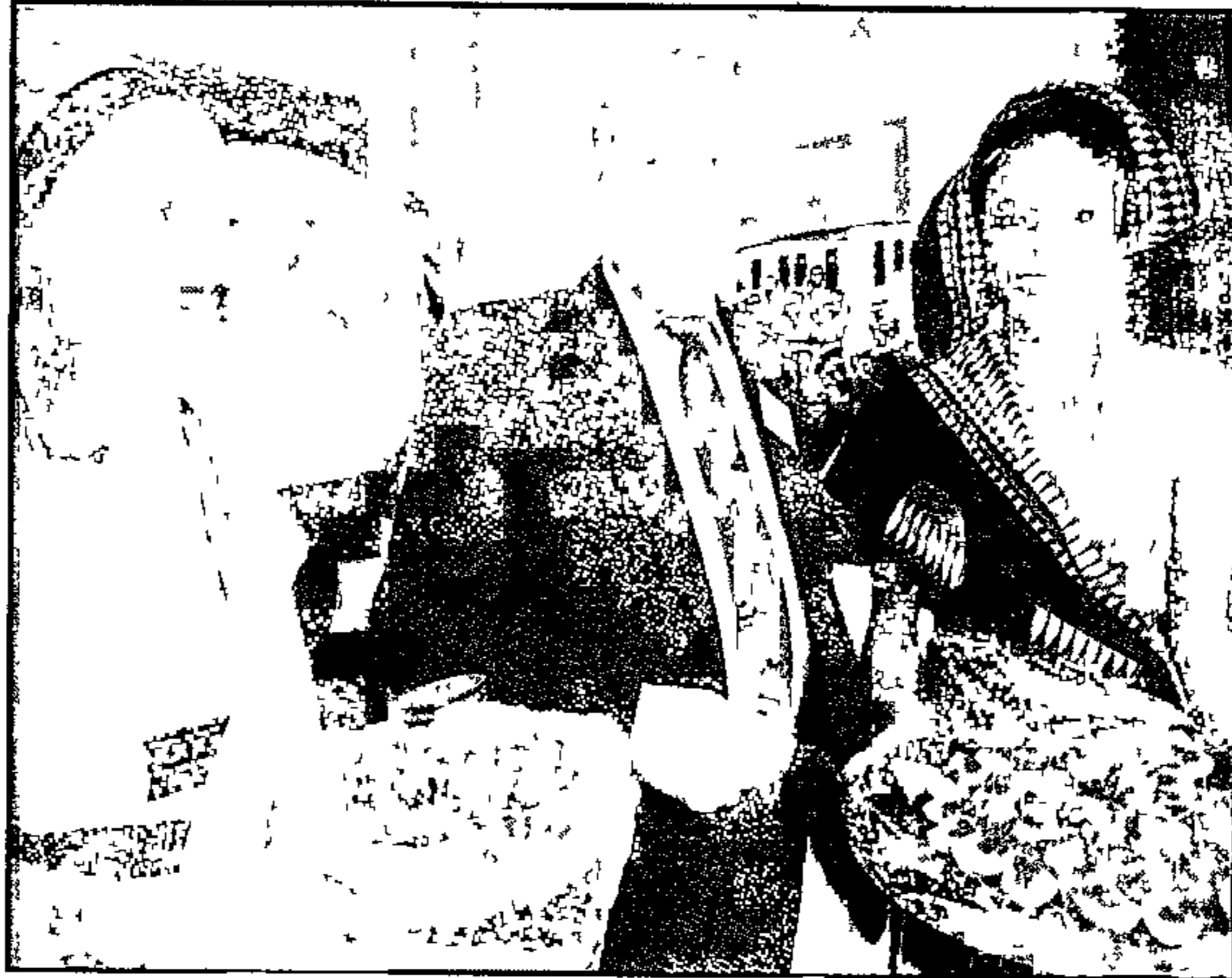
THE SABC's successful external service, which has been broadcasting internationally for more than 25 years, is to become known as Channel Africa from October 1 this year

This follows the completion of the repositioning of the station begun two years ago when it began broadcasting exclusively to African countries

Hunt Lascaris subsidiary AM&C was responsible for creating the station's new image and for staging its launch in Johannesburg, Cape Town and Durban

Along with the name change and the revamped radio services will come a new daily television programme and, for the first time, the chance for companies to advertise on both the radio and television services, according to SABC External Services executive editor Lionel Williams

"This will make Channel Africa the only major external broadcasting service (whose competitors are the BBC World Service, Voice of America and Radio



AFRICAN MAGIC: SABC External Services executive editor Lionel Williams at the Hunt Lascaris subsidiary AM&C launch of Channel Africa in Johannesburg recently. ●Photograph: STEVE HILTON-BARBER

France International to name a few) which will carry advertising," he says

Already many of South Africa's blue-chip companies who do business in Africa have expressed interest in advertising on Channel Africa

The need for such a service has been growing since political reform in South Africa opened doors for trade with other African countries, Williams says

"But until now companies wanting to advertise in Africa have had limited options. And to make matters worse, the logistical difficulties of ensuring and checking that the advertising runs as planned when planned has made this something of an ordeal," he notes

Channel Africa will eliminate these problems as the radio broadcasts emanate from the SABC studios in Johannesburg and the hour-long television programme will be sent out

via satellite with advertising as part of the package

"We hope that Channel Africa will provide an effective means of communication between advertisers and the African markets they wish to reach," Williams says

The station will spend about six months building a demographic profile before seeking advertisers. There are (officially) more than 20 million television sets in Africa, more than

105 million radios of which more than 85 percent are short-wave receivers. The population, excluding South Africa, tops 600 million

Channel Africa's services will reach more than 50 countries — from Morocco and Egypt in the north to Lesotho and Swaziland in the south

The television service will be accessible by any African broadcaster at no cost because of the multi-access satellite being utilised. The hour-long television programme is divided into two half-hour segments (one English, the other French) comprising news, information, services, education, features and documentaries. The radio services, broadcast in seven languages for 205 hours a week will reflect similar content

"Initially we expect at least a dozen broadcasters to pick up the service and within the next six months this is expected to at least double," he says

While the station will continue to receive funding from Government — as do all other external broadcasters — it will slowly move to increasing its independent income, he says

In its monitoring of the news media the Campaign for Open Media looks at the SABC reports on the incident surrounding the singing of "Die Stem" and highlights the bias the organisation has towards the status quo in South Africa:

His Master's Voice ⁽²⁶⁰⁾ added to 'Die Stem'

DBuHL 579 - 9/9/92

anyway, but it was decided to play both anthems to prevent disorder". The latter was stated as a matter of fact, without acknowledging the source of the remark.

While showing footage of the South African rugby team singing with the official playing of the anthem, a voice-over stated: "This was not announced, however, and when the public address system asked for a minute's silence, the crowd spontaneously started to sing the anthem".

The footage therefore distracted from the disrespect and unwholesome of the crowd. The SABC could have used the footage of the disruption, as it had broadcast the entire match.

On the Saturday and in most subsequent bulletins on the issue, TV1 news took every opportunity to use sound bites of the singing of "Die Stem", including playing it very loudly under voice-overs commenting on the issue.

This seemed almost identical to the defiance shown by rugby fans. The perception is backed by the "hero" status TV1 afforded Transvaal Rugby Union president, Dr Louis Luyt. TV1 gave him the

last word on the issue in the news items and allowed his opinion to form the basis of the news on the issue.

The most conspicuous incident of manipulation of opinion by the SABC was that not once did it mention that the playing of the national anthem was in breach of an agreement.

Moreover, in both bulletins on August 19, newscasters referred to the ANC's Steve Tshwete's comment on possible disciplinary action to be taken against Sarfu as "on what he (Tshwete) called Dr Louis Luyt's breach of agreement". SABC's presentation of this as an unsubstantiated allegation by the ANC is ludicrous when the facts are that there was indeed a breach of agreement.

TV1 also misrepresented certain other facts. At 6pm on Monday August 17, the newscaster stated the future of the Wallabies tour was in jeopardy, as indicated by the ANC "reacting to the incident on Saturday in which the South African flags were displayed and the national anthem was sung...". It is untrue that the ANC objected to flags. If this was merely an over-

sight by TV1 news, it indicates severe incompetence as, in the same news item, an extract from the ANC's press statement is broadcast in which it is specifically stated that the waving of flags was not an issue.

TV1 coverage of the entire issue was slanted. Strong statements from the ANC Sports Representative, Steve Tshwete (who played an important role in facilitating the tours), were anonymously referred to as from the ANC. While not incorrect, this is part of the SABC's tendency to present the ANC as a faceless organisation in controversial situations.

In this way SABC-fostered perceptions about the organisation can be maintained by completely removing the idea of individual human representatives.

In contrast Louis Luyt was given every opportunity in live sound statements to put forward his case, without being subjected to particularly difficult questions.

The SABC's position on the issue was finally evident from the language in which they reported a Sydney newspaper article on the tour. On Tuesday August 18, after reporting a statement from Luyt that rugby clubs in the TRFU supported him, the newscaster began "Meanwhile a Sydney newspaper has been adding fuel to the claims, saying that rugby tours should not have taken place."

THE manner in which the SABC would cover the controversy around the playing of "Die Stem" at Ellis Park was evident from the moment the commentator at the match said South Africans who did not have a lump in their throats were "not human".

The 8pm news on the Saturday mentioned the events were bound to cause controversy. Then, over very amusing and somewhat distracting footage of police chasing a supporter off the field, the reporter described the anthem incident.

He said it was "clear that the crowd would have sung the anthem

Sasol spends more

SASOL's board has given the go-ahead for three projects, together costing R300-million and aimed at improving efficiency and lowering operating costs at its Secunda plants. (260)

Sasol is also considering other projects costing billions of rands — over and above the R3-billion work now under way. (S Times (BUS) 6/9/92)

Of the capex approved this week, R200-million is for an extra oxygen plant at Sasol Three at Secunda. It will come on stream by June 1994.

Another R58-million has been allocated for the installation of additional wash towers and propylene chillers in the Rectisol gas purification plants at Secunda.

The remaining R42-million will be spent on a project to facilitate continuous catalyst addition to some of the Sasol Synthol reactors at Secunda.

Damp squib

A BRIEF spurt in instalment credit business in April and May has fizzled out and stagnation has set in, says Nedfin in its analysis of the banks' business in the second quarter.

Nedfin manager William Wolke says general banks are doing less business if activity in the second quarter is compared with the usual seasonal trends.

There has also been a shift from instalment sale and leasing to mortgage finance. (S Times (BUS) 6/9/92)

Although total credit business written by banks in the second quarter increased by R395,2-million on the first quarter to R32,7-billion, activity late in the quarter was minuscule. (6/9/92)

Directory deal

AC BRABY and Top Centre Novosti of Moscow have signed an agreement to publish a trade directory promoting South African goods in states that once formed the Soviet Union.

Novosti is one of Russia's leading information agencies and has now gone private. Top Centre is a consultancy and publication group with a trade promotion arm.

AC Braby, part of the Kohler Packaging group, will market the directory in SA.

Tax break

THE Government is considering removing the export requirement for companies claiming accelerated tax write-offs under Section 37E of the Income Tax Act.

This would in theory allow capital projects aimed at the domestic market to claim the tax benefit as soon as money is spent rather than when the business starts earning.

Dorbyl in oil

ENGINEERING group Dorbyl is edging its way into the West African offshore oil industry through a venture with a North Sea technology partner. Chief executive Dawid Mostert says Dorbyl group lifted its profit to more than R400-million in 1992 from R80-million five years ago. Capital spending on modernisation will top R130-million this year. (6/9/92)

Somalia aid

THE SA Navy is to transport more than 200 tons of medicine, sugar, mealie meal, milk powder, oil and beans donated by the SA Muslim community to Somalia in mid-September. The first shipment of aid for Somalia left yesterday on board an SA Air Force Hercules. (S Times (BUS) 6/9/92)

Revenue up

EXCHEQUER revenue collections increased by 4,9% in the first four months of the 1992-93 fiscal year over the same time in the previous year. The budgeted increase is 13,2% for the year. (S Times (BUS) 6/9/92)

A Central Statistical Service report shows consolidated fuel levies saved the day with a 49,7% increase. VAT collections fared worst, falling 17,8%. Income tax, excluding gold mining, rose 4%. (6/9/92)

Finalists

SIX businesses have been nominated finalists for the 1992 Sandton Community Investment Awards.

They are Justine Cosmetics, Nissan, Pick 'n Pay, Natalie Knight Galleries, Eskom, The Sandown Chronicle and Sandown Motors.

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**Union issues
to be aired**

^{6/9/92}
St. James (Metro) (20)
LOCAL broadcaster Steve Wood has created a brand new slot on his Wednesday show called WOW. (10:30)

This stands for Workers on Wednesday and it will be broadcast between 10.30 am and 11.30 am on Radio Good Hope. Steve will be assisted by Cosatu representative Mervyn Swartz

CSIR's global link-up benefits PC owners

DUMA GQUBULE

SOUTHERN African PC owners can now link up with the world's largest personal information and communication network, after last week's announcement by the CSIR of a joint venture agreement with US online computer services giant CompuServe.

CompuServe Africa, launched by the CSIR's information services division, will market and support the CompuServe information service throughout southern Africa. Access to the service will be provided by the CSIR's satellite link, CSIR-Net.

PC-owners with a modem and a telephone can now join CompuServe's 1.2-million members throughout the world and have access to more than 1 700 services, including news services, electronic mail, personal computing support, financial information, a reference library, education forums and entertainment — all for a flat charge of about R22 a month and satellite link costs of 78c a minute.

Sasol profit surges in spite of recession

BIDAY 8/9/92
EDWARD WEST

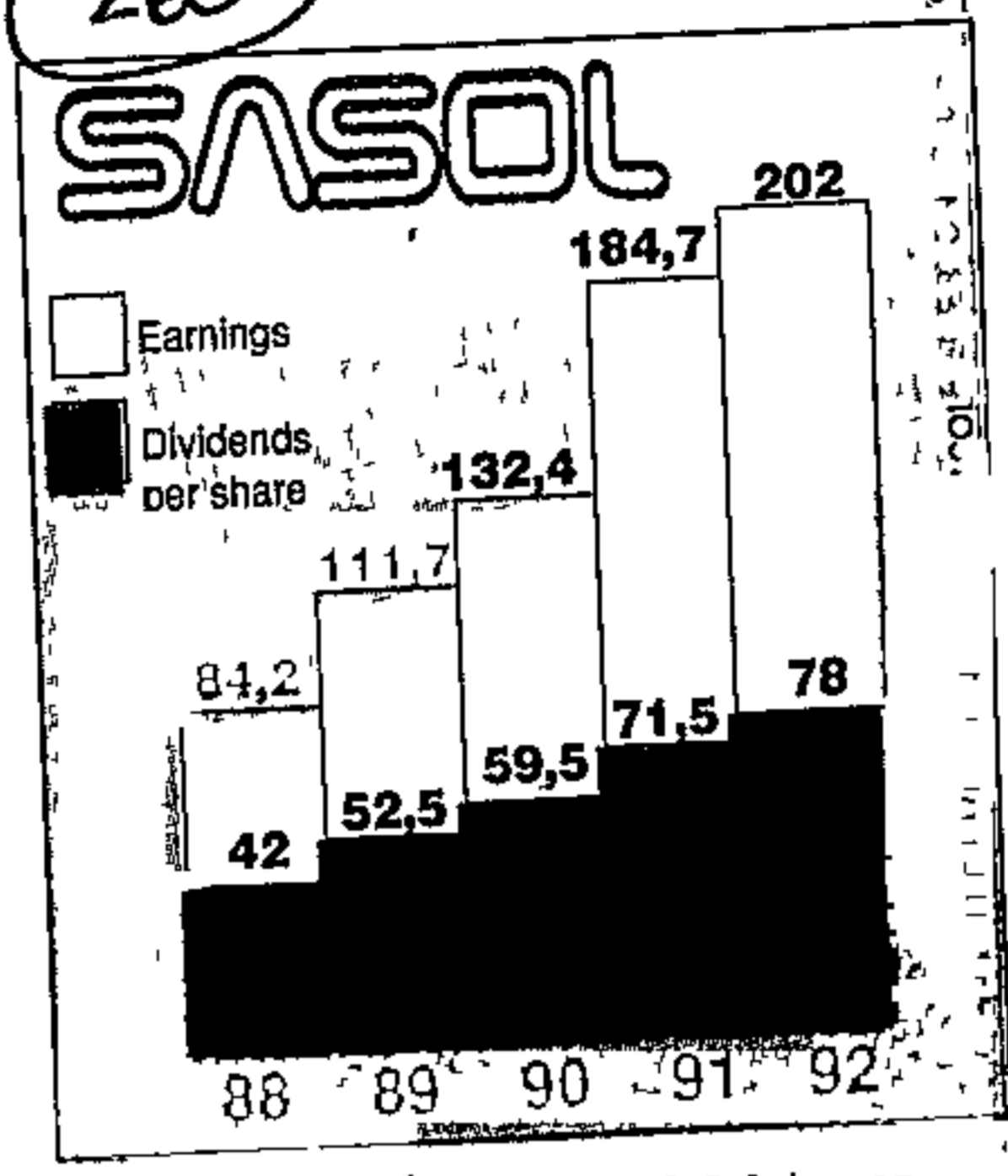
SASOL has upped attributable profit by a tenth to R1,15bn from R1,04bn in the year to June 25 1992, in spite of the deepening recession and the fact that last year's profits were buoyed by the Gulf crisis

MD Paul Kruger said the profit should be viewed in the light of rising costs in SA and lower petrochemical and liquid fuel prices in local and world markets

Turnover improved marginally to R7,85bn (1991 R7,56bn) as a result of higher production and sales volumes. However, lower prices affected operating income which dropped to R1,76bn (R1,9bn).

Reduced loans payable for Sasol Three and the R1bn rights issue resulted in lower interest payments at R228m (R376m). Tax was lower at R358m (R470m) because utilisation of assessed losses at Sasol Mining, Sasol Three and the capital expenditure programme resulted in a lower tax rate. Lower interest and tax payments compensated for the drop in operating income and as a result, attributable profit increased by 10%, but fell in real terms.

Earnings a share was 202c (184,7c). The final dividend was raised to 41,5c (39c) a share, bringing the total year's dividend to



78c (71,5c) a share covered 2,6 times. Kruger said high international fuel prices and refining margins experienced during the Gulf crisis buoyed Sasol's profits in the previous financial year. But international fuel prices and refining margins had fallen in the year under review. Production volumes improved at Sasol Three, the polymers division, Syferfontein mine and at the crude oil refining oper-

□ To Page 2

Sasol BIDAY 8/9/92

ations Poor trading conditions in the agricultural sector resulted in a decrease in sales volumes in the fertiliser division, but the division nevertheless produced a profit from sales in the first half of the year

Synfuels contributed 37% to operating profit, coal mining 15% and crude-oil refining and gas marketing 28%, while petrochemicals, fertilisers, explosives, polymers and others contributed 20% to operating profit. A further factor benefiting group results was the weaker average rand exchange rate, Kruger said

Current new ventures included a R333m plant producing anode coke from a low-grade Sasol pitch which would be ready for commissioning by July 1993. A R345m acrylic-fibre plant was being erected in Durban as a joint venture between Sasol

(260) □ From Page 1

and the Industrial Development Corporation. A R37,5m project to extract and purify krypton and xenon would be completed by December 1992. The R900m renovation of Sasol One to expand its product range to petrochemicals from liquid fuels would reach full production by June 1993

The R370m Natref expansion to increase refining capacity by 10% and allow the processing of heavier high-sulphur crude oils as well as produce lead-free fuel would be completed during August 1993

These projects would contribute to profit only in the 1993/94 financial year

Kruger said the retrenchment programme was virtually complete and most of the 2 240 retrenched over the first three months of the current year had voluntarily accepted retrenchment packages

Public sector has role to play in development, argues Mike Mohohlo

Paving the way to an El Dorado

Star 8/9/92

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THE South African economy has developed in such an unbalanced manner that there is a dire need for intensive public sector intervention today and for some years into the future. The South African factor has also been responsible for large scale distortions in the economic infrastructure and development of all the countries neighbouring her.

It seems that a wide range of socio-political and economic policies, with clearly defined strategies, need to be formulated to engender a Southern African political economy that will open up the vast potential for our sub-continent.

I would like to propose a few principles that should be the hallmark of any policies and strate-

gies that purport to lead us to a healthy sustainable economy.

● The organisation of a public sector institutional capacity to intervene in the current economic morass. Here I refer to development corporations and development banks. Of course the corporations should be underpinned by a phasing out philosophy to make way for rational private sector responses.

● The pursuit of a market oriented development approach with minimum concessionary funding and public sector support.

● A free flow of production factors.

The priorities and needs of the public and communities involved must serve as a departure point in the formulation of these policies

and strategies. We should strive for principles that clearly emphasise the importance of attaining the objective of self-sustaining economic development in locations with comparative cost advantages in an integrated multi-sectoral approach.

The role of the public sector and the development corporations should therefore be to create conditions conducive to active private sector involvement, the alleviation of development constraints, the provision of infrastructure based on market signals and appropriate support programmes for all economic sectors.

Public sector intervention is thus required to alleviate the constraints inhibiting the growth of

entrepreneurship. The effective functioning of all intervention strategies depends on an interdependent relationship between the Government, the development corporations and the private sector.

Development corporations must be able to operate in a professional manner with maximum independence from Government, within an agreed framework and with an organisation structure based on business units that allow for proper budgeting, cost control and accountable management. □

● Mike Mohohlo is group manager, Business and Entrepreneurial Development, of the Development Bank of SA. This is an edited version of his talk at an SADCC workshop

Sasol aiming at world petrochemical market

By Derek Tomney

Sasol management is preparing to make the company a major world manufacturer of petrochemicals and is not letting the current uncertainty in South Africa stop it.

At a briefing last night, chairman JA Stegmann and MID (now also deputy chairman) Paul Kruger voiced their confidence in the future of South Africa as they outlined Sasol's current and future developments, including a capital expenditure programme of R3,5 billion.

However, Mr Stegmann emphasised there was still a need to find workable solutions to SA's problems by negotiation. Until the political players accepted that the only rule under which SA would be able to prosper was live and let live, it would be unrealistic to expect the economy to perform to its full potential, he said.

A stable political accord would be difficult to arrive at against a backdrop of a poorly performing economy, he added.

Immediate good news for Sasol shareholders is that the company increased attributable profit by 10,7 percent in the 12 months to June, despite difficult conditions.

Earnings a share rose 9,4 percent to 202,0c. The dividend has been raised by 9,1 percent to a total of 78c a share.

Mr Stegmann said he was pleased with the results because they came off a high base and showed Sasol's ability to weather adversity.

They followed a 39,5 percent increase in Sasol's earnings in 1990-91, mainly as a result of higher oil prices caused by the Gulf War.

But the collapse of the high petroleum price was partially offset by better production volumes at Sasol Three, a contribution to profits by the new Syferfontein strip mine, and improved performance by the fer-

tiliser, explosives and polymers division.

Although operating income declined, a drop in interest paid and a smaller tax bill enabled Sasol to increase its taxed income from R1,054 billion to R1,171 billion.

Earnings this year are expected to show little growth. Sasol has no new projects reaching the profit-earning stage and oil prices are expected to remain unchanged.

But interest payments should drop.

And with 2 200 people taking voluntary retrenchment earlier this year, Sasol expects to hold costs at their present level.

To achieve this Sasol has called for a 10 percent reduction in operating costs.

In the past few weeks Sasol has announced new investments costing R670 million.

These are a R370 million Alpha Olefins plant, a R200 million oxygen plant, and R100 million on rationalisation opera-

tions at Secunda.

They bring the value of new projects to around R3,5 billion.

Sasol is also looking at new ventures in coal export, acrylonitrile, acetic acid and other petrochemical ventures.

"These projects, together with those currently under construction, should go a long way to achieving growth from 1993-94 onwards," said Mr Stegmann. Mr Kruger said the next five years should see petrochemicals increase their contribution to Sasol's profits from 20 percent to 50 percent.

Sasol had a major cost advantage over its international competitors.

Its profit margin on phenol, an important raw material, was 71,2 percent, against only 24 percent for its competitors.

The profit margin on another raw material, ethanol, was 62,3 percent, against 26,9 percent.

These margins gave Sasol huge opportunities to expand in the field of petrochemicals, he said.

260

57th Mar 81/9/92

STAN 9/7/92

Sasol signs oil accord

WINDHOEK — The Namibian government and Sasol signed an agreement yesterday for the South African company's first venture into off-shore oil exploration.

Sasol is the third company, and the first from Africa, to be awarded an oil exploration licence since Namibia opened its bidding last year. (260)

The company is to spend at least R27,5 million in the first four-year phase in its search in a 11 500 sq km area off the northern Namibian coast. (261)

MD Paul Kruger said at the signing ceremony that the first seismic survey work on a 4 000 sq/km area would begin before the end of the year.

Sasol would also soon establish a Namibian company, he said. — Sapa. (262)

ETC: Gold production up 8%

Eastern Transvaal Consolidated Mines (ETC) chairman R A D Willson says that the expected combined mill throughput of the company's three mines and the overall recovery grade will remain relatively constant in the current year.

The current year's estimated capex will be about R11.7m. During the year under review, gold production from the company's three mines rose by 8% mainly because of the higher throughput, but there was only a marginal increase in the average gold price. This was more than offset by higher working costs with the result that the pre-tax profit was slightly down at R26.95m.

Higher capex and the new tax formula reduced the tax charge and, after appropriate adjustments, earnings totalled R12.34m (R13.76m) equivalent to 14.3c per share (15.9c). Dividend payments totalled an unchanged 14c per share.

Special rates under threat on SA flights

JOHANNESBURG — Seats on the many airlines now operating out of SA could shortly begin diminishing, and with them the special fares already being offered.

The number of airlines presently operating from Johannesburg to all parts of the world is beginning to take its toll, according to one travel bureau MP.

Passenger volumes have remained stagnant. This is mainly due to political uncertainty which has kept the expected influx of overseas tourists from materialising.

Mr Thorne said economic would force airlines to cut the number of South African round flights. Earlier, he had made sense to establish an infrastructure to be competitive when SA became a popular destination. To keep their routes to the country viable until the expected rush airlines began discounting to en-

SABC-TV beams to rest of Africa

A NEW TV station broadcasting to 50 countries in Africa will give local advertisers the chance to reach millions of prospective customers, says Lionel Williams, executive editor of SABC External Services.

The station — Channel Africa — will be launched on October 1, initially broadcasting for an hour a day, half in English and half in French.

Williams says the programmes will be available free, through a multiple access satellite, to any African broadcasting company or organisation. Initially we expect at least a dozen broadcasters to pick up the service and within the next six months this is expected to at least double.

The programme will be aimed at an African audience and will contain news and items of interest about Africa which will not necessarily include anything about SA.

SA debts 'no effect on reserves'

JOHANNESBURG — Gross exchange G.M. James said yesterday.

However, this had not had a marked effect on the reserves which rose by R591m to R5.3bn. Although it was difficult to establish the pre-

CT 10/9/92

260

CT 10/9/92

CT 10/9/92

Business Editor

Govt's local borrowing a hot potato for ANC

BIDAN 10/9/92

TIM MARSLAND

THE ANC has caused periodic storms through its pronouncements on foreign loans raised by the SA government and parastatal institutions. But it has maintained a discreet silence on what attitude it would take, as a future government, towards loans raised locally which have also arguably served to buttress the "undemocratic regime".

This discretion has extended to declining to comment at all on the matter when approached recently by Business Day.

The ANC obviously sees the issue as a political hot potato. Senior government officials, too, have been at pains to ignore the matter in the hope that it will go away.

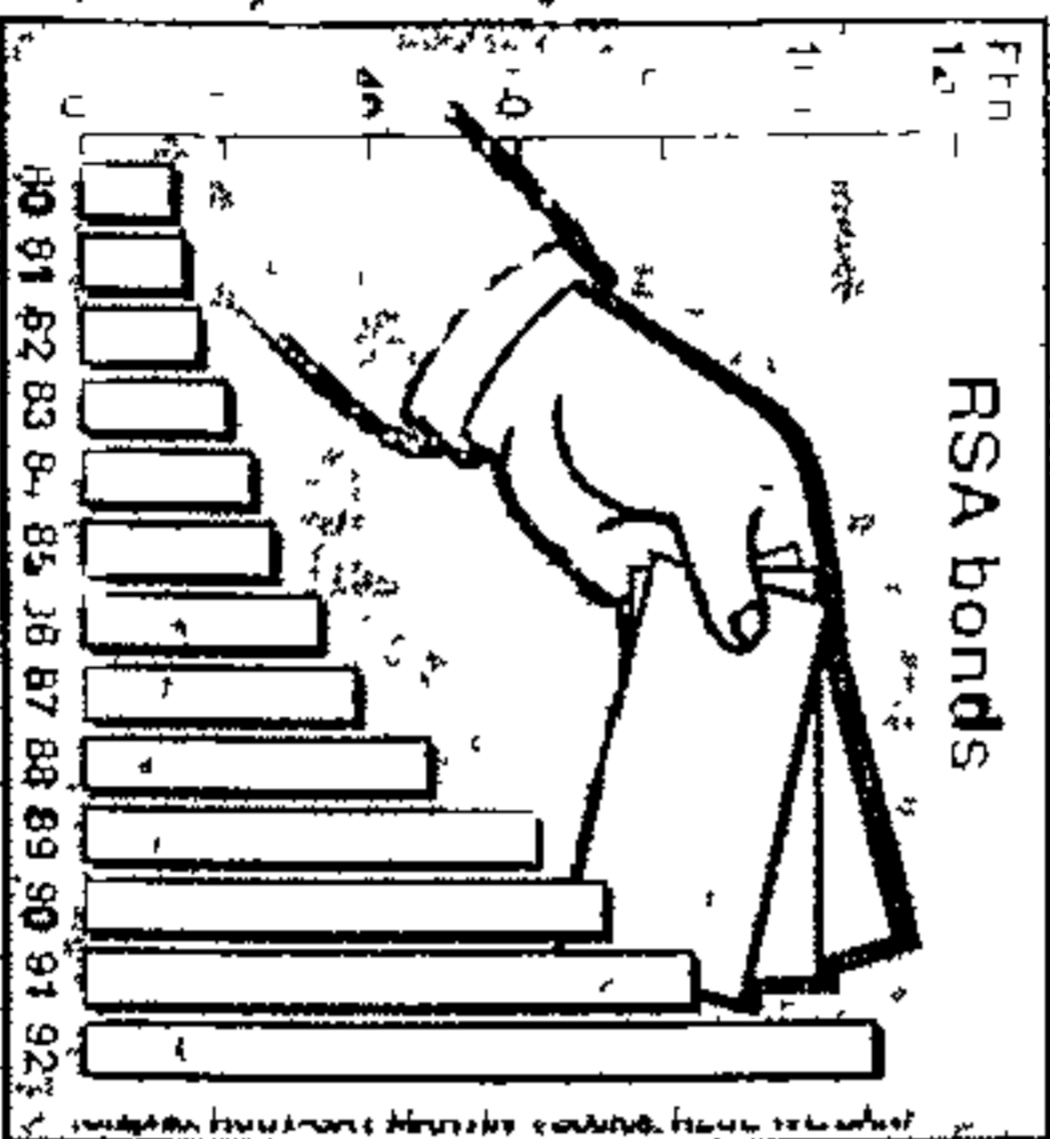
Government currently owes R108,6bn raised on the capital market through RSA loan stocks with maturity dates up until 2015. A payment of R18bn — the R144 stock — falls due in 1996. Reserve Bank figures for the first quarter of the 1992/93 financial year show government raised R12bn in RSA stock. Government budgeted R16,3bn for interest payments on the loans.

The ANC has been outspoken on foreign loans. It has written to

foreign bankers asking them not to grant new loans to SA.

Initial statements that an ANC government would not repay foreign loans granted before an interim government was in place have been watered down somewhat to a suggestion that the organisation would seek to renegotiate the terms of such loans. Either way, the ANC's stance is seen more as a political gesture than as one based on economic considerations.

The organisation's policy on the local RSA loan stocks is less clear.



Either it has no policy or it fears the political and/or economic consequences of stating it.

The number two man in the ANC's economic planning department, Tito Mboweni, twice refused to comment.

However, an ANC source says there is debate as to whether a future government should be honour-bound to repay apartheid's debts. "It is a moral dilemma for the ANC."

That dilemma explains the department's silence. Publicly to commit the ANC to repaying debts arguably used to implement apartheid could raise an uproar among supporters. But taking the opposite stand would cause serious dislocations in the capital market and also harm the organisation's efforts to develop a more moderate and widely accepted economic policy.

Like Mboweni, Finance director-general Gerhard Croeser also refused to comment on the loans. However, government apparently has faith the loans will be repaid. A well-placed source says govern-

ment has no plans to repay the loans early. "It will repay them on maturity date, probably by re-issuing stock." He points out that it is getting harder for government to borrow money, even on the local capital market.

The State Pension Fund is the largest holder of government bonds. A senior government source says the Public Investment Commissioner, which manages the government service pension fund, has 75% of its funds invested in government bonds, which amounts to about 50% of the total RSA stock debt.

Should the ANC renege on the loans, state pensions would have to be paid directly by government through the exchequer. State pensioners have a legal right to the money as they in effect funded government borrowing through monthly pension payments, he says.

The ANC regards pensions as untouchable "You cannot tamper with peoples' pensions," the ANC source says.

No government has reneged on the debt of its predecessor, says a government banking expert. Besides, a future government will need money

as soon as it comes to power, particularly if it wants to spend more to correct historical imbalances. "Who would lend to a government that re-voles on debt?" he asks.

Analysts warn that should the ANC say it plans to refuse to repay the loans, it would be catastrophic for government.

A senior parastatal source says any government that refuses to honour a previous government's debt would run into serious difficulties. The cost of raising funds would increase dramatically because of the heightened risk factor, affecting the current government.

He does not believe an ANC government would be able to survive if the loans were not repaid, saying the ANC realises that the country did not develop as far as it has without state assistance. Also, it is very difficult to determine which part of which rand was spent on which project.

A senior capital market dealer says nobody believes the loans will not be repaid.

Such an announcement could knock 20%-25% of their market value. "Who would want them? Investors will want to get rid of them."

LETTERS

ARG 10/9/92

Delay to recovery feared as state cuts spending

(260)

SVEN LUNSCHÉ

JOHANNESBURG — Economists fear that a sharp cutback in government spending, while beneficial for the economy in the longer term, could delay the expected economic recovery until late 1993.

Finance Minister Derek Keys said last week government expenditure would be cut by 3 percent in real terms for the 1993/4 fiscal year, after disclosing that the deficit before borrowing looked set to surge to 6 percent of gross domestic product (GDP) in the current year.

Welcoming the planned cut as a "quantifiable objective to rein in one of the major long-term structural weaknesses of the economy", Econometrix director Dr Azar Jammine warned that Mr Keys could meet opposition from his Cabinet colleagues and from the "bureaucratic machinery of government".

"Moreover," Dr Jammine said, "while a reduction in real state spending might boost economic activity in the longer term by paving the way for tax cuts, or at least preventing further tax hikes, in the medium term the cutback might prevent the econo-

my from recovering to the extent one might have hoped."

Econometrix suspected that a preview of the planned cutback was the reason for last week's sharp downward revision of the Reserve Bank's growth forecast for 1993 to a reported level of zero percent.

At the heart of this year's expected overrun in the deficit — from a budgeted R15,9 billion to R21,2 billion — is a massive shortfall in income from VAT as a result of the economic recession.

Figures released by the Central Statistical Service show that revenue from VAT in the April-to-July period this year at R4,92 billion was 18 percent down on the R5,98 billion netted by GST in the comparative period in 1991/2.

The poor economic conditions were also reflected in income tax, customs duty and import surcharge revenue for the first four months of the fiscal year.

Excluding gold mines, income tax returns rose by a mere 4 percent from R12,57 billion to R13,07 billion.

Customs duties netted R959 million (R913 million), while

the slowdown in imports left import surcharges virtually unchanged at R487 million.

Excise duty taxes, which rose by 31 percent from R1,06 billion to R1,38 billion, and fuel levies — up by 50 percent to R2,2 billion (R1,47 billion) — allowed revenue income to show an overall modest 3,5 percent rise to R24,26 billion (R23,34 billion) during the four months.

The Government budgeted for an overall increase of 13,5 percent in revenue for 1993/4.

However, with a third of the current fiscal year past, revenue collections amount to only 26,6 percent of the budgeted R84,5 billion and indicate at the least a slight shortfall on targeted levels.

In spite of collecting far less than expected, government spending continues to run ahead of targets — so far this fiscal year expenditure has amounted to R32,34 billion, a 24,15 percent rise on the R26,05 billion in 1991/2.

The amount spent so far amounts to exactly a third of budgeted spending of R96,5 billion. But over recent years government spending has picked up sharply in the last quarter.

IDC plans R100m pilot plant

THE first tender inquiries for the Industrial Development Corporation's R100m pilot phlogopite project — the expected precursor to a R3,9bn investment — will go out next month *Bloay 11/9/92*

IDC GM projects Ted Droste said yesterday the pilot plant would use locally developed technology to recover alumina, magnesia and potash from waste phlogopite produced in the mining of the phosphate orebody.

This plant probably would be built in four phases and "just about the whole operation" would be functioning in about two years.

If the pilot plant is successful, the full-scale plant is expected to come on stream in about 1997. The pilot plant will be operated by Foskor as part of its existing operations in the northeastern Transvaal.

PETER DELMAR

Droste said it was envisaged that the first tender inquiries would be placed next month. These would not involve major amounts and would be for a variety of plant components. *(260)*

The first phase was likely to be ready for start-up by the middle of next year. Droste said the first treatment phase was likely to provide the most technical problems and the greatest test of the new technology.

After laboratory and bench scale tests, the demonstration plant would aim to prove the treatment technology on a semi-commercial basis.

It is envisaged that if the full-scale plant comes on stream, it could generate export earnings of R1,5bn a year.

Reports 'show SABC has failed'

By Jo-Anne Collinge

SABC television's selective news coverage of the Bisho massacre has "glaringly revealed" its failure as a public broadcaster, the Campaign for Open Media (COM) charges, in a report released yesterday.

Not only did the SABC "continue to misrepresent the ANC and its allies in their programme of mass action, while extracting maximum positive publicity for the Government", but it repeatedly portrayed the victims of the mas-

sacre as the perpetrators of violence, argues COM researcher Bronwyn Keene-Young

Johan Pretorius, editor-in-chief of TV news production for the SABC, said a quick reading of the report indicated that it was "invalid" overall, although some individual criticisms were founded. He said a more comprehensive response to the study and other COM reports would be issued soon.

Ms Keene-Young's report on the SABC's coverage of Monday's Bisho massacre focuses on TV1

evening news on the first three days of this week. "Over the past few months the SABC has followed a trend of reporting violence as a series of allegations and counter-allegations. The reasons behind the violence have never been investigated beyond party-political rhetoric."

Among the factors which Ms Keene-Young observes are:

- A failure by the SABC to utilise the observations of independent journalists and National Peace Committee members to establish whether

there was evidence that the crowd was armed.

- While comments of parties opposed to the ANC action were reported, comments critical of the Ciskei regime were ignored.

- On the day of the massacre, "live" Government comment accounted for 25,5 percent of coverage while similar ANC coverage received only 10,8 percent.

- Two days after the massacre, Ciskei's statements on conditions in the territory were presented as a "matter-of-fact" reports.

SASOL FM 11/9/92

260

Bridging the trough

With world petroleum prices well off the highs seen during the Gulf War and prices of petrochemical products also depressed, Sasol has effectively used tax losses, investment incentives and interest rates to keep earnings growing

Strong cash reserves and a sound balance sheet also put the diversified group in a good position to benefit from current and future capital projects, including the three announced this week costing a total R670m, as well as a shift towards increased petrochemical production

Sasol's latest results come off the high base set last year, when turnover and operating profit rocketed by 50% and 55% respectively. Now that liquid fuel and petrochemical prices have "normalised," with more stability in the Middle East, the marginal 3,9% increase in turnover comes from higher volumes, mainly in the polymers and mining divisions

But, with what chairman Joe Stegmann says was a net R150m decrease in prices, against a R300m increase in operating costs, operating profit dropped 7%. The 9,4% growth in earnings (1991 39,5%) was thanks to a 39,2% drop in the interest bill and 23,5% decrease in tax paid. The former comes from a further reduction in loans for the acquisition of the remaining half of Sasol 3 two years ago. Sasol secured loans for the purchase at an interest rate of 16%. With R1,75bn owing, the final payment is due in 1996

Interest has also been brought down by the

OIL CHANGE

Year to June 30	1991	1992
Turnover (Rbn)	7,56	7,85
Operating income (Rm)	1 897	1 759
Attributable (Rm)	1 041	1 153
Earnings (c)	184,7	202,0
Dividends (c)	71,5	78,0

R1bn issue of debentures, which almost triples Sasol's cash holdings, to R1,4bn. Until recent cuts in interest rate, interest on the cash was obviously more beneficial than retirement of debt

Sasol brought its tax rate down to an effective 23,5% (1991 30,8%) mainly by using benefits from its capex programme, currently running at R3,5bn, and assessed losses at Sasol 3, Sasol Mining, the polymers division and fertilisers

Soft international prices — refining margins have dropped by an average of over US\$11 a barrel to just over \$8 a barrel — were partly offset for Sasol by a weaker exchange rate, though the recent strengthen-



Sasol's Kruger borrowings will not increase

ing of the rand against the dollar leads Stegmann to believe that, for export-orientated industries, the rand has become overvalued

Last year's results were, therefore, mainly due to astute financial management on the part of Sasol. This should be able to carry the group through the current year, until new projects contribute to growth

These include the R333m anode coke plant at Secunda, the R345m acrylic fibre plant in Durban (a joint venture with the Industrial Development Corp), a R37,5m project to produce krypton and xenon at Sasol 2, a R900m renovation of Sasol 1 and the R370m expansion of Natref refinery to earn a better margin by processing cheaper, heavier crude oils and enable the plant to produce lead-free petrol

MD Paul Kruger (recently appointed deputy chairman after the retirement of Alistair Macmillan) says new projects will be financed by internal cash resources. Sasol does not intend to increase borrowings and Kruger says gearing will come down during the next three to four years

"Depending on the comparative prices of oil and petrochemicals, we could have 50% of operating profit from petrochemical products in five years," he says. Petrochemicals now account for 20% of operating profit, the bulk coming from synfuels (37%) and crude oil refining and gas (28%), with the remaining 15% from coal mining

Earnings should at least be maintained this year, with a resumption of growth coming the following year as contributions from new projects kick in. That could partly depend on international prices and the ex-

change rate, but long-term prospects for the share, now relatively cheap at R16,25, and with a growing rand hedge component, look encouraging

Shaun Harris

Eskom, unions set up talks arena

ESKOM and 10 trade unions had set up an arena designed to forestall crisis situations and give all sections of the workforce a chance to influence decision-making, the utility announced yesterday.

In what Eskom saw as a major breakthrough in labour relations, the utility had succeeded in establishing an "alternative, non-adversarial process of discussion and consultation", Eskom human resources executive director George Lindeque told a news conference, which was attended by representatives of the 10 unions.

The unions represented 75% of Eskom's 44 000 workforce, he added.

Initiated eight weeks ago, the arena did not replace normal (union-management) negotiations, but

THEO RAWANA

ran in tandem with them, said a statement read at the news conference.

"The alternative process is aimed at the establishment of appropriate participative mechanisms to allow for meaningful trade union input and influence before final decisions are made," Eskom said.

Gwede Mantashe of the NUM said the arena was a "new element in collective bargaining" which engaged in informal talks as a team rather than the pressure element in which people firmly stuck to their organisation's stand.

"It is a way of dealing with crises before they come," he said.

Lindeque said a meeting early this week of 200 people — 50 Eskom managers and 150 trade union officials and members — ushered in use of the arena.

Some of the forum's objectives were to ensure that interaction and co-operation filtered through, to

gain input from a wide section of people, to identify issues affecting Eskom stakeholders, to identify areas of agreement and disagreement, and to establish working groups to address specific issues.

Joint task groups would deal with issues ranging from unions having "meaningful" influence over decisions in the company, the use of this arena to achieve long-term viability for the organisation, training and development of Eskom employees and accommodation and related matters.

Eskom said "This initiative is seen as a major breakthrough in the field of SA labour relations. It underlines the critically important role of Eskom in the future of SA."

Unions represented in the arena include the NUM, Numsa, Electrical Workers' Union, SA Iron, Steel and Allied Industries Union, the SA Electrical Workers' Association, and the Mineworkers' Union.

SABC to beam across Africa

Staff Reporter

THE external services of the South African Broadcasting Corporation have been revamped and will be known as Channel Africa from October 1.

Along with the name change and the revamped radio services will come a new hour-long daily television programme and, for the first time, the chance for companies to advertise on both the radio and television services.

Channel Africa will continue to broadcast from the SABC's studios in Johannesburg and will utilise a multiple access satellite enabling all Af-

rican broadcasters to receive the service.

"Initially, we expect at least a dozen broadcasters to pick up the service and within six months this is expected to double," he said.

The new service will have a broad appeal because it will deliver news of African events, features on African issues and documentary programmes aimed at informing African people.

"Our main mission is to provide an African service to Africa.

"It won't be European or American programmes translated for broadcast in Africa, which is generally the case now," said Mr Williams.

The radio broadcasts will be in

seven language for 205 hours a week.

The television service will comprise a daily hour-long programme broadcast in English and French, a half hour each.

The station will continue to get funding from the government but with the introduction of advertising, it will slowly move to increasing its independent income.

The initial response from members of the Union of National Radio and Television Organisation of Africa, Urtua, had been outstanding, Mr Williams said.

"We met most of the broadcasters at a conference in Dakar in May and they were very enthusiastic."

carnivore is on loose

The Argus Correspondent

MARITZBURG — People in Greytown fear an unidentified carnivorous animal is on the loose there

Reports of such an animal prowling in a nearby township are still being received by the police

The reports started when 48-year-old Mr Ferdinand Zuma was killed and partly devoured in Enhlalakahle near the town last week

His death led to speculation about a rogue carnivore such as a hyena, but police concluded he had been attacked by a pack of stray dogs. But the police have now received a report of a large "dog-like" ani-

mal that bit a woman in Enhlalakahle at the weekend

She was treated and discharged from the Greytown Hospital and left without identifying herself

Their concern has been increased by a report from two policemen who saw a large, greyish animal in the light of their patrol van on the edge of the township at 4 15am on Tuesday

The men said it looked like a large dog But it ran in an unusual way — unlike any dog they had seen They said the animal disappeared into a stormwater drain

The drain leads into the township sewers

'Legacy of drought' for Vaal farmers

The Argus Correspondent

JOHANNESBURG. — While city dwellers have yet to feel the harsh effects of the drought, their country cousins will feel its devastation for several more years

In spite of the low rainfall, Pretoria-Witwatersrand-Vereeniging residents do not have much cause for concern that their taps will run dry, or that water restrictions will be imposed, even if the drought continues

However, Transvaal farmers still have to deal with the legacy of the drought, with three to four years of good rains needed to replenish the groundwater levels.

A Water Affairs spokesman said that although the Vaal Dam was now only 19 percent full, "there are no prospects of water restrictions for the PWV area during the next 12 months and probably not for the year after that, even if the drought continues"

This was because water was being released from the Sterkfontein Dam to flow into the Vaal at a rate of 30cub m a second The water covered the 320km from the deeper Sterkfontein Dam, where evaporation was reduced, to the Vaal Dam in about seven days

Once the level in the Vaal Dam dropped to 16 percent, water would be released at

about 40cub m a second — sufficient to maintain the water level in the Vaal

She said the Sterkfontein Dam — with a slightly larger capacity than the Vaal Dam — had sufficient water to keep the Vaal supplied for another two years, though this was unlikely to happen

The level of the Vaal Dam was down dramatically from last year when it was 70 percent full, while it was 85 percent in 1990

The spokesman said another problem with such a severe drought was that the earth became so dry that more water was absorbed before it started

to turn off into rivers to fill the dams

She said the Lesotho Highlands Water Project was scheduled to start providing water to the Vaal River system at the end of 1996

But for farmers the problems of the drought linger on Transvaal Agricultural Union general manager Johan Hartman said the real problem was that the level of groundwater was very low, drying up boreholes, and that farmers needed "an abnormal amount of rain"

"We need good rains over three to four seasons to fill the gap in the underground water created by the drought."

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R100m hand-out for oil refineries

13/9/92
THE Government will pay R100-million this year to the oil companies for doing nothing.

Known as synthetic element payments, they began in 1984 when the commissioning of Sasol Two and Three caused the oil refineries to cut production by an estimated 40%.

Growth in fuel demand has since caused oil companies to produce at near capacity — all SA refiners have announced plant extensions and upgradings. But the synthetic element payments continue.

A Mineral and Energy Affairs spokesman says the refineries mothballed plant when Sasol Two and Three came on stream. They began de-mothballing last year. Some products are produced at capacity, others are not.

Formula

The Government is negotiating to increase the synthetic element payments by an estimated R30-million because the oil companies will soon distribute Moss gas fuel.

The Department of Mineral and Energy Affairs confirms that the synthetic element payment, funded by the motorist through the equalisation fund, will amount to R85-million this year. Another R15-million will be paid because last year's payment should have been R106-million. But only R91,3-million was paid.

The payments began in 1984 when R97-million was paid in the second six months. Since 1985 payments have amounted to R940-million, according to the Auditor-General's latest report.

The Department of Mineral and Energy Affairs says the payments were reduced to present levels "when natu-

By KEVIN DAVIE

ral market demand increased".

Spokesman Lourens van den Berg says growth in the total local market is still not equal to production from Sasol Two and Three.

"The synthetic element is still payable in terms of this formula."

Moss gas managing director Bernard Smith says an agreement has been concluded whereby the oil industry will act as marketers of his company's products. The agreement — which he declines to disclose — will be signed soon.

Mr Smith says the oil companies are discussing with the Government the possibility of receiving the same payments "they have historically received with respect to offtake of Sasol synthetic production".

The formula used for the synthetic element payment is secret, but one industry source estimates that Moss gas will produce about 30% of Sasol's synfuel production. This means that the oil companies will receive about R30-million annually for production losses because of Moss gas.

A confidential document by the petro-chemical and oil industries estimates that the average penalty to the oil refineries of taking Moss gas product would be 6c a litre of Moss gas fuel.

The Central Energy Fund's Danie Vorster says agree-

ment has been reached in principle that Moss gas will receive the in-bond landed cost (IBLC) for its product at the port of delivery. The IBLC is calculated by taking Bahrain and Singapore refined prices and adding the estimated cost of shipping refined products to SA (about 11% of the IBLC).

It is reliably reported that this "in principle" agreement was reached after more than a year. The oil companies refused to discuss the issue with Moss gas because Moss gas would benefit one of the oil companies (Engen) while causing cutbacks at other refineries.

Mr Vorster says the issue of the oil companies receiving the synthetic element payment has not been resolved. "Discussions are continuing."

Tanks

Mr Smith expects Moss gas to be in full production by mid-1993. It will reach 50% of production by the year end. Some diesel has been produced, but it is from condensate and not gas.

The condensate is converted into diesel through a single process. But gas has to go through 25 processes to be converted into fuel.

Mr Smith says the diesel in Moss gas storage tanks should be delivered to the market in the fourth quarter of 1992.

The oil companies will take Moss gas products in relation to their national market share.

Sasol's cost cutting

curbs coffee sippers

By ZILLA EFFAT

SASOL has embarked on a cost reduction programme which ranges from limiting coffee for staff members to cutting the workforce by 7%.

The move is expected to reduce operating costs by 10% in the current year and counter the effects of inflation and low oil prices.

Sasol this week announced a 9.4% rise in earnings to 202c a share for the year to June. The final dividend of 41.5c brings the year's total to 78c (71.5c).

Although operating profit was down, Sasol benefited from a lower interest bill and effective tax rate.

Sasol began a rationalisation and restructuring programme in the past year to protect profitability. The rise in operating costs was limited to 9.6%.

The campaign has been extended into the current year. About 2 240 people at all lev-

els have accepted voluntary retrenchment benefits.

But managing director Paul Kruger, who has also been appointed deputy chairman, says the savings are not reflected in the year's accounts because of the cost of generous retrenchment packages.

Major

Staff members are believed to be limited to three coffee breaks a day, a move said to save the group R100 000 a year. Other savings range from reducing the number of pool cars at head office to fringe benefit cuts.

Sasolchem has also resigned its membership of the Plastics Federation of SA and the Chemical Institute. A company spokesman says this eliminates duplication because Sasol Technologies is a member of both organisations.

The moves are expected to bolster profitability in the current year because rand

prices for the group's products may remain stagnant. The rand has strengthened against the dollar in recent months.

The directors say that although chemical prices are not expected to fall, they will not improve much until the world's major economies recover from recession.

In addition, the capital spending projects that come on stream in the current year should start contributing to profits only in the following year.

Various small chemical plants will be commissioned in the first half, including the normal butanol, krypton and xenon recovery and cresylic acid purification factories.

Large projects under construction — the renewal of Sasol One, the anode coke plant, the Natrief expansion and the acrylic fibres factory — will be commissioned about the end of the year.

In the year to June, Sasol's attributable earnings rose 10.7% to R1,153-billion. These earnings are off a high base because those in the previous year were boosted by high oil

and petrol product prices in the wake of the Persian Gulf war.

In spite of lower prices, turnover rose 3.9% to R7.9-billion because of higher production and sales volumes.

But the collapse of SA and international prices after the war took its toll on operating profit which fell 7.3% to R1.8-billion.

Distinct

This was partially offset by higher production volumes at Sasol Three, the first contribution by the Syferfontein strip-mining project and improved performances by the fertiliser, explosives and polymer divisions.

The interest bill was lower at R228.6-million (R376.10-million) because of a further reduction of Sasol Three loans and interest earned on the proceeds of its debenture issue.

Sasol also benefited from a lower tax rate of 23.5% (30.8%), the result of its high capex and previous assessed losses by some companies. Sasol's board has given the

go-ahead for R670-million of capex projects, bringing the value of those approved but not yet commissioned to R3.5-billion.

Another R2-billion worth of largely export-oriented projects is being considered. Sasol general manager Jan Fourie says they are in areas where Sasol has distinct competitive advantages and where its international competitiveness can be boosted.

They include an acrylonitrile plant, costing between R300-million and R400-million. It will make acrylic fibres for the textile industry. Another is a bisphenol A plant which could cost up to R400-million. It will make chemicals for the resin industry and synthetic glass.

Also under consideration is a R60-million alkydamines plant and a R70-million acetate plant.

Ahead of the swing to unleaded fuel, Sasol is looking at the possibility of a R100-million isomerisation plant and a R250-million ETBE or MTBE plant to produce addi-

SABC hits back over accusations of bias

Staff Reporter

(260)

STAN 14/9/92

Recent hard-hitting reports of the Anti-Censorship Action Group (Acag) and Campaign for Open Media (COM) on SABC news coverage are "not worth the paper they are written on", says the corporation's editor in chief of television news productions Johan Pretorius.

Mr Pretorius said "It is beyond me how Acag and COM can accuse the SABC of bias,

when their own reports smack of bias, one-sidedness and totally groundless charges

"They simply refuse to let facts get in the way of a good, predetermined accusation line"

He questioned the methodology used and the competence of monitors

The most recent COM report featured SABC television news coverage of the Bisho massacre

It accused the SABC of repea-

tedly presenting the victims as perpetrators of the violence, of failing to address the root causes of violence and of giving the Government an inordinately generous chance to present itself positively as a neutral party

Mr Pretorius conceded that there were some valid points in Acag and COM reports, but warned the ANC and other organisations against using these documents as the basis of their position on the SABC

COMPANIES

Sasol eyes Mozambique gas project

610AM 14/9/92
SASOL is to meet potential joint venture partners later this month to discuss the exploration and development of gas fields onshore of the Mozambican coast, Sasol assistant GM Peet Steyn said yesterday.

Steyn said discussions were to take place with various international companies to find a third partner with the necessary experience in the development of onshore gas fields

Sasol and the Mozambican energy company Empresa Nacional de Hidrocarbonetos de Mozambique (ENH) entered into an agreement in February regarding the joint exploration for and development of natural gas in that country.

In terms of the February agreement, ENH was continuing with exploration activities and was currently engaged in drill-

218 EDWARD WEST 260

ing the 11th exploration well in one of the potential fields, the Pande gas field

Sasol was drawing up a market survey to establish the potential gas market. Steyn said although the reserves were not big, further exploration should find sufficient reserves to ensure a feasible project.

□ Meanwhile, Soekor is following up approaches made by numerous potential investors in either participation or concession rights to its Bredasdorp Basin, Soekor spokesmen said

The oil exploration parastatal had also approached various companies and authorities on the west African coast for further opportunities and several prospective projects were being investigated

SABC radio pulls plug on Die Stem

Staff Reporter

THE SABC announced yesterday that the South African national anthem would not be played on its new programme Afrikaans Stereo which replaces Radio Suid Afrika on October 1.

During a radio link-up with the six Radio Suid Afrika offices countrywide yesterday, Mr André Terblanche, manager of the station, said in answer to a question that Die Stem would not be played on the new station because of its sensitive nature.

The anthem is played at the beginning and end of Radio Suid Afrika every day as well as on television.

The SABC yesterday announced a major shake up in its Afrikaans radio service in an attempt to improve the service.

MAJOR CHANGES FOR RADIO S AFRICA

See PAGE 4

Radio Suid Afrika will provide a better, brighter and more informative service, Mr Terblanche said.

Mr André Blom, programme manager for Radio South Africa, in the Western Cape, said yesterday that the name of the station had been changed because people incorrectly believed that Radio Suid Afrika and the English service Radio South Africa were duplicates of each other in different languages.

"Radio Suid Afrika had a conservative image and was very formal and depressing. The new service will be a lot brighter and will have a less formal approach," he said.

Features of the new service will include more news bulletins, music, and actuality programmes with prominent personalities speaking on topical subjects.

The accent would be on quality programmes with a lighter approach and although there would be some advertisements, it would not be a commercial station, Mr Blom said.

of Ciskei prejudice

■ **THROUGH THE LENS** State President FW de Klerk's

close-up shots on national TV are designed to flatter: (26)

By Mathatha Tsedu Investigations
Editor

Sowetan 18/9/92

AN ANALYSIS OF SABC coverage of the Bisho massacre last week has shown up gross Government bias on the part of the state broadcaster

In a stinging attack attached to its report, the Campaign for Open Media (COM) said victims of the massacre by Ciskei soldiers were turned into villains in news broadcasts on SABC TV

COM, an independent media organisation that monitors media behavior including unions and other institutions, charged that the SABC, in its attempt to boost the standing of anti-ANC organisations, had effectively breached the Peace Accord by making inflammatory public statements

The SABC this week rejected the findings and said they were not worth the paper they were written on. It accused COM of bias in its monitoring and said the organisation, "simply refuses to let facts get in the way of a good predetermined accusation line"

In an in-depth analysis of the news on TV1, COM said it found that during the 8pm main bulletin on the day of the massacre, the item was introduced with State President FW de Klerk's announcement of troops being sent into Ciskei to guard property

"By beginning the item in that manner the SABC criminalised the very people who were victims of the massacre. This represents a total disregard for the tragedy in terms of loss of life

Concept of disobedience

"It also clearly reveals the SABC's agenda to underplay the notion of massacre and rather emphasise the concept of disobedience," the report stated

The monitors also found pro-government bias in the SABC coverage by the omission of several statements made by organisations and individuals criticising the Ciskei regime, while those supporting that position received maximum coverage.

In this regard, statements from the SACP, Cosatu, SACC and Azapo were ignored, all of which supported the right of the marchers to march and castigated the killers

In contrast, the HNP, CP, DP, NP and dubious church groups were given coverage for lambasting the ANC decision to go ahead with the march

Dominating the frame

"During the three days following the Bisho massacre, interviews or press conferences involving government officials or Brigadier Gqozo, presented them in a medium close-up, dominating the frame

"However, at Mandela's press conference, he was filmed from a distance and other people at the table were included in the frame. This presented a distraction which affected the impact of his statement

"It also diminished his visual status during the press conference, whereas the close-up given especially to De Klerk, enhanced his physical status and projected him 'into the living room', the report found

The monitors felt that the international outcry over the killings was downplayed by the SABC

In his reaction the SABC's editor in chief of television news, Mr Johan Pretorius, said the methodology of the COM analysts and their competence should be questioned

He conceded there were some valid points in the report but cautioned organisations not to base their attacks and attitudes toward the corporation on the report

On the box

Agenda interviews on Sep 7:

Pik Botha, 58,9%
Carl Niehaus, 41,1%

Coverage of 8pm News 7 Sep: Background to events 21,1%

Description of events: 9,9%

ANC live sound: 10,8%

ANC reported: 5,3%

Govt Live sound: 25,5%

Govt reported: 6,1%

NP live sound: 5,3%

Ciskei reported: 5,8%

Anti-ANC Parties reported: 10,1%

CCV 7pm news coverage Sep7: Govt (Pik Botha) 20,5%

Govt (FW de Klerk) 14,7%

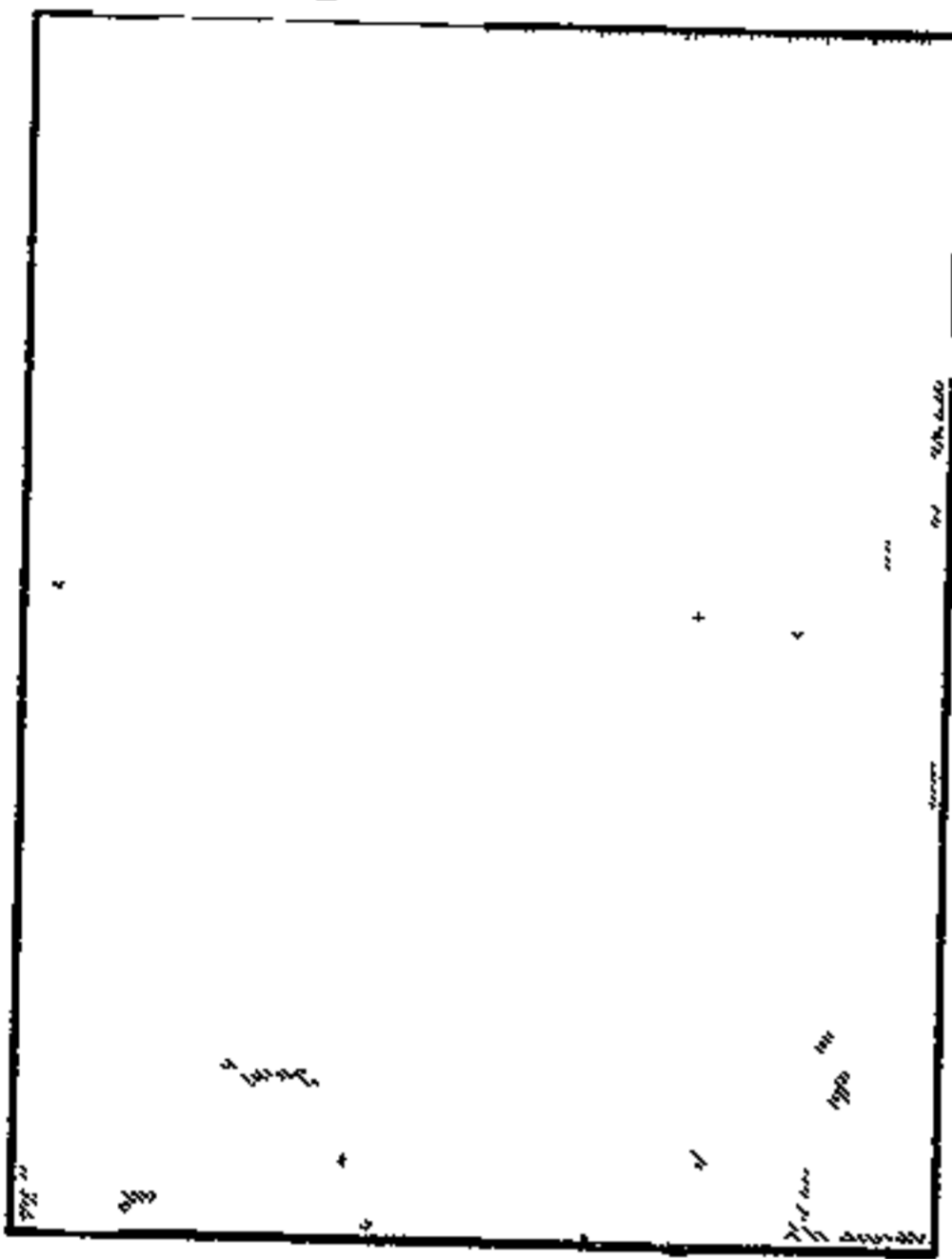
Govt (Hernus Kriel): 5,4%

ANC (Steve Tshwete) 14,1%

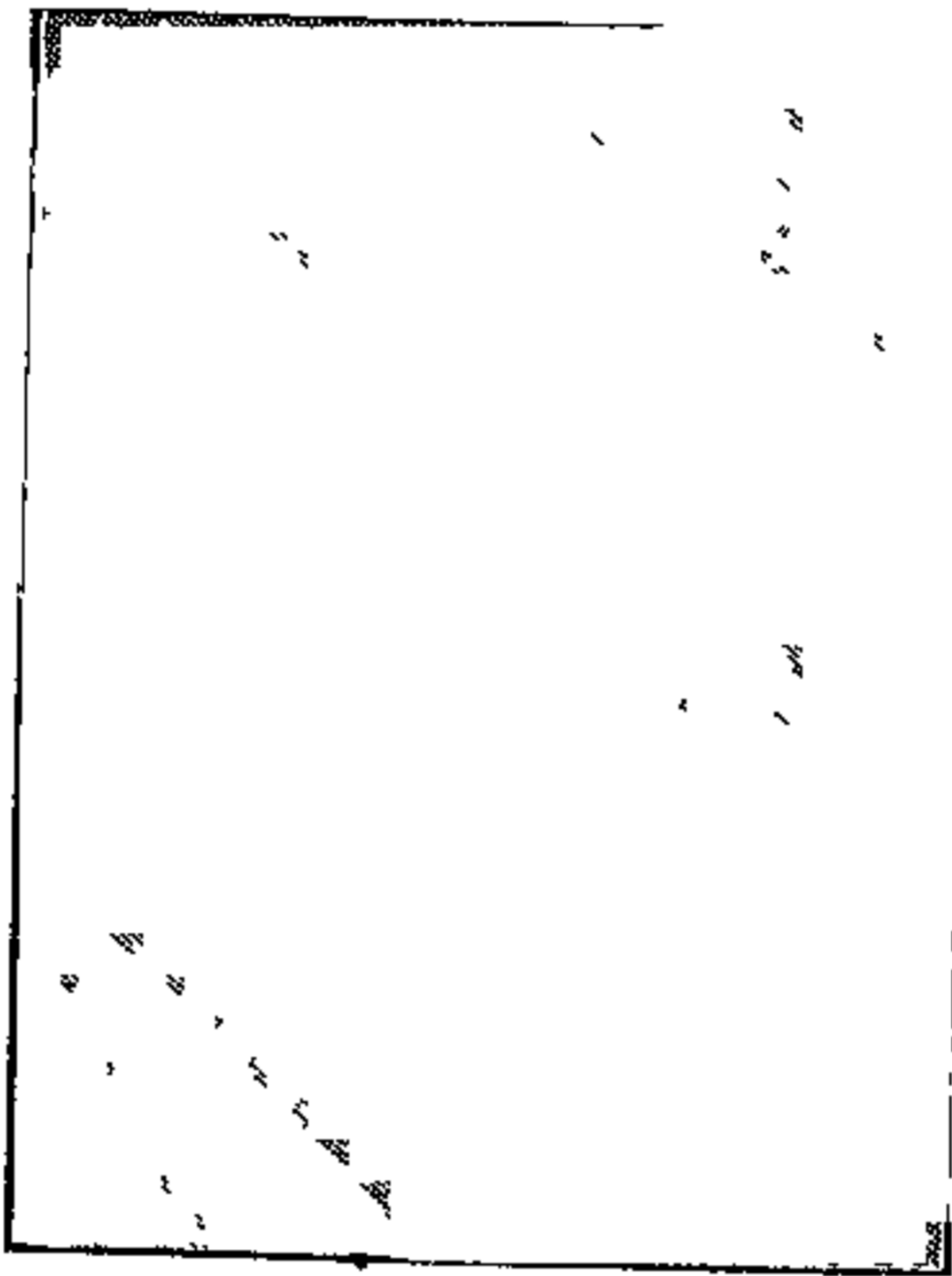
Rest of coverage: 44,9%

Friday, September 18 1992 **SOWETAN**

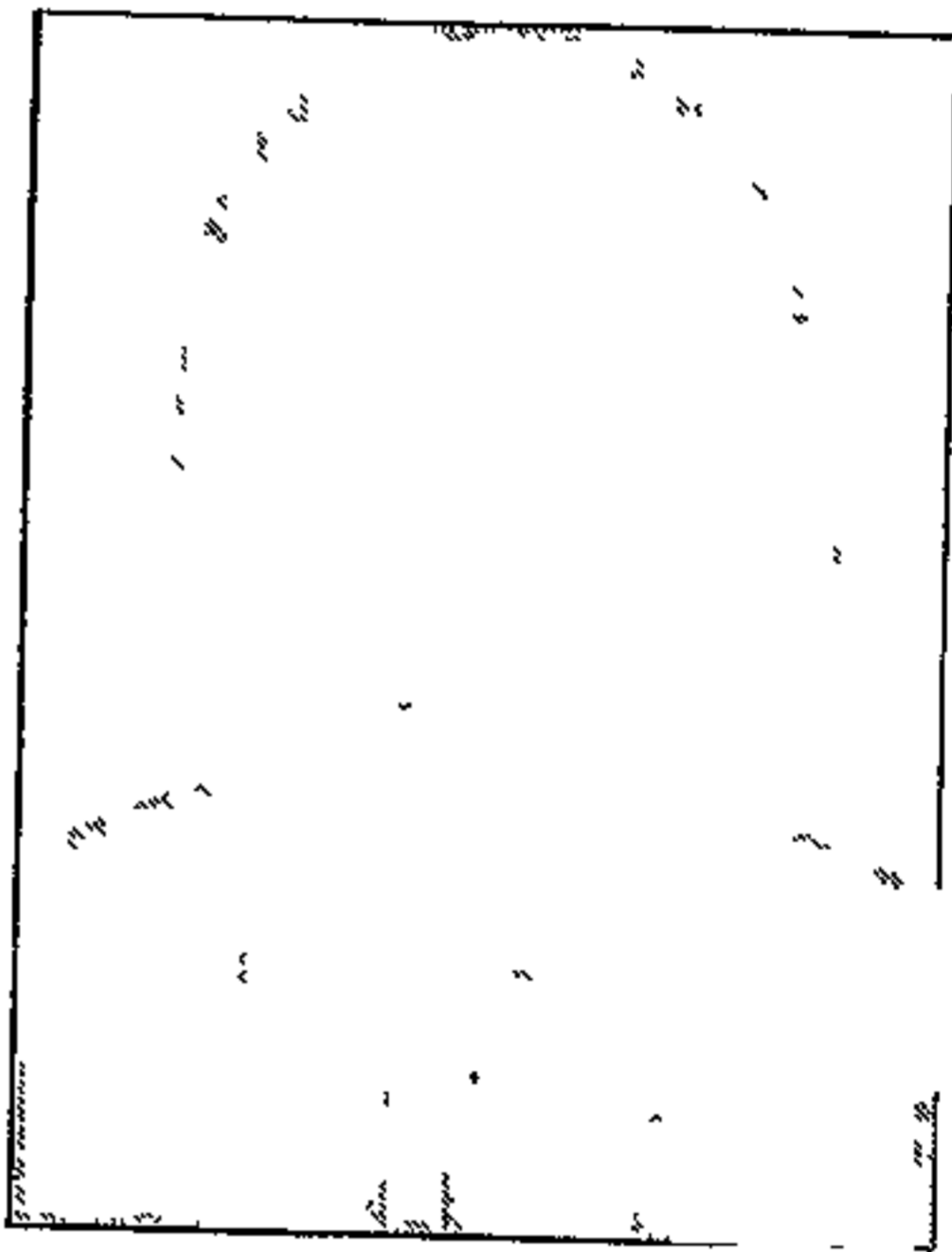
NEWS FEATURE *Probe by COM into Bisho reports*



FW de Klerk ... coverage good.



Nelson Mandela ... coverage bad.



Nefolovhodwe ... ignored.

Report accuses TV

Rail corporation to exploit its land

BIDAY 18/9/92 (269)
IN A BID to bolster its loss-making rail operations, the SA Rail Commuter Corporation (SARCC) yesterday announced the formation of a commercial property company to exploit the development potential of its land holdings which are worth R1,7bn.

While the wholly owned subsidiary, Intersite Property Management Services, would be responsible for the development and project co-ordination, the land would be retained by the state with profits being used to subsidise commuter rail services.

"While a portion of any profits may be channelled into future property development, the aim is to plough most of it into upgrading railway services and to reduce the SARCC's annual loss," Intersite MD Dirk Ackerman said.

The company regarded its role as custodian of the assets for the people in line with the SARCC's undertaking to deregulate.

Property, which was previously regarded as an expense on state accounts, would now be treated as a

PETER GALLI

commercial venture with all users being charged market-related rentals, he said.

The objective of the new company was to maximise returns based on sound business principles in association with the private sector, while still protecting the interests of the state, he said.

As much of its land was found in strips, major developments would have to be carried out with neighbouring land holders. State funds would not be used for such development and private sector schemes would have to be found.

"The state is really only interested in funding matters related to commuter services and our aim is to involve the local communities as far as possible in future developments," Ackerman said.

He would not disclose profit projections, but he said Intersite's viability was underscored by its predecessor, the SARCC Property Division, which had generated income of R26,2m.

THIS broad casts reveal the SABC 'laager of the airwaves'

South Africa 19/9-23/9/92

So you want air time on the SABC? REHANA

ROSSOUW reports on a recent analysis which shows you'll have to be at least a member of the

National Party or its allies.

THE SOUTH African Broadcasting Corporation (SABC) revealed its glaring failure as a public broadcaster during its news coverage of the Bisho massacre, the Campaign for Open Media (Com) has charged.

Com media researcher Ms Bronwyn Keene-Young said after conducting a detailed analysis of SABC coverage of the massacre extracted maximum positive publicity for the government, ensuring of "information laager" from which it could defend its image.

She said that on the day of the Bisho massacre, the corporation had tried to underplay the violent action of Ciskeian soldiers to create the impression that the ANC carried the ultimate blame for the incident.

The SABC had criminalised victims of the massacre by informing viewers of measures taken to protect business in Ciskei, she said.

"This represents a total disregard for the tragedy in terms of the loss of life. It reveals the SABC's agenda to underplay the notion of 'massacre' and rather emphasise the concept of 'disobedience', specifically that ostensibly undertaken by the ANC."

On the 8pm news, the ANC's version of the shooting incident was not reported at all, although three government officials got air time, all of them blaming the ANC and mass action for the shootings.

The most important fact of the incident — reports from journalists on the scene who unanimously agreed the marchers were unarmed — was ignored by the SABC. "Such selective reporting has characterised SABC news for a long time," Keene-Young said.

"Over the past few months, it has followed a trend of reporting violence as a series of allegations and counter-allegations."

"The reasons behind the violence have never been investigated beyond party-political rhetoric."

Keene-Young said the SABC provided a platform for political parties and security forces which, in speeches that were broadcast, contravened the principles of the National Peace Accord time and time again.

Those "outbursts of rhetoric" were not newsworthy in themselves, nor were they informative, she said.

But those parties took full advantage of public occasions to deliver invective, fully aware that if this involved ANC or communist bashing, it was bound to be carried by TV news.



BLACK OUT: What SABC viewers did not see of the Bisho massacre

"Not only does this indicate a severe lack of responsible journalism by the public broadcaster, it also raises questions about the SABC's position in relation to violence in general and its failure to represent the views of the majority," Keene-Young said.

Referring to coverage of the Bisho killings, she said that if victims were continually presented with an image of themselves as perpetrators of violence, it was inevitable that they would seek other avenues through which to express themselves.

"By denying people access to the media, while at the same time mis-

representing their actions, the SABC can only exacerbate existing political tensions in the country."

Keene-Young said that if the SABC continued to misinform the public and withhold information on issues such as international dissatisfaction with events in South Africa, it was unlikely that the white population would come to terms with the need for change.

By maintaining public ignorance on contentious issues and ensuring that news coverage favoured the government, the potential for public pressure for change was greatly reduced by the SABC.

Photo Adli Bradlow

"From the Goniwe murder to the Boipatong massacre and the Gluckman revelations to our present crisis — the SABC increasingly reveals itself as no more than an election-eering mechanism for the government and a dismal failure as a public broadcaster," Keene-Young said.

On the morning of the Bisho massacre disbelieving listeners of the Radio Today programme heard the final news summary giving the lead item as 24 people dead in a bus accident in India and the second item as more UN monitors going to Sarajevo.

In terms of police regulations, all personal possessions with which prisoners can cause their own death — such as belts, shoe-laces and ties — must be removed.
Why Oor still had the scarf in his possession after he was placed in the cell remains a mystery.

NEWS IN BRIEF

Blom 24/9/92
New board for HSRC

NATIONAL Education Minister Sam de Beer announced the new members of the Human Sciences Research Council's board in Pretoria yesterday. The new chairman is Prof J P de Lange.

New members are advocate F J Bosman, University of Zululand academic registrar Prof C R M Dlamini, University of the Western Cape rector Prof Jakes Gerwel, University of Transkei rector Prof W L Nkhulu, Anglo American director Michael O'Dowd, University of Pretoria principal Prof P Smit, Sanlam MD P Steyn, Pretoria Technikon principal Dr D J J van Rensburg, and University of Stellenbosch principal designate Prof A van Wyk (260)

Eskom will rectify 'shocking' bills

Soweto 25/9/92.



By Joshua Raboroko

■ **BIG SHOCK** Traders charged tariffs

of between R4 000 and R10 000:

ESKOM HAS UNDERTAKEN to rectify the huge electricity bills charged to businesses in Soweto

This was said by the corporation's sales and customer manager, Mr Paul Mare, at a meeting at the Standard Bank Hall in Jabulani yesterday with members of the Greater Soweto Chamber of Commerce (GSCC), the Soweto Independent Shopkeepers Association (Soina), Soweto Civic Association (SCA) and professional people

Mare was responding to complaints by traders that they had received "shocking electricity bills" ranging from R4 000 to R10 000 although their shops did not have meters

One businessman asked how the electricity company calculated consumption when many businesses either had

faulty meters or none at all

"How do you come to this conclusion?" the businessman asked

Businessmen said they felt that they should be included in the Soweto Accord which cancelled arrears for the majority of Soweto residents earlier this year.

Mare said there were 11 service centres where complaints could be made. If any mistakes were found, they were prepared to rectify them

Eskom would install and repair electricity meters in Soweto and the business community would not be excluded, he said. The corporation would charge small businesses such as spaza shops and others the same tariffs - as low as possible

- as residential dwellings. He added that "we are prepared to help the informal sector grow".

"Business people will begin paying a market-related tariff for their electricity, paying accounts which are based on how much electricity you use as measured by your meters," Mare said

GSCC's executive director, Mr Max Legodi, said they felt concerned about the supply of electricity because in the past they were not consulted

Soina's secretary general, Mr Thami Skenjana, said business people were promised they would pay a flat rate when Eskom took over the supply of electricity in Soweto in April.

PIC govt bonds

HILARY GUSH

260

PUBLIC Investment Commissioner (PIC) holdings of government bonds will be included in the JSE actuary's bond index with effect from October 1.

Since the start of the present index series in January 1986, PIC government bond holdings had been excluded from the index.

Consequently the assigned RSA bond weighting was the total amount in issue less the PIC's holdings. *BIDAM 25/9/97*

Index subcommittee head Isak Mostert said the change would lengthen the index's average term by nearly 11 months to 10,6 years.

'MR Chair," said Professor Njabulo Ndebele, vice-rector of the University of the Western Cape, "I fear we are behaving as if we were already the SABC board"

So animated was the horsetrading at the Institute for the Advancement of Journalism's (IAJ) seminar for potential directors of the SABC board, that Ndebele's caution went unheard. Round the table were sitting 27 people, nominated to be there by the "progressive" political parties at Codesa. Among them law professor John Dugard, sociologist Fatima Meer, broadcaster Pat Rogers, editor Zwelakhe Sisulu, the South African Communist Party's Pravin Gordhan, ex-editors Anthony Heard and Raymond Louw, and a cross-section of others drawn from universities, organisations and the media.

They were talking about what they would do if they were on the board, and through the many suggestions about making the SABC democratic and representative, one word came through loud and clear "FIRE!" Some advocated a scorched earth policy, some advocated removing "key ideologues", but all saw the need for heads to roll.

Funds for the pow-wow were raised from the Australian trade union movement by the African National Congress, which then gave the money to the IAJ to organise the event. Despite the fact that the Democratic Party also nominated some attendants, it felt very much like an ANC-alliance event.

"We need to build up a body of informed opinion about public broadcasting," explained the ANC's Pallo Jordan who attended most sessions as an observer. "Because, at some point or another, we'll be called to restructure the SABC, and we don't want to be found scratching our heads and wondering what to do."

IAJ director Allister Sparks added that "in no way is this a shadow board. But the reality is that the current SABC board contracts expire in March. So I approached the parties at Codesa, and asked them who they might nominate. All this seminar is doing is giving those people suggested the background they might need if indeed they are nominated."

And so the appointees — many of whom had clearly never thought about broadcasting before — spent four days learning about the vagaries of spectrum management, the role of directors, plans for an independent telecommunications authority. They also listened to an impressive array of foreign public broadcasters from the Australian Broadcasting Corporation, the British Broadcasting Corporation and the American Public Broadcasting Service.

In the presence of such fine and forward-looking company, SABC-TV News editor-in-chief Johan Pretorius came across as inspired as the SATV test pattern. Like a *bete noire* to the slaughter, he gave the tired excuse that "we are being criticised and

Waiting for dead

men's
shoes

What will the new SABC board look like? If a seminar for prospective nominees held last week is anything to go by, it will include the likes of Njabulo Ndebele, John Dugard and Fatima Meer.

MARK GEVISSER examines
the possibilities

hammered by everyone, including the National Party, for being biased." Sure, he said, "we are carrying baggage, of course, and it might also be that we have certain mindsets, but so has everyone else."

So what's the problem? countered the floor. Get rid of the baggage. Jordan said the SABC had done "a grave disservice to the country", not only because of "the manner in which it has been controlled", but also because "of the sheer lack of quality of the product." Not mincing his words, Jordan called SABC fare "drek".

This is a predicatable response from the ANC. But, astonishingly, the foreign PBS broadcasters spoke with as much vehemence about their South African colleagues: "SABC gives public broadcasting a bad name," said Peter Manning, controller of the ABC. "Advertising has made it lose its mission. Listening to Johan Pretorius was like listening to a dead man. It's time to start again from scratch. We're talking about total and utter reconstruction."

PBS's David Fanning added that "the SABC has lost the trust of its audience, and I don't know if its something they'll get back".

But the challenge, cautioned Sparks, is to make sure that a new SABC doesn't lose trust as quickly. "The day after a new board is announced," he said, "there will be viewers around the country who will be looking for hijacking in the opposite direction and who will go 'Aha! I told you so!' at the first sign of bias."

There was consensus that a new SABC

must play a "transformative" role. But the problem is the following: when the NP decided to allow television, it too had a "transformative" mission — it wanted to use this nation's airwaves to effect its agenda of changing South Africa into a rigid apartheid state. Now we have a situation where a new group of people, tomorrow's leaders, have their own agenda of transformation. Their goals might well be nobler and more valid than those of BJ Vorster and his telehenchman Piet Meyer but, as Sparks said, there is a dangerously thin line between being and being propagandistic, particularly when "transformation" is a key-word in the ANC lexicon.

Ditto with another word that came up often "healing". If a public broadcaster is to "heal", who is to provide the diagnosis and the treatment? What the ANC-appointed members of a board might see as healing the Nat hangovers might see as rubbing salt in the wound.

"Is the function of television," asked Rogers, "to encourage and promote change, or is it to criticise and analyse, even if that means scuttling reconciliation and negotiation?" Let's assume that a government of national reconciliation is formed next year and an SABC journalist uncovers a scandal that will bring the government down and return this country to the badlands of the interregnum. If the SABC is bound by a code of promoting reconciliation, would — and should — the story be run?

In this society, where the rights to information and freedom of speech have been so seriously abrogated, television and radio can transform merely by broadcasting information that is unbiased, fair and comprehensive. The consensus was that truth, just by being told, transforms. And that truth, no matter how much it hurts, heals.

But a question remains, lurking in the subtext of Ndebele's earlier comment: will a new board be chosen, as Jordan stated, according to the rules of "transparency and accountability", or will this nation's airwaves, a "national asset" as one person described them, be traded off between the parties in closed Codesa-like rooms?

While there was consensus in Codesa's Working Group I that appointees must not be officials of political parties, even having political parties nominate potential members is highly problematic. The IAJ seminar was preparing for the possibility that other parties will be asked to nominate members to an expanded SABC board. But if this board is to consist of political appointees, the risk is they will spend most of their time advocating the policies of their nominators rather than fostering an independent public broadcaster.

"Certainly," said Sparks, "having political parties nominate members is far from ideal, but it is the closest to reality at present. As an interim measure, it might be the only possibility."

'Bush Radio' plan to bring airwaves alive

260
APR 26/9/92

PATRICK FARRELL, Weekend Argus Reporter

WHAT is the point of broadcasting if it doesn't make a difference to people's lives?

This is the question a group of Cape Town "broadcasters" have been asking, and their answer is Bush Radio.

Bush Radio is more than banging on drums — it is the Cape Town sector of a national initiative to form the first community radio stations in South Africa. And, for Bush Radio, the Cape Flats is its broadcast target.

Community radio stations exist in many countries, including Latin America, Asia and Australia. They are traditionally independent, do not run for profit and offer a grassroots perspective.

They are run largely by volunteers who are not necessarily media professionals. Participants may simply be members of the community in the radius of broadcast — which may be anything from a few streets to at least 30km.

Participants in the Bush Radio initiative, based in Salt River, have been meeting for about two years with about 50 organisations represented. Workshops have been held

lawyers, working on another application to the government.

Edric, one of the members of Bush Radio, (surnames are unnecessary with Bush Radio) explains "The main aim of Bush Radio is to get the community talking because it is this public debate which is so lacking in South African broadcasting.

"Our community radio is not pirate radio. Rather, it is the active participation of ordinary people in their own radio and it has a vital place in South African broadcasting along with commercial and public-service stations."

Edric goes on "If I interviewed street musicians, edited the tape and presented the final product for broadcast, I would have made a programme about street musicians."

But, if I went to those same musicians and asked them what they wanted to say about themselves, their music and their lives and then broadcast that, I would have made a programme *with* street musicians."

It is this "with" that forms the cornerstone of Bush Radio philosophy.

At their Salt River head-



Picture WILLIE de KLERK, Weekend Argus

community (anyone from Ni-
cro to Aids groups to the Hip
Hop music movement) make
programmes

In some countries, such
stations run illegally and
Bush Radio has been trying
to get a licence — so far
without success.

Two of their applications
have been turned down and
they are now, with the help of

sound studio and the equip-
ment to make programmes,
mostly acquired with devel-
opment donations

Bush Radio will have a
music content of about 60
percent with a host of other
programmes ranging from
educational to community
news

They are hoping to use ad-
vertising from the informal

Bush Radio studio in Salt River . . . telling it like it is.
sector to make up much of
revenue

“Members will elect a com-
mittee every year to run the
station on a day-to-day basis.
Once a month, members will
meet to discuss the pro-
gramme content and it is
hoped that feedback will help
the station change.”

■ Meanwhile, frustrated at

the slow changes in broadcast
legislation, Radio Wits, for-
merly the in-house university
radio station, has gone pirate

The radio, called The Voice
of Wits, has been broadcast-
ing for three weeks on the
FM 106.1-metre band

They say they have re-
ceived a “great response”
from the public

Iscor boss sees repeat of 1991 results as tough target

B10Am 28/9/92
(260)
ISCOR will be hard pressed to match its 1991 performance as local and world economies are slack and steel and iron ore prices are expected to remain weak for some time, says chairman Marius de Waal in his 1992 annual review.

MD Willem van Wyk said although a slight improvement in the international market was expected in the next 12 months, this should be seen in the context of the existing market oversupply position and falling dollar prices.

Iscor's response to the recessionary environment was to operate production assets as cost-effectively as possible, reducing unit costs by producing at record levels and targeting the best export markets.

High productivity levels as well as the completion of plants to produce value-added products would enable Iscor to take advantage of any meaningful domestic upswing or increased demand on international markets, De Waal said.

However, cost pressure from high inflation remained a matter of grave concern. The increased percentage of exports in the sales mix, coupled with a rand-dollar exchange rate which did not fully discount

EDWARD WEST

the inflation differential between SA and its overseas trading partners exacerbated the situation, he said.

In the year to June 1993 Iscor was hoping to again dispatch more than 6-million tons of steel products and to export more iron ore than in the past financial year.

Van Wyk said Iscor's total steel product dispatches rose 7,5% to a record 6,035-million tons. More than 7,6-million tons of liquid steel was produced, which was higher than the previous record of 7,4-million tons recorded in 1980, before rationalisation of certain primary steel-producing units in 1983. The number of employees dropped by 1 287 to 57 000 in 1992.

Local steel dispatches in 1992 fell 5% to 2,82-million tons from 2,97-million in the 1991 financial year, the lowest level in 15 years, but the demand for tinplate remained buoyant.

Capital expenditure in the year to end-June 1993 was expected to fall from R872m in the 1992 financial year to about R600m, to finalise projects already committed and for replacement of existing plant.

Star 29/9/92

Eskom backs up programme

Eskom, is backing up its electrification programme to low-income households by providing appliances at wholesale prices

Domestic sector manager Johnny Dladla says the company will supply goods like hot plates, irons and kettles. — Sana (260)

(260)

Man who angered PW in from the cold

By Ian Gray

SAB 29/9/92

Controversial SABC executive Sakkie Burger has been brought in from the cold.

The man whose career was personally interrupted by former President PW Botha because of a single remark made during a live election round-up, and was "promoted sideways" to a London post, returns to Auckland Park in November as group general manager, executive services, answering directly to group chief executive Wynand Harmse

An announcement last week said that "with the introduction of the regulatory body to be established for telecommunications and broadcasting, as well as a monitoring mechanism that will either go hand-in-hand with this body or other organisations for information/news programmes for the electronic media, certain specific needs have arisen in the SABC's group head office



Sakkie Burger . . . comment during election round-up.

"Mr Burger's exposure abroad and his long practical experience and skill in broadcasting will serve the SABC excellently in this regard. Strategic and business negotiations with these new statutory and regulatory bodies for codes, mandates and norms — among others — will require a high level of input, negotiation and co-ordination, particularly in the next two years, and insofar as these affect the SABC as a national broadcaster with its large va-

riety of services."

Mr Burger was acting senior director of news under Mr Harmse, who took over when the board of the SABC, acting on the instructions of then President Botha, axed Riaan Eksteen as director-general in 1988. Under normal circumstances he would have become senior director of news or even deputy director, news, under the old structure.

But in 1987 during the live election round-up broadcast by SABC, Mr Burger was on the panel of experts analysing trends as the results were announced. After a spate of Conservative Party victories he commented: "The CP appears to be doing well."

This so angered President Botha that he telephoned Mr Burger and ordered him to stop the coverage of the election immediately. Mr Burger refused and so did Mr Eksteen. Co-incidentally, President de Klerk was in the studio at the time the call came

through from Tuynhuis, and apparently restrained Mr Burger from storming out of the studio.

At subsequent board meetings Mr Burger was never confirmed as senior director, news. Instead, in June 1989, he was given the London posting which he personally described as a "sideways shift".

Subsequently, control of radio and TV news was placed under the authority of one man, deputy director-general Carel van der Merwe, the first person to be placed in charge of news on both media.

In a later reshuffle, Johan Pretorius became chief editor of TNP, the SABC's TV news and news magazine production arm

● Sakkie Burger is the brother of former police lieutenant-colonel Staal Burger, who went into hiding when the SAP investigated his connections with the SADF's Civil Co-operation Bureau (CCB). He now manages a hotel.

Trend shows shift to multicultural media

MEDIA of the future will have to be multicultural, judging by significant shifts in black media consumption and crossovers to traditionally white media types, says Bernstein Loxton Golding & Klein deputy media director Erna Storm.

Amps figures on black media consumption showed there was a large increase in TV viewership. While white, coloured and Asian viewership grew by only 6% in the 1990/1991 Amps diary, black viewership grew by a significant 46%.

Storm said there had also been a significant rise in readership of English magazines. More blacks were reading newspapers and most of the traditionally white English newspapers had a black readership of between 37% and 68%.

These statistics had some important effects on marketing. "Used tactically, the above overflow can be a very useful tool to expose the more economically active blacks to a campaign at no extra cost," Storm said.

He added that radio remained culture bound.

BBC to apply for FM licence

THE BBC's Africa service would apply for an SA FM licence within three weeks, BBC head of African services Dorothy Williams said last week.

Williams, in SA to investigate opportunities for BBC Radio and to attend a seminar on the future of broadcasting, said she had explored South Africans' attitudes towards the BBC and had decided it was viable to apply for a licence.

Williams said the BBC broadcast to the whole of Africa and had big audiences in many countries, but "we were never really able to have access to South Africans", as the medium-wave signal could be received only at certain times. In addition, SA listeners had "an FM habit".

She said the BBC hoped for a listenership of between 5% and 10% of the population. The African Service would open an office in SA on November 1.

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Iscor share values dive against assets

BYOM 29/9/92

EDWARD WEST

ISCOR'S market value was R1,53bn at 82c a share yesterday, which, compared with its R6,7bn asset value, would normally make it a prime target for a takeover with a view to selling off its assets, analysts said.

Based on its current net asset value of 361c a share and the number of shares in issue, its assets are worth about R6,7bn. Anybody who bought all Iscor's shares at its listing price of R2 a share could theoretically sell off its assets and realise a profit of R1,80 on every share.

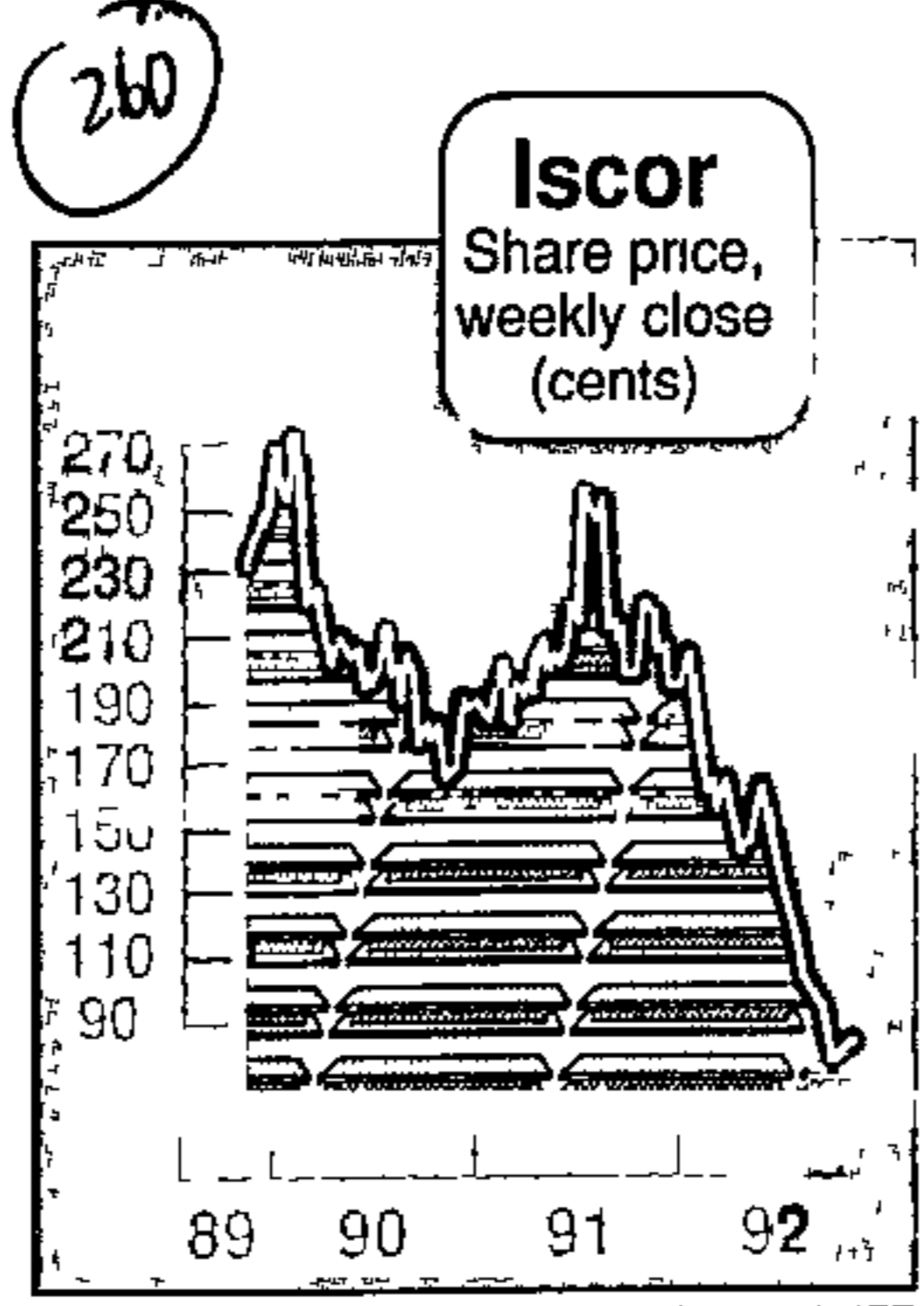
However, with local and foreign investors limited to a 20% stake and individual investors to a 10% holding in terms of the group's listing prospectus, a takeover is impossible.

Major shareholders include the Industrial Development Corporation with a 16,5% holding, Standard Bank Nominees with 13%, SA Mutual Life Assurance Society with 10% and CMB Nominees with 8%.

Iscor's share price has been trading at record lows because of the weak local economy, and overcapacity in international steel markets which shortens earnings potential.

Simpson & McKie analyst Henne Vermeulen said the share price prevented Iscor from raising funds by a rights issue because a share increase would further dilute earnings, and the share was poorly rated.

He suggested unbundling might be the way for Iscor to go. For instance, its Sishen iron ore facility and its coal mining operations could be floated off as separate entities.



However Frankel, Max Pollack, Vinderine analyst Kevin Kartun seriously doubted the feasibility of this idea, as Iscor's strategic advantage lay with it being self sufficient for 68% of its raw materials.

Vermeulen said it would be best not to buy Iscor shares in the next six months as its interim earnings were expected to fall to about 6c from 9c a share last year. However, his medium term forecast was good.

He said Iscor's steel dispatches increased by 10% and 6% in June and July over the respective preceding months, but fell again by about 10% in August.

Kartun suggested that because the share was tradeable, buying and selling should be done in tandem with the commodity cycle. However, the big question was how long the cycle would remain in a trough.

Poor landings hurt Natrawl

LINDA ENSOR

CAPE TOWN — Natal Ocean Trawling (Natrawl), which catches prawns off the Natal and Mozambique coasts, recorded a 5,5% increase in attributable earnings in the six months to end-June as a result of poor landings of inshore prawn and a sharp drop in prices.

An additional factor was that no contribution was made by Natrawl's Mozambican associate company. Earnings dropped to 2,79c (5,56c) on an increase in the number of shares in issue to about 41,6-million (19,8-million), after last year's rights issue of about 19,8-million and this year's bonus share offer.

Chairman Frank Walsh announced that Natrawl was negotiating the sale of part of its stake in its Mozambican associate company in which it had a 40% interest.

"Deep water fishing results in Mozambique have remained satisfactory but trading conditions there have become extremely difficult," he said. Whereas in 1991 Natrawl derived R400 000 in dividend income from its Mozambican associate, no contribution was expected for the current year.

Turnover increased 41% to R7,6m (R5,4m) with gross income from fishing rising by only 15%. Margins fell to 19,8% (22,4%), generating a 21% growth in operating income to R1,5m (R1,24m).

The bottom-line result was undermined by higher finance charges arising from the increase in long term loans to R7,8m (R5m).

Walsh was not optimistic about prospects for the final results.

"It is difficult to forecast what to expect from the second half of the year, but if the prevailing circumstances continue, earnings are unlikely to rise," he said.

Rentbel achieves remarkable turnaround

CAPE TOWN — Rationalisation and improved efficiencies saw diversified industrial holding company Rentmeesterbeleggings (Rentbel) achieve a remarkable R8m turnaround in operating profit in the year to end-June, even though turnover fell 30%.

However, the tax bill and heavy losses from associated aviation company Trek Airways, which launched Flitestar in competition with SAA, wiped out these gains to such an extent that bottom-line losses were larger than last year.

The loss made by associates amounted to R3,4m compared with last year's R5,4m profit. The group suffered a loss of 116,8c a share compared with last year's 73,3c loss and no dividend has been declared.

MD Joggie Vermooten said Flitestar's competition with SAA on major routes had resulted in fare dilutions which had placed pressure on margins. He expected this situation to continue for some time because of

overcapacity and an inadequate fare structure in the domestic market.

Start-up costs of Flitestar and initial losses had been capitalised and would be amortised over 60 months.

Group turnover declined to R94,4m (R135m) but an operating profit of R5m was generated compared with last year's R2,9m loss. The interest bill dropped to R4,6m (R6,6m). While the total attributable loss increased to R4,2m (R2,7m), the attributable loss from subsidiaries improved from R8,7m to a loss of R97 041.

Sasol broadens its horizons

In spite of the current recession Sasol again produced profits of more than R1 000 million during its 1991/92 fiscal year.

Jan 29 1992

Over the past 40 years Sasol has diversified and evolved to become a major wealth-creator in the domestic economy by sustaining a concerted programme of plant expansion and chemical beneficiation, enhanced marketing, technological innovation and resourceful leadership.

When success is measured financially, the recently released Sasol annual report bears ample testimony to the group's exemplary track record. In spite of the current recession (said to be the worst in 50 years), Sasol again produced profits of more than R1 000 million during its 1991/92 fiscal year. Attributable profits rose by more than 10 percent compared with the previous financial year, while the total dividend paid rose by 9,1 percent to 78 c a share.

Sasol's financial vigour has been acknowledged by the publishers of Fortune magazine in which it was recently ranked as 39th world-wide for petrochemical sales. Sasol was ranked ninth for overall profit achievement in the global petrochemical sector. More significant, however, Sasol ranks as number one for profits as a percentage of sales, and number two for profits as a percentage of assets.

In recent years, the fuels, chemicals and coal-mining company has invested considerable resources in increasing its exports and extending its product range by continuously adding more value to its rich petrochemical product streams. Today, Sasol is much more than a major producer of synthetic fuels (including petrol, diesel and aviation fuel) derived from coal through its world-renowned Synthol process.

It manufactures and markets more than 120 non-fuel products, including ammonia, explosives, fertilisers, ethylene, propan-



Sasol Fibre's acrylic fibre plant in Durban. The plant was disassembled in Calais, France, and is being rebuilt near Louis Botha Airport.

tion for a three-year period.

yield products for both the domestic and

As the '90s unfold, Sasol is becoming less reliant on fuel production and refining for its proverbial bread-and-butter. In a beneficiation process, Sasol exploits the opportunities of producing intrinsically more valuable co-products derived from its vast product streams. The aforementioned polypropylene plant is only one example.

Most of the group's current capital expenditure (capex) commitment of about R3 500 million is for beneficiation projects. One such project is the R900 million renovation of the ageing Sasol One plant at Sasolburg where fuel production will cease next year. Instead, the plant will widen and enlarge its production of non-fuel products, including phenols, paraffins, waxes, cresylic acid and ammonia.

Notably, this vast investment commitment comes at a time when so many industrial and mining grants have all but ceased. Major capex projects. In two other capex examples, Sasol is investing R333 million at Sasol Two, Secunda, to build a plant for producing anode coke (used in the metallurgical industry) and liquid fuels from pitch and tar.

A R345 million acrylic fibre plant is also being built in Natal as a 50-50 joint venture with the Industrial Development Corporation.

Sasol's recently commissioned new production plants include the R40 million facility to produce normal butanol and its R115 million ethylene plant, both at Sasol Three, Secunda.

Recently announced new investment projects include a R370 million alpha olefins purification facility, a R115 million opencast coal mine; and a R200 million oxygen plant. Sasol has also recently signed an off-shore oil exploration agreement with Namibia.

Other projects currently under consideration include an acrylonitrile project to produce acrylic fibres for the textile industry, a bisphenol-A plant to produce chemicals for the resin industry and synthetic glass; the production of alkylamines for explosives and pesticides; additional spinning plants for its acrylic-fibre plant, coal mining for the export market, and a natural gas project in Mocabique.

Aside from providing enhanced opportu-

lene, polypropylene, phenols, solvents, creosote, tars and waxes

With the successful establishment of its two chemical marketing and bulk-storage facilities in Europe and Asia, Sasol is fast becoming a global player, especially in areas where chemicals derived from the Fischer-Tropsch chemical process offer superior or unique performance qualities when compared with those produced by more conventional petrochemical technologies. These products include a range of unique Fischer-Tropsch hard waxes.

One of the more notable new Sasol ventures is the recently commissioned Sasol Polymers polypropylene plant at Secunda. Polypropylene – regarded as the “octopus plastic” because of its increasing proliferation in a wide variety of engineering as well as non-technical applications – is expected to remain one of the more vigorous performers in the world of plastics.

Last year the plant received a prestigious State President's Export Achievement Merit Award for exports during its first year of commercial operation. Exporters taking part in this national competition normally submit audited export informa-

Sasol Polymers currently exports more than 70 percent (about R160 million in sales) of its production, mostly to the burgeoning Pacific Rim countries. This is an excellent achievement considering the global recession, punitive sanctions and SA's relative isolation from many of the world's major plastics-converting industries.

During the 1991/92 year, the group's polypropylene exports more than doubled compared with the previous year's volume. Specialty hard-wax exports also rose significantly.

During the last financial year, Sasol Chemicals Europe's (SCE) turnover increased from R46 million to R88 million. Turnover in the current financial year is expected to more than double to at least R180 million mostly because of increased solvent and phenolic sales.

According to Sasol executive director, Andre du Toit, the local economy is not large or dynamic enough to accommodate the level of growth sought by the company. Likewise, to be truly competitive by world standards, Sasol needs to create optimum economies of scale and therefore has to endeavour to build plants that can

foreign markets.

He says it is feasible that Sasol's petrochemical export income could soon exceed its domestic income. The group has the expertise, products and technology to achieve this.

In spite of a few restraining local conditions such as the country's relative isolation, Sasol's proven oil-and-petrochemicals-from-coal technology has one major advantage compared with the traditional naphtha-based (a refined fuel) technology.

While Sasol's competitors have to first create naphtha and convert it using an expensive cracking plant to create the petrochemical “building blocks” for many of the more advanced hydrocarbon products demanded by today's industries, its advanced Synthol process obviates that process by producing the essential feedstocks directly without an intermediate stage.

Mr du Toit says: “We have the advantage of being able to produce ethylene and other petrochemical feedstocks together with fuels in the same process step. The basic cost structure for petrochemical feedstocks is therefore the same as for fuels.”

ties for SA, including greater exports, Sasol's fuel and petrochemical production facilities save the country at least R4 000 million in valuable foreign exchange.

The dynamic growth and diversification of the entire Sasol operation is largely attributable to a successful corporate culture evolved over 40 years and which is founded on several major strengths and achievements. At a glance, these include:

- A tremendous research and development capability which has led to several notable world class technological innovations for optimising both capital and operating costs, as well as product quality.
- A sustained commitment to human resources development.
- An ability to fund capex projects from cash flow.
- An earnest commitment to integrated environmental management policies and procedures.
- A sustained productivity drive designed to introduce continuing productivity improvements.
- An excellent safety and loss control record.

The battle to win hearts and minds

260
 FM 2/10/92

While the politicians continue to debate privatisation, the process of commercialisation is gathering steam. But turning around the civil service mentality of government-owned companies and putting them on a business footing is presenting problems for the executives now in charge.

Conceived by government in the Eighties, commercialisation became a surrogate for privatisation after opposition from the ANC, trade unions and, in a reversal, the Democratic Party forced the shelving of plans to sell the largest State entities.

Commercialisation was seen as a halfway house in which government would still own the companies — appeasing the ANC and Cosatu — but would run them as though they were private.

The process has been under way for two-and-a-half years and the main commercialising companies — Telkom, the Post Office, Transnet (including SAA) and Armscor — are now more financially accountable, efficient, competitive and profitable, or at least less unprofitable. But, with the companies hobbled by workers who aim to reduce their workload, not save money for the State, progress is difficult. "It's not that civil servants are stupid, many of them are fine workers," says Post Office chairman Donald Masson. "They simply have a different focus."

For example, Masson says his recent attempts to charge the various post offices rent — for bookkeeping — met with amazement. "They couldn't understand how one could charge rent for a building that had already been paid for. Of course, this thinking means that the cost of the buildings is never accounted for." He expects it to take at least

three years to change the corporate culture.

The civil service culture has taught bureaucrats and government workers that salaries and benefits do not depend on merit. Everyone gets the same bonus at the end of the year, while merit increases and incentives are unknown. Changing to a merit-based system can encourage employees who can change their thinking but demoralise those who cannot.

Masson points out that wider social and political changes affect the commercialisation process. "If we say we need to introduce more blacks into management, the reaction is that this change has been brought about only because of commercialisation. They fail to understand that it would have happened in

any event."

The commercialising companies don't have the freedom to do everything a private company can do. For one thing, government has instructed that job cuts must be kept to a minimum, a problem for companies that were notoriously overstaffed.

Still, some cuts have been made. Johan van Vuuren, the past chairman of Armscor, where cuts have been heavy, says "Decide what you want to do, then do it fast and with compassion. Keep staff informed because rumours and bad feelings can mount quickly. Try to be fair when retrenching staff — legal actions are expensive. Assist people to find work because your company image is at stake. Give preference to the intelligent transfer and retraining of key personnel. Don't underestimate the cost of retrenchment and cut deeper rather than shallower, so you don't have to repeat the process."

It's not only the bureaucrats who must be retrained. Masson says the public is used to getting State-subsidised schooling, medicine, postal and telephone services.

"Commercialisation means market-related prices have to be charged. The problem is that a customer has no problem paying R80 for a courier service but will balk at paying the Post Office R9 for the same service. People want only the positive side of commercialisation — better service — without higher costs."

Despite the hitches, Masson says there is no other way people will get good service. "Understandably, the private sector wants to see results almost immediately. But, then again, I ask myself when did I last get good service from the private sector — longer ago than I can remember."



At the Post Office turning civil servants into customer servants

'Privatisation' of network lashed

THE SABC's decision to form a private company to operate its signal distribution network has been criticised by the Campaign for Open Media (COM).

On October 1, a private company - Sentech - which is owned by the SABC - took over the operation of the SABC's former signal distribution division which operates 161 transmitting stations with over 100 television and radio transmitters. *STAR 3/10/92*

Sentech is headed by M.D. Neels Smuts who also ran the signal distribution division at the SABC.

The transmitter network in South Africa is a public asset that has been built up and funded with public money. COM says. "Until signal distribution can be brought under control of the agreed independent regulatory authority, the formation of which can only be facilitated by an interim government, it is undesirable for this powerful unit to be allowed to float free and become another privatised crown jewel."

But privatisation is far from the intention of the corporation in establishing Sentech. Smuts says.

"There is no question of privatisation," he says. "We believe that by putting signal distribution into a more attractive format (a private company) we become more neutral and removed from the SABC."

Sentech will have to comply with all the Company Law requirements and will still be responsible to the SABC board of directors.

In terms of a new broadcasting environment in the future, Smuts says he believes Sentech will have a good working relationship with an independent broadcasting authority when it is established.

"I would imagine we would also have to be given a licence by the independent broadcasting authority to operate signal distribution but I don't see this service falling directly under its authority. We are a service organisation operating on a commercial basis while the independent broadcasting authority will be a statutory body aimed at regulating the industry," he says.

Sasol hopes to maintain earnings

By **Edward West** 8/10/92

SASOL hopes to at least maintain earnings in its current financial year in view of the stagnant rand price and the fact that no significant growth would be derived from commissioning new projects

Chairman Joe Stegmann said in his review of financial 1992 that results would be determined largely by the level of international petrochemical prices and the rand/dollar exchange rate

Since chemical prices had weakened to a point where many leading international producers could not recover cash costs, Sasol did not expect prices to deteriorate further. However, no material improvement in prices was foreseen unless major world economies improved. Stegmann said since all local and export

prices were determined in US dollars, the strengthening of the rand against the dollar in recent months was having a negative impact on revenue and profit.

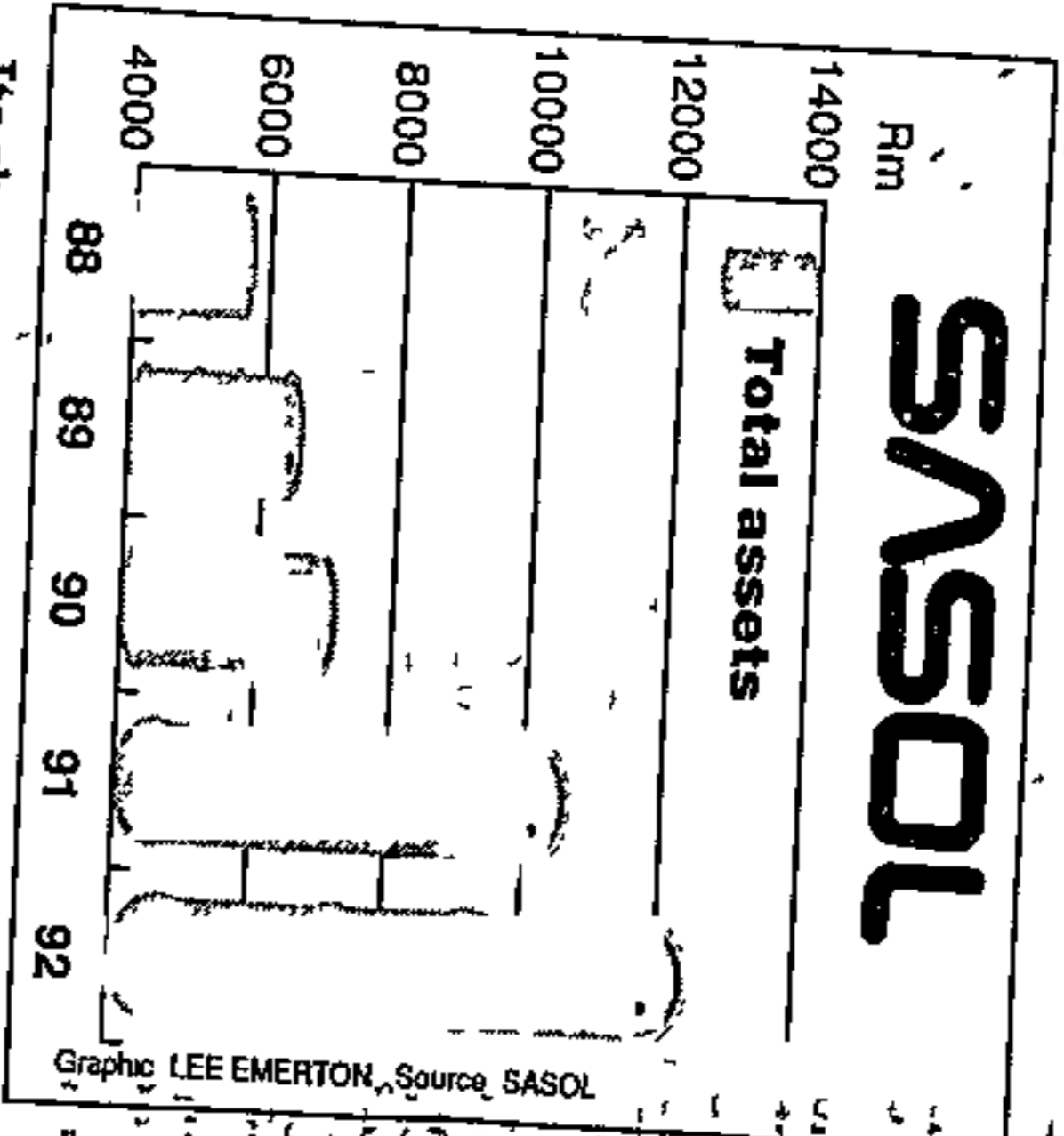
Because of stagnant prices, group divisions had embarked on a cost reduction programme. It was hoped that this programme would fully counter the effects of local inflation, said Stegmann.

Syferfontein mine was in full production and various smaller chemical plants such as normal butanol, krypton and xenon recovery and acrylic acid purification would be commissioned during the first half of the current year. Large projects under construction were

the renewal of Sasol One, the anode coke plant, the Natref expansion project and the acrylic fibres plant, which was a joint venture with the IDC.

These projects would be commissioned toward the end of the year and would contribute to profit only in the 1993/94 financial year. The most recent projects to be announced were the R370m alpha olefins project, the R200m new oxygen plant, and the R100m rationalisation of Secunda operations. These projects brought the value of capital projects approved and not yet commissioned to R3,5bn.

Sasol's attributable profit climbed 10,7% to R1,153bn in the year to end-June 1992 off the high base of a 39,5% improvement in profit the year before due to the Gulf war.



Its share price has been trading between R16 and R17 since August 20, lower than its high R20,75 in the past financial year, but still comfortably higher than the group's net asset value of R9,80.

Graphic: LEE EMERTON, Source: SASOL

Iscor lets ²⁶⁰ ~~down~~ small investors

STAR 6/10/92.

By Marc Hasenfuss

Iscor shares are trading at an historic low of 80c, putting the market value of the share at less than a quarter of its net asset value a share of about 360c

Small shareholders, initially attracted to the share via a high-profile promotional campaign in 1989, have grown increasingly impatient with the financial performance of the steel giant.

The recent financial statement disclosing a profit drop of 43 percent to R171 million, has led to an exodus of small investors. At the time of reporting the financial statements, the share was at 137c on the JSE.

Since then it has plummeted through the 100c psychological support level (being half its November 1989 listing price), further spooking cash-strapped small investors and recession-ridden companies alike.

Further drop

The market believes the share could still go lower and At year end June 1992 individual shareholders totalled almost 196 000 compared with 212 000 the previous year.

Companies also fled the share in the period under review. In 1991 1 580 companies held 378 million shares or about 20 percent in Iscor. By year end 1992 the number of companies invested in Iscor dropped to 1 356 holding 315,7 million or 16,9 percent of the issued shares.

Insurance companies dropped their holding to 20 percent from 23 percent in the previous year. The holding for pension and retirement funds was relatively static.

Most market analysts advise against buying Iscor for six months or at least until the interim performance can be gauged

Union members hold protest at Sasol office

STAR 6/10/92

By Thabo Leshilo
Labour Reporter

260
About 800 members of the Chemical Workers Industrial Union, protesting against re-trenchments at Sasol, yesterday marched on the company's head office in Rosebank, Johannesburg.

Addressing the CWIU members outside the offices, Cosatu general-secretary Jay Naidoo warned of an impending huge march on Rosebank.

The protesters are demanding an end to the unilateral restructuring of the company which leads to job losses, open negotiations in good faith with the union; the withdrawal of warnings against members for taking part in the ANC/SACP/Cosatu stayaway on August 3 and 4 and the im-

mediate establishment of a Goldstone Commission of Inquiry into alleged CCB activities and violence which led to the deaths of two CWIU members at the Secunda complex recently.

The workers formed a human chain around the office block while a union delegation, led by acting general secretary Muzi Buthelezi, Mr Naidoo and Mr Hani, discussed Sasol's response delivered by industrial relations adviser Joe Boom.

In the response, the company announced that it had declared a dispute with the CWIU for negotiating in bad faith by calling on members to mark yesterday as a "national day of protest"

Sasol said the union had ignored several urgent requests to hold discussions.

Human chain (260) marks protest

against Sasol

B/DAM 6/10/92
KATHRYN STRACHAN

CHEMICAL Workers' Industrial Union (CWIU) members yesterday formed a human chain around Sasol's head office in Rosebank in protest against the oil giant's retrenchment programme.

The demonstration was part of the CWIU's "national day of protest" against the company. This included a march in Cape Town to Prices Candles, a Sasol subsidiary.

The union demanded that Sasol halt the "unilateral restructuring" which had led to job losses, withdraw all pending retrenchments and immediately reopen negotiations in "good faith", CWIU acting general secretary Muzi Buthelezi said. It also demanded that Sasol withdraw all warnings issued to workers who took part in demonstrations, that it ask the Goldstone commission to probe alleged CCB activities at its Secunda complex, and that it agree to the principle of centralised bargaining.

Union delegates, with SACP secretary-general Chris Ham and Cosatu general secretary Jay Naidoo, met Sasol management yesterday in Rosebank.

Sasol yesterday urged the union to re-enter negotiations in good faith, Sapa reports.

Sasol media manager Lee-Ann Goodman said the protest stemmed from unfounded union allegations.

She denied new Sasol projects were intended to restructure the chemical industry, saying they were to ensure long-term growth. While retrenchment was sometimes unavoidable, 1 600 employees had accepted a voluntary package. Only 220 had been retrenched compulsorily, Goodman said.

Wages, she said, were totally market-related. "Last year Sasol paid out R1,6bn to its employees and only about R440m to shareholders."

TPA pleads for input on hostel fencing plans

Blom 7/10/92

WILSON ZWANE

THE Transvaal Provincial Administration (TPA) yesterday made an impassioned plea to all relevant parties to consult it about government's plan to fence off hostels identified as unrest flashpoints.

hostel strategy as important." No comment could be obtained from the Transvaal Hostel Residents' Association yesterday.

In terms of an agreement between government and the ANC, the hostels should be fenced off by November 15.

Transvaal MEC for physical planning and development John Mavuso said in a statement yesterday the TPA's "comprehensive consultation process" was seriously hampered by a lack of co-operation.

It could not be established yesterday when the TPA would begin fencing seven of the 24 Transvaal hostels identified as unrest flashpoints.

Police reported yesterday that a man was killed and another wounded on Monday when gunmen dressed in camouflage entered a house in Umhlangeni, near Durban, and opened fire.

Sebokeng hostel residents failed to show up for a meeting called to discuss the plan on Monday night, he said. Their absence was apparently sparked by pamphlets — written on ANC letterheads — urging residents not to attend.

Geoff Wilkens, TPA chief director of physical planning and development for the Witwatersrand, said the implementation date for the plan depended on when an agreement with all relevant parties was reached. The plan included measures such as random searches and tight access control to prevent bearing arms.

The killing follows a series of incidents in Natal in which the attackers have worn security force uniforms. Arson was reported at Sharpeville and Sebokeng in the Vaal Triangle.

"When the question of the absence of the hostel residents was raised, the ANC said it represented them."

Sapa reports President FW de Klerk told Cape NP congress delegates in East London yesterday these steps would have been taken even if talks had not been held with the ANC recently.

STEPHANE BOTHMA reports that a policeman on a foot patrol in the Sandton suburb of Marlboro was shot dead yesterday afternoon. The killing brings the total of policemen shot this year to 177.

ANC PWV spokesman Ronnie Mamoepa said he was not aware that his organisation's letterheads had been used to print the pamphlets.

Government was not taking sides. "It simply must be done to stop violence and prevent further killings." He alleged that ANC-controlled hostels were also involved in violence.

The assistant constable was on a crime prevention patrol with a colleague when they were confronted by two unidentified men armed with revolvers, police said.

Mavuso said: "It seems, at this stage, that all the parties do not regard the purpose of the government's

Shots were fired and the constable collapsed. The attackers fled, taking the wounded constable's service pistol. The second policeman escaped unharmed. The wounded constable died soon after he arrived at Johannesburg Hospital.

Interim order

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Sasol to hold ⁽²⁶⁾ talks with unions

^{8/10/92}
^{Glory} DIRK HARTFORD

SASOL has called an urgent meeting with all unions organising its employees to "discuss its long-term business vision" following a demonstration by 500 Chemical Workers' Industrial Union (CWIU) members outside its Rosebank head office this week

Sasol said before discussions on its future take place, an agreed structure for talks would have to be negotiated between the parties.

Meanwhile Sasol has said it will not accede to CWIU demands to freeze retrenchments.

The company had retrenched 1 600 people on a voluntary basis, with an additional 141 compulsory retrenchments Sasol wanted a further 900 voluntary retrenchments

Sasol had advised CWIU to proceed with its dispute over the retrenchments as it believed it had consulted sufficiently on the issue.

The union has demanded Sasol halt unilateral restructuring, which it claims is leading to job losses, and "open negotiations in good faith" on all issues affecting employees

8/10/92
260

Eskom is set to supply Vosloorus

ESKOM is set to start direct provision of electricity to the East Rand township of Vosloorus

Vosloorus town clerk George Prinsloo said yesterday the council, the TPA, Eskom and the Vosloorus Civic Association would meet tomorrow to finalise the agreement, in terms of which Eskom would take over all the aspects of power supply in the township

Prinsloo said his council was "anxious" to finalise the agreement

Negotiations on the arrangement began in 1990 after it became clear the Vosloorus Town Council was unable to settle its Eskom electricity accounts. The council owes the utility R25m in unpaid electricity bills

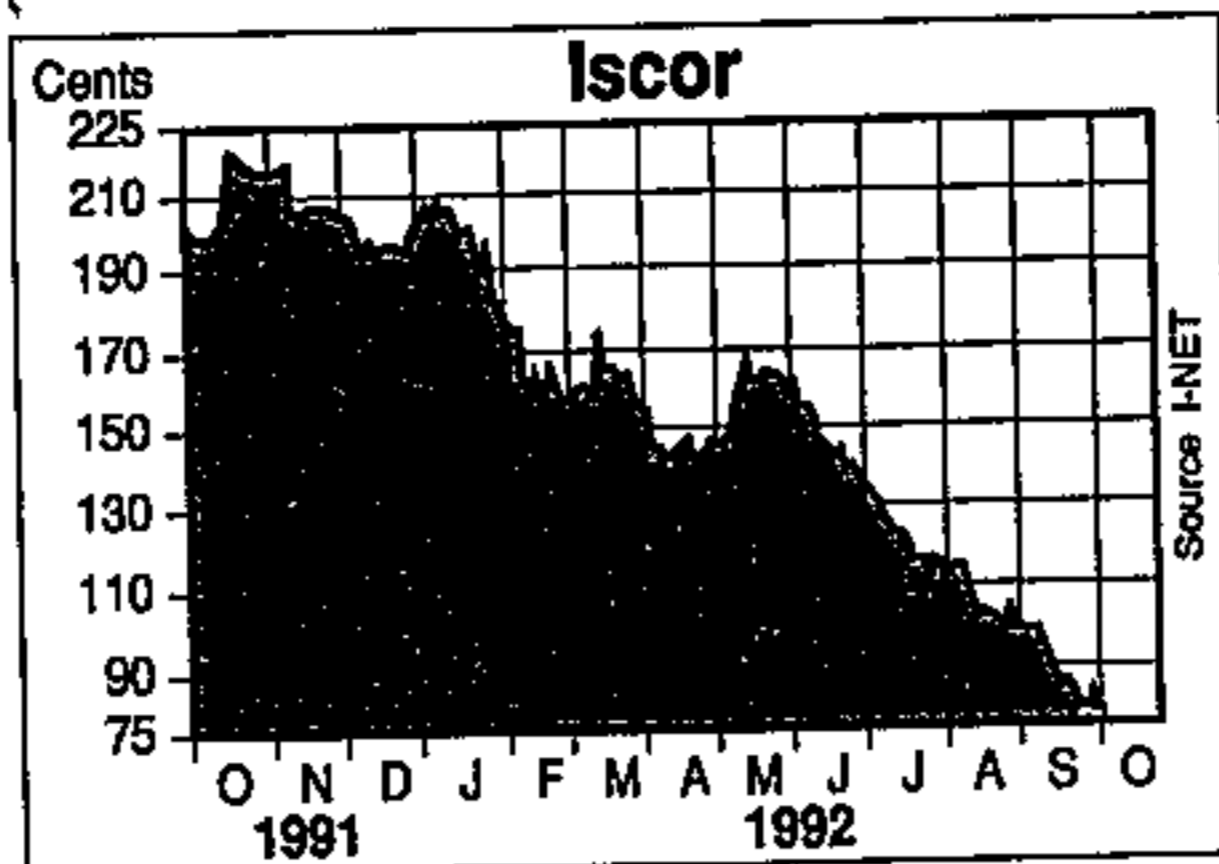
Should the agreement be finalised,

WILSON ZWANE

Vosloorus will become the fourth township on the Reef to have had Eskom take over its electricity supply from the local authority. Other townships are Soweto, Dobsonville and Alexandra

The SA National Civic Organisation (Sanco) told an electrification conference convened by the Development Bank of Southern Africa last month that it wanted Eskom to take over the supply of electricity in all townships

Eskom public affairs executive Johan du Plessis said electricity payments had improved substantially in Soweto, Dobsonville and Alexandra since the utility's takeover



group returning to the growth envisaged before the listing

Not illogically, conventional wisdom is that the recovery will occur when there is a reversal of the negative factors responsible for the 63% slide in EPS since 1990

These factors are well-known and require little further specific comment. The central issue was that Iscor, unwittingly, embarked on a major capex programme when the domestic and international steel markets were about to turn sour. This situation was aggravated by two additional factors: the dichotomy between the two markets Iscor serves, and the interest burden associated with the debt raised to finance the expansion.

At trading level, the attrition is no more clearly evident than in the halving of the pre-interest margin on sales, from 16% in 1990 (the profit peak) to 8% for the 1992 year. This was offset partly by sales growth, with the result that 1992 operating profit was only 38% below the 1990 figure. The interesting point here is that, had all else been equal, damage to the bottom line would have been significantly reduced by the near elimination of tax liability (due to capex allowances and the increased proportion of export sales in turnover). Attributable profit since 1990 probably would then have fallen no more than 21% against the actual 63%.

The difference is mainly accounted for by interest charges and, more particularly, the negative profit gearing that has resulted from the more highly geared balance sheet.

From a structural standpoint, there is nothing wrong with the way the capex programme was financed or with the present gearing ratio. Financing was standard, with roughly half coming from cash flow and the rest from external sources, usually at favourable interest rates. Having started off almost ungeared, the inclusion of R1,9bn in borrowings (net of cash) still leaves the balance sheet conservatively structured, with a debt equity ratio of 28%, which should have been no problem.

However, even at the peak of its fortunes, Iscor's profitability was marginal. Its 1990 pre-interest return on net funds employed (excluding interest-free liabilities) was only 16,3%, from which it could be concluded that any expansion funded by debt would not benefit shareholders, at least in the short-term, as the most favourable outcome likely would be that the additional income applicable to such expansion would simply be absorbed by costs of servicing related debt.

What is described above as the most fa-

vourable outcome turned out to be an unattainable dream. With the contraction of profit margins and, despite a still-conservative balance sheet structure, 1992 saw interest payments swallow almost 60% of operating profit, much more than double the proportion of debt in the funding mix, thereby contributing materially to the earnings slide.

As noted earlier, the conventional viewpoint is that Iscor's profits will rebound with a reversal of trading conditions. The most important prerequisite here is an upturn in the SA economy, as advantage could then be taken of the more lucrative local steel market instead of having to rely, as has increasingly occurred over the past two years, on marginally priced exports.

The question here, with the SA economy moving, though haltingly, down the free market road, is whether local steel users will continue to accept the need to pay premium prices, relative to international standards, for their raw material. Or, as seems more logical, whether the SA steel market will move more into line with the international market, where steel is a commodity whose price is dictated by normal demand/supply considerations.

If this happens, there will be no quick fix for Iscor. This realisation may partly account for the dumping of the shares that has happened with increasing intensity in recent months. A year ago the price was comfortably above the 200c issue price (it was 219c when the *FM* reviewed the 1991 annual report). In May it was around 160c — double the present 80c.

The discount to net worth is now close to 80%, which under normal circumstances would indicate the share is undervalued. But with the company apparently unconvinced that its earnings have bottomed — chairman Marius de Waal says under present conditions it will be difficult to match 1992 results — there is little incentive for potential buyers.

Brian Thompson

ISCOR FM 9/10/92

Still little incentive (260)

Activities: Vertically integrated steel producer

Chairman: M T de Waal, MD W van Wyk

Capital structure: 1 868m ords Market capitalisation R1 494m

Share market: Price 80c Yields 7,5% on dividend, 23,1% on earnings, p e ratio, 4,3, cover, 3,1 12-month high, 230c, low, 80c

Trading volume last quarter, 36m shares

Year to Jun 30	'89	'90	'91	'92
ST debt (Rm)	5,7	18,9	718,2	651,8
LT debt (Rm)	787,4	879,7	1104,8	1700,1
Debt equity ratio	0,04	0,12	0,27	0,28
Shareholders' interest	0,71	0,72	0,67	0,63
Int & leasing cover	25,3	—	4,9	2,0
Return on cap (%)	14,9	13,4	8,4	6,7
Turnover (Rm)	5 950	6 916	7 392	8 616
Pre-int profit (Rm)	1 160	1 137	804	706
Pre-int margin (%)	19,5	16,0	10,6	8,0
Earnings (c)	43,9	50,1	33,4	18,5
Dividends (c)	12,2	17,6	11	6
Net worth (c)	299	326	345	358

The high-profile listing three years ago and the way the group's fortunes have since crumbled have made Iscor one of the most intensely analysed shares on the JSE. Yet there is still little clarity regarding prospects and, more particularly, the likelihood of the

Restructuring fuels Sasol conflict

11/10/92 9/10-15/10/92

(260)

TENSIONS at the oil-from-coal giant Sasol are approaching breaking point, as workers challenge the company's "unilateral" launch of new projects.

The Chemical Workers' Industrial Union's (CWIU) demand is an increasingly familiar one: a greater say in company business planning. But the dispute also highlights a deep contradiction in labour's thinking about a new economic order: it demands that local industry become more internationally competitive, but is unwilling to accept the rationalisation — and job losses — this often entails.

The four-month conflict at the government-controlled Sasol came to a head this week when 400 workers staged a human-chain protest at the corporation's head office, prompting it to declare a dispute with the CWIU — which represents about 8 000 workers at Sasol — for negotiating "in bad faith".

At the heart of the dispute is a Sasol capital-intensive expansion programme, aimed at extending operations into other spheres of the South African petroleum and chemical industries. Several projects, costing more than R3-billion, are envisaged as the company shifts its emphasis away from synfuel.

Sasol's efforts to become internationally competitive have raised tensions with labour, reports
MONDLI MAKHANYA

The restructuring has been paralleled by the retrenchment of about 2 200 workers. While Sasol attributes this to the tough conditions in the international chemical market, CWIU says it is due to Sasol's "restructuring" process.

The CWIU argument has it that the fuel giant realises synfuel's role in a post-oil embargo age will be downgraded and is seeking refuge in other sectors of the market. There is nothing wrong with this, says acting general secretary Muzi Buthelezi, except that it is being done at the expense of the unskilled workforce at Sasol plants and the Secunda coal mines.

"Sasol was built with taxpayers' money to protect and promote apartheid. Now that apartheid is on the way out, Sasol is restructuring its operations to protect its profits and this at the expense of the workers," charges Buthelezi.

Sasol spokesman Jan Krynanuw says the proposed projects are aimed at

product beneficiation, in order to "make the group a world-scale chemical producer. We are merely adding value to our products".

The manner in which the retrenchments have been conducted underlines much of the distrust between the two parties.

They agreed this year to a moratorium on compulsory retrenchment, which expires next February. But this left a loophole for Sasol to offer workers voluntary retrenchment packages, a path which the company followed.

About 1 600 workers at Sasol's Secunda collieries and several other plants accepted this offer. CWIU now says Sasol acted in bad faith in not consulting it about offering voluntary retrenchment to union members. It has declared a dispute over 141 of the 220 workers retrenched on a compulsory basis.

Andrew Levy and Associates consultant Pat Stone reckons while management has every right to take such action, the union response is understandable.

"The union is concerned about the long-term preservation of jobs. It is saying it wants to participate at every stage and every level of business planning," he said.

Stone believes this tussle will be played out in other companies as

labour sees participation at company and industry level as a feasible alternative to the unlikely prospect of a centrally planned economy.

Also a source of annoyance to the CWIU is Sasol's shunning of talks on the establishment of a centralised bargaining forum for the chemical industry.

Furthermore, Sasol is one of the companies that gave warnings to workers who took part in the August general strike.

So acrimonious has the conflict become that it now threatens to spill over into the political arena. South African Communist Party head Chris Hani this week charged that the "restructuring" of the 30 percent state-owned Sasol was part of a government push to sell off the family silver ahead of a democratic government.

Much heat has been generated over union allegations that Sasol property was used to house Civil Co-operation Bureau operatives who were responsible for fanning violence in the Secunda area.

The CWIU demands Sasol "immediately" refer the matter to the Goldstone Commission; the company says it has already done so. Sasol has resorted to litigation to stop the union from continually publicising what it calls "slandorous allegations".

Presenters switched off by reshuffle at SABC TV

By STEPHANIE HULL

ONE week after a major reshuffle of the SABC's TV news presenters, two senior Afrikaans newsreaders have been retrenched — and promptly rehired.

Clarence Keyter and Jan van Niekerk both accepted voluntary retrenchment packages, but the SABC is short of newscasters so they have been re-signed under less costly freelance contracts.

The reshuffle, believed to have been prompted by a confidential public opinion poll to establish the most popular presenters, has caused some unhappiness among the newscasting team.

Keyter, formerly a political correspondent and probably best known for his clumsy reporting of the release of Nelson Mandela, was moved from Agenda to early evening and late night news bulletins.

This left Van Niekerk with only two five-minute bulletins a week to read. Jane Warden, Glenn Hicks and John Bishop also had their news roles downgraded.

Quitting

Even Marietta Kruger, who is said to have emerged well from the survey, is apparently peeved because she has been taken off the Afrikaans Agenda and put back on the main news bulletin.

Neither Keyter nor Van Niekerk were available for comment this week. However, editor-in-chief of TV News Productions Johan Pretorius denied the survey was the reason for them quitting.

He said the two newsreaders accepted the retrenchment as part of a general cutting back in the department.

A voluntary retrenchment package was offered and more than 50 members of the news department's 700 employees took it.

CLARENCE KEYTER

"This is an overall move to cut down on projected losses," said Mr Pretorius. Insiders were sceptical about the results of the survey which, they say, was a "panic reaction" to a drop in news audiences. They believe newsreaders with the most exposure came off best.

Some of the changes included Penny Smythe and Calhe Long alternating on Agenda, Freek Robinson and John Bishop presenting Agenda on Sundays, Ellen Erasmus and Adrian Steed as the main English news presenters, and Marietta Kruger and Riaan Cruywagen as the main Afrikaans news presenters.

The new rota would mean that Bishop, who is on the SABC staff, has yielded his Tuesday night news bulletin to Steed, a freelancer.

Glenn Hicks will work on weekends and on Six on One, while Jane Warden will handle the 10pm news and night bulletins every other Saturday.

(260)

S/Time 11/10/42

Nedbank gets Telkom's R200m staff home loans

Property Editor

NEDBANK has received a R200m boost to its home loan book with the transfer of the huge Telkom employee housing scheme to the bank yesterday.

The housing scheme, which was previously administered internally through Telkom's books, is expected to grow by a further R400m over the next three years as Telkom staff are being offered a discount bond rate, according to divisional director Jack De Blanche.

He said the transfer, believed to be the biggest scheme ever awarded to a financial institution, had seen 3 000 Telkom employee bonds lodged with Nedbank — substantially boosting its R2,1bn home loan portfolio

De Blanche however declined to release the exact percentage discount being offered to Telkom employees but said it was linked to Nedbank's home loan rate and would move in tandem with it.

It is understood that the discount will be implemented on a sliding scale in accordance with general banking policy.

Foreign interest in space project

Blom 13/10/72 (260) ~~1111~~ ~~1111~~
CAPE TOWN — Negotiations between international corporations and SA to place a satellite in low earth orbit for commercial purposes were under way, Public Enterprises Minister Dawie de Villiers said yesterday.

He was speaking on the occasion of arms manufacturer Denel's static rocket engine test of a propulsion system to deploy a satellite in space.

De Villiers said several international corporations had already indicated their "considerable interest" in forming a partnership with SA, and studies and investigations for this purpose were under way.

"Foreign partners are necessary for our space industry in view of the fact that Denel cannot proceed further with this programme on its own. The financial implications thereof make it impossible.

"However, we are optimistic that international co-operation can make the project commercially viable."

De Villiers said the space project would mean further technological research and development could occur, resulting in a spillover effect for SA industry, the retention of high technology manpower and the creation of thousands of new job opportunities.

"The commercial development of a space technology . . . holds tremendous advantages not only for Denel but also for other subcontractors."

Provided SA could find financially viable and profitable international

contracts, it could be a player in the international space field, he said.

De Villiers said the static rocket engine test was part of a series of tests to prepare SA's space technology for commercial application.

The solid-fuel rocket was built by Denel subsidiary Somchem, Sapa-Reuter reports.

Somchem divisional GM Jakob Dekker said the rocket motor had been designed to put a satellite into orbit. The motor being tested was the first stage of a two-stage rocket.

He said it had a static thrust of 50 tons and a payload capacity of about 500kg. This was the fourth static test, and the first in public.

Last October, Armscor spokesman Johan Adler was quoted as acknowledging that SA was involved in missile production.

"Due to the armaments embargo SA established the capability to develop and manufacture a wide range of missiles for its own military use. This includes ground-to-ground, ground-to-air, air-to-ground and air-to-air missiles," he was quoted as saying in a statement.

Officials said 95% of the space project was developed with SA expertise during the country's period of isolation. Asked where the other 5% came from, they said information on space research was publicly available.

LINDA ENSOR

Gun 'given to Mandela by Ugandan leader'

Star Africa Service

LUSAKA — A Zambian Minister at the weekend displayed an automatic weapon on television which he said had been given to ANC leader Nelson Mandela by Ugandan President Yoweri Museveni as a gift.

Home Affairs Minister Newstead Zimba said the gun had been used in armed robberies in the country. A woman had been arrested in connection with some of them.

The gun bore the inscription "Presented to ANC leader Nelson Mandela by President

Yoweri Museveni". It is not yet clear whether the detained woman is a member of the ANC.

Ugandan High Commissioner to Zambia, Karkuza Baguma, said yesterday he had never heard of Museveni giving presents to Mandela.

"It's a pity that, be-

cause of the government and the Minister being new, he may have overlooked diplomatic etiquette," Baguma said, adding that Zimba should have left the matter to his Foreign Affairs Ministry.

Authorities have blamed liberation move-

ments, particularly the ANC, for the crime wave in the country due to illegal guns which they sometimes sell to Zambians.

ANC spokesman Carl Niehaus said the organisation would investigate the matter.

STAR 13/10/92

260

New call on State financial controls

MICHAEL MORRIS
Political Correspondent

FINANCIAL administration in the central government was "inadequate and leaves much to be desired", an all-party parliamentary committee warned today

In a report to parliament, the public accounts committee says it is "perturbed that current management arrangements still leave much to be desired despite specific requests during 1988, 1989 and 1990 for an improvement in financial administration"

It has called on the Director-General of the Department of State Expenditure to "continue urgently" with steps to bring about better financial management

● The committee also expresses dissatisfaction that no finality has been reached in a dispute over a calculated shortfall of R150 million in Transnet

Ltd Pension Fund The committee wants an independent investigation of the fund.

● The committee has urged the Chief of the Defence Force to take all possible steps to recover about R3 million in a pension fund set up by a member of the Civil Co-operation Bureau.

The committee is concerned that the SADF allowed the fund to be placed under the control of the CCB member who, when the bureau was disbanded, was able to withdraw the assets of the pension fund and deposit them in an account under his sole control.

The committee also finds it disturbing that a foreign bank account totalling more than R865 000 was under the control of a single member of the SADF without the authority or knowledge of the Department of State Expenditure

● See page 260

ARG 13/10/92

Bungled R250m Cape bank investment adds to taxpayers' missing billions

CHAEI MORRIS, Political Correspondent

THE GOVERNMENT is on the rack again over a R250-million rand mismanagement, corruption and fraud saga disclosed in a parliamentary report, as Opposition MPs called for immediate corrective measures and the rooting out of culprits.

The Democratic Party, which reacted swiftly and critically to the all-party public accounts committee's findings on wide-ranging deficiencies and mismanagement in State departments, said yesterday it was asking for a special debate on the report this session because it considered the matter serious.

The DP said one of the most alarming scandals in the report was the South African Rail Commuter Corporation's bungling of multi-million rand investments in the bankrupt Cape Investment Bank Ltd.

In this case, the corporation had invested more than R246-million — excluding accumulated interest of R21,1-million — with Cape Investment Bank Limited, but failed to withdraw any of it before the bank succumbed to a widely rumoured provisional liquidation in April last year.

2100 APR 14/10/92

It is also believed that there was conflicting evidence before the committee on the role of Reserve Bank advisers only days before Cape Investment Bank Ltd went under.

The public accounts committee's call for a judicial inquiry into the saga has been endorsed by the DP.

DP deputy spokesman on finance Mr Jasper Walsh said the loss of R268-million invested in Cape Investment Bank Ltd was a "tragic consequence" of an ill-defined investment policy which led to the unauthorised investment of R2,5-billion in the money market.

This was further aggravated by the actions of "incompetent and unqualified" officials.

Mr Walsh said "Reasons will have to be given for investing funds far in excess of the amount approved in a single bank. About 85 percent of the bank's borrowing came from this single source."

He added "Once again, incompetence and lack of ministerial control has led to a substantial loss of taxpayers' funds. South Africa cannot afford this."

Mr Walsh highlighted other examples of incom-

petence and mismanagement documented in the report, including

● Investments being made without certificates confirming that no commission had been paid to an agent or intermediary, and insurance policies linked to the lives of State employees,

● The inability of Human Sciences Research Council officials to prepare meaningful accounts for audit,

● The unrestricted control of funds entrusted to members of the sinister SADF unit, the Civil Cooperation Bureau, with the result that the State has been unable to recover vast sums,

● The erection of buildings by the South African Medical Research Council without following State tender procedures, and without complying with building restrictions. The non-compliance with normal staff vehicle and housing loan procedures by Research Council staff,

● Fraud exceeding R1-million as a result of financial control at the Meat Board being allowed "to get into such a mess",

● Huge losses as a result of sophisticated subsidy schemes for the film industry being allowed to

get out of control, and

● The erection of a R93-million computer centre — originally estimated to cost about R38-million — for which no formal Cabinet approval could be produced.

Mr Walsh said "Those individually responsible must be removed from their positions and, where appropriate, charged with fraud."

One of the DP members on the public accounts committee, Mr Geoff Engel, said the government was on a disastrous course unless it cleaned up its administration.

"The poor level of administration is unfortunately tantamount to the entire civil service, including those who are performing well in their jobs."

He said the DP demanded specific details on how Minister of Finance Mr Derek Keys intended curtailing government consumption expenditure and corruption, streamline services in order to reduce costs and refocus expenditure priorities.

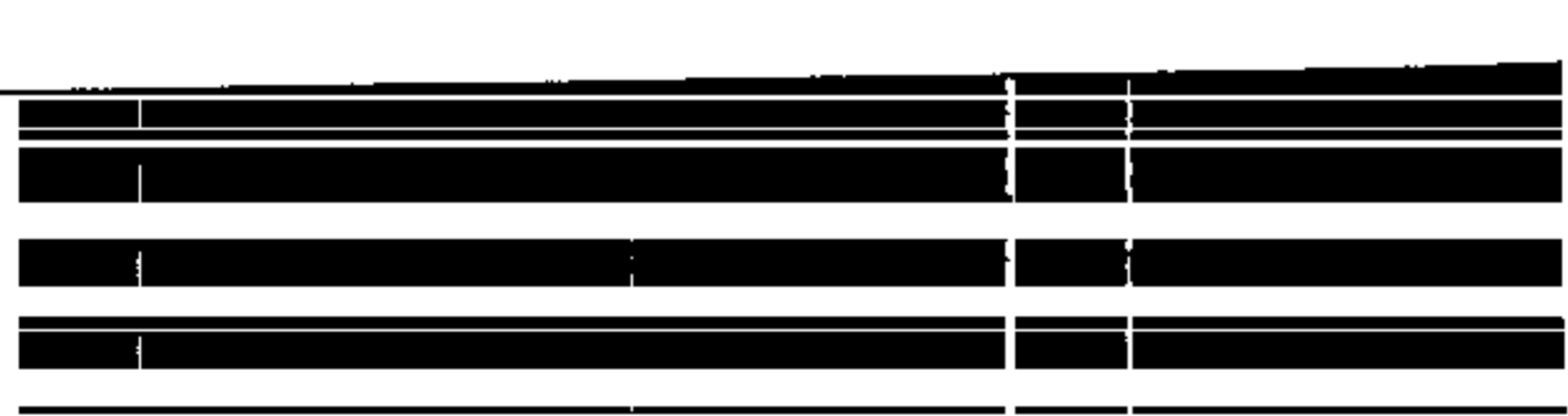
He said serious questions remained unanswered over the collapse of Cape Investment Bank Ltd and "the truth must be flushed out from the contradictory evidence and allegations made to the committee."

Jasper Walsh ... "tragic consequence"

Derek Keys ... to be asked "how"

A further investment of R5-million was placed with Alpha Bank shortly before it, too, was placed under liquidation

Officials admitted to the public accounts committee that the Cape Investment Bank Ltd did not offer rates of interest any better than larger institutions, and politicians say there are fears there may have been kick-backs as an incentive to invest



Umgeni site redeveloped

ESKOM's Umgeni Power Station site in New Germany, Natal, is to be redeveloped into an industrial township by a consortium led by Russell Marriott & Boyd Trust (RMBT) and Grinaker Construction.

RMBT executive director Mick Hyatt said Eskom would not participate in the establishment of the industrial park and the consortium would finance all infrastructural costs. *BIDM 14/10/92*

"The 86 sites will then be sold for about R35m and the profits shared in terms of our agreement. We expect infrastructural costs of about R24m," he said.

The four cooling towers and three chimneys — a distinctive feature of the Pinetown and New Germany skyline for 40 years — will be imploded next year to make way for the 30ha industrial township.

"The development will bring 86 prime industrial sites to the region, ranging from 1 500m² to several hectares. We expect strong demand for the sites, which will create much needed jobs and assist depressed trade in the area," he said.

The township will be known as Falcon Park and serviced by a new major arterial road due for completion next February. The highway, known as Route 19, links the

N3 through Pinetown and New Germany with Durban's outer ring road.

The first two zones are expected to be released in early 1993 when the bulk of the infrastructure is in place. *(260)*

The development will be environmentally sensitive, and one of the chimneys housing a nesting box for falcons will be demolished only when the current brood of chicks is fully fledged. *(15)*

"The nesting box will be relocated in the hope that the pair of lanner falcons, which have frequented the neighbourhood for some time, will return," Hyatt said.

Eskom had a warehouse, regional office and a plant that were still in operation and these would be retained, he said.

□ In a Transvaal development, Sanlam Properties is to expand its lettable space in Strijdom Park, Randburg, by 6 753m² to 29 953m².

Sanlam Properties' regional manager investments Hugo Mocke said a mini-factory complex worth about R9,1m would be built on one of the last industrial sites in the area, and 15 units ranging from 357m² to 1 136m² were planned on the 9 754m² site in Factory Street.

'State spending fraud' exposed

CT 14/10/92
260

By BARRY STREEK
Political Staff

SHOCK disclosures about fraud, corruption and misspending in government departments were made in Parliament yesterday by the Joint Committee of Public Accounts.

The all-party committee called for a judicial commission of inquiry into the collapse of the multi-million rand Cape Investment Bank (CIB), and slammed the SA Defence Force for allowing individual CCB members to control accounts worth nearly R4 million.

It also criticised the government for building a computer centre, originally estimated to cost R38m but which eventually cost R93m, without obtaining official approval.

The report was "a saga of incompetence, mismanagement and lack of government control over state expenditure", said the Democratic Party's deputy finance spokesman, Mr Jasper Walsh.

"If Finance Minister Derek Keys's intentions to cut expenditure are genuine he should start by evaluating those responsible for administering and spending state funds."

Uncover truth

The committee's call for a judicial commission into the CIB follows the investment of R246 983 463 in the bank by the SA Rail Commuter Corporation Limited and R21,1m accumulated interest when it was placed under provisional liquidation in April 1991.

The committee said it could not uncover the true state of affairs about the motives for placing the investments in CIB "far in excess of the institution's capitalisation, while the interest rates offered by the institution were in some cases only marginally better and for the rest no better than those offered by larger institutions".

Mr Walsh said the former Minister of Finance, Mr Barend du Plessis, thought he had given the corporation permission to invest R500m, but the corporation thought it had been given open-ended approval to borrow R2,5 billion of state-guaranteed funds in order to make the R500m.

In the process, the corporation had provided 85% of CIB's borrowings and its investments had been made by a man with a Std 8 qualification, Mr Walsh said. The committee found it "disturbing" that R856 964,13 had been placed in a foreign bank account under the control of a single member of the CCB without the authority or knowledge of the Department of State Expenditure.

The committee also expressed its concern that the defence force had permitted the CCB pension fund of about R3m to be placed under the control of a single trustee.

Eskom in deal with Fabcos to boost affordable housing

BIDM 14/10/92

(260)

THEO RAVANA

IN A first marriage between Eskom and the informal sector, the utility yesterday entered into a joint venture with business organisation Fabcos which should see about 16 000 affordable houses electrified in the next two years

Eskom commercial manager Dennis Cook told the launch of the venture at Eskom head office that the utility would supply the necessary resources while Fabcos would provide contractors from the informal sector

A cheque for R600 000 was handed to Fabcos as sponsorship for the pilot run of the venture.

Fabcos affiliate Fabfin, which was involved in the development of affordable housing, was already putting the scheme into operation in Bela-Bela township in Warmbaths and Tshepiso township in the Vaal, the parties said in a joint statement.

"The scope of this venture will also in-

clude the marketing of affordable electrical appliances and the erection of electric poles to be developed by the African Builders' Association (Aba), another Fabcos affiliate," the statement said

Fabcos CEO and Future Bank chairman Jabu Mabuza said the relationship between Fabcos and Eskom was long overdue.

"This historic occasion just shows how developed and developing business can jointly work together at developing the quality of life of our people, and at the same time empowering people at the bottom rung of the economic ladder," he said

Future plans of the joint venture would cover areas such as sub-contracting for black plumbers and electricians in the fitting of geysers in affordable houses, and other services, the parties said

'2 700 die at work a year'

BIDM 14/10/92 DIRK HARTFORD

SUN CITY — About 2 700 people died in industrial and mining accidents in SA each year while each day workers were permanently disabled, ANC health spokesman Dr M B Kistnasamy said yesterday

About 100 000 hands and 50 000 feet were lost each year in industrial accidents, he told National Occupational Safety Association annual conference delegates

Although the mortality rate in mining had remained fairly consistent, the accident rate had declined. While this could be because of better health and safety procedures, employers' failure to notify the authorities of accidents and the exclusion of certain employment sectors was also a contributory factor.

Kistnasamy said SA's accident record was eight times worse than Britain's, four times worse than EC countries' and twice as bad as the US's

The ANC's occupational health and safety concerns would also focus on farm and domestic workers

PEANUTS

By Charles Schulz

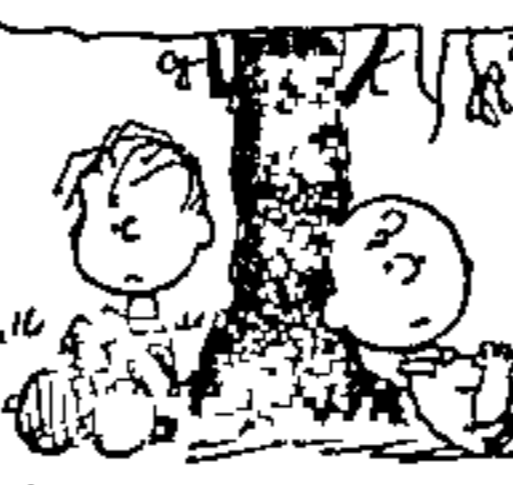
WHEN I HEAR THOSE COYOTES HOWLING AT NIGHT, IT TOTALLY DEPRESSES ME



I START TO FEEL LONELY THEN I GET SCARED



I THOUGHT HOLDING ONTO THAT BLANKET MADE YOU SECURE



I THINK THE WARRANTY HAS RUN OUT.



I I V

ANC must 'change its colours'

BIDA 14110192

CAPE TOWN — President F W de Klerk took a stern stand against the ANC yesterday, saying he would not form an interim government with the ANC as it existed now.

He told Parliament he expected the ANC to be transformed from a militant movement into a registered political party and to shed its uniforms and weapons. He did not expect the SACP to be a part of an interim government "because it did not have the support of the people".

Winding up the debate on his opening speech on Monday, De Klerk also reduced the CP to a remnant of a faction which had no right to talk of declaring any war.

He said the only reason the ANC and the CP did not want the short session of parliament to take place was because they no longer held Parliament in esteem and were thinking in extra-parliamentary terms.

He said Parliament should hold the current debate so that voters could be brought up to date with the state of play in politics.

De Klerk said it had been argued that some of the session's envisaged legislation could stand over. This was so, but in the case of others there was an element of urgency. The path had to be cleared administratively for the new constitutional dispensation.

Legislation on by-elections provided for proportional representation. And legislation was envisaged dealing with political prisoners.

He said he stood by the apology he made last week for "apartheid. All Nationalists who were instrumental in and who took part in decision making under that policy were also sorry for having clung to it for too long.

He also made it clear that:
 Government would act against any threat to Ullundi or Bophuthatswana;
 No party, including the ANC, was in a position to make promises about what it would do after the next election as it would be part of a government of national unity, jointly deciding what was to be done;
 The Record of Agreement with the ANC did not contain any constitutional principles which had not already

been agreed to at Sedes. By the very same (homeland) parties which now objected; and

The Record of Agreement reflected, in terms of action taken on hostels and dangerous weapons, actions government had in any case committed itself to taking.

He said the two "independent" homelands were free to stay out of Codesa and that government would not interfere in their internal affairs but Kwazulu had opted to remain in SA when offered independence.

Inkatha was so far removed from the CP that he failed to see how the parties could sit at the same table. This was clear opportunism, by the CP.

He also warned that he would not sit in a unity government with the ANC as it was now. "It will have to change. It will have to get to grips with its radicals".
He did not envisage sitting on a government of national unity with the SACP because he believed the latter lacked popular support.

Committee slams govt over investment record

BIDA 14110192

CAPE TOWN — A parliamentary committee yesterday slammed government's record on private sector investment, and recommended strict controls.

The joint committee on public accounts said statutory bodies had regularly flouted official guidelines to make suspect or unsound investments.

The committee recommended in a report to Parliament that:

- Private sector investments should be matched by a certificate from the institution attesting that no one was paid a commission or offered an inducement;
- No further investments should be allowed to be based on insurance policies linked to officials' lives;
- Statutory bodies should spread their investments in a manner that ensured the highest rate of return and maximum security for the funds concerned.

The committee also reported on mismanagement in state departments and state-owned institutions.

Criticisms took in the management of the former Civil Co-operation Bureau, the Department of State Expenditure, the Department of Correctional Services, the Human Sciences Research Council, the Meat Board, the SA Medical Research Council and the SA Rail Commuter Corporation (SARCC).

The committee said the SARCC invested R2,6bn for money market transactions aimed at marginal profit, and covered only 29,8% of its expenses. It was expected to make up its annual deficits by borrowing in the money and capital markets. — Reuter.

Investec Holdings Limited

CONSOLIDATED INCOME STATEMENT CONSOLIDATED

	30 Sept 1992	30 Sept 1991	31 March 1992
		%	



SASOL

FM 16/10/92

260

No halt to capital spending frenzy

Activities: Production and marketing of liquid fuels, pipeline gas, fertilisers, mining explosives and petrochemicals and polymers derived from coal and crude oil

Chairman: J A Stegmann; **MD:** P du P Kruger
Capital structure: 564m ords. Market capitalisation R9,1bn.

Share market: Price R16,25 Yields: 4,8% on dividend; 12,4% on earnings; p:e ratio, 8; cover, 2,58 12-month high, R20,75; low, R15,50 Trading volume last quarter, 7m shares

Year to June	'89	'90	'91	'92
ST debt (Rm)	14	15	406	459
LT debt (Rm)	402	391	1 762	1 822
Debt equity ratio	n/a	0,06	0,37	0,13
Shareholders' interest	0,51	0,58	0,46	0,53
Int & leasing cover	29,7	n/a	5,1	7,0
Return on cap (%)	19,3	18,5	18,1	14,3
Turnover (Rbn)	4,09	5,03	7,56	7,85
Pre-int profit (Rbn)	1,09	1,22	1,90	1,79
Pre-int margin (%)	27,5	26,5	20,2	19,5
Earnings (c)	111,7	132,4	184,7	202,0
Dividends (c)	52,5	59,5	71,5	78
Net worth (c)	632	762	857	980



Sasol's Stegmann exports nothing to write home about

Oil companies are synonymous in the public perception with size, wealth and undeserved profits. SA's home-grown version fits at least part of the bill, it is very large and wealthy, but its managers and supporters will argue that, unlike the Seven Sisters who rely on the extraction of colossal crude reserves around the globe, it works hard for its profits.

Financial 1992 was a year of marking time against a stagnant domestic economy. Turnover rose a disappointing 4%, which led inevitably to a reduction in operating income. Management embarked on "a renewed and concerted cost reduction programme," one result of which was to slow significantly the erosion of the past three years in trading margins, which are now down to 19,5%.

That is well below the 1986 peak of 36,3%, but crude oil prices were then considerably higher and the rand was depreciating sharply. In fact, 1992 wasn't a good year from that perspective: the high oil and petroleum products prices that accompanied the Gulf War and its attendant build-up fell out of bed.

Hefty falls of R145m in finance charges and R110m in the tax bill worked their way through to an 11% increase in after-tax in-

come and 9% hike in total dividend payout

All things considered, this isn't a bad effort by a motivated management team. But it wasn't achieved without human cost. The number of employees fell by 1 800, or nearly 6%, to swell the tragic legions of unemployed.

But it's in the area of capital spending that most investors will express their greatest reservations. Sasol keeps spending huge sums; no doubt there are good and cogent arguments for this, not least that Sasol's unique position in the economy requires that it should undertake such projects. But there will come a time when shareholders will want their collective indigestion to recover.

Capex in 1991 was R1,3bn, last year, R1,23bn and it's expected to be of the same order for 1993. Chairman Joe Stegmann cheerfully reports that recent approvals by the board bring "total projects approved and not yet commissioned to R3,5bn. Still under consideration are new investments with a total value of more than R2bn."

New projects approved for Secunda totaling R670m include an alpha olefins plant (used in the production of comonomers) for R370m, a new oxygen plant for R200m and rationalisations to reduce unit output cost for R100m. These are not expected to contribute to profits before 1994.

Last year, the FM reported that Sasol intended to finance its huge capital programme essentially with internally generated funds "but there may be some resort to bridging finance to tide the group over its spending hump." Indeed there was, only Sasol felt sufficiently pressured not to use bridging finance but to persuade shareholders to inject about R1bn permanent capital.

It issued 56,4m automatically convertible

subordinated debentures at R18,50 each. Investors ought to ask at the next AGM on October 30 whether, in the light of the ambitious capital projects still on the drawing boards, they are likely to be asked again to dip deep into their pockets.

Management is nothing if not ambitious. Projects being examined include the production of acrylonitrile, acetic acid, acetates and alkylamines from Sasol feedstock, the possibility of establishing additional export facilities at Richards Bay to enable Sasol to get into coal exports (which could mean building another coal terminal) and oil and gas exploration off the Namibian coast.

It's enough to take investors' breath away, but they will be just as interested in learning of prospects for this year. Stegmann doesn't expect anything to write home about. Stagnant rand prices are expected and the board is pinning its faith on a major cost-reduction programme. Stegmann says only that he hopes "earnings will at least be maintained."

The counter is on a p.e. of 8 against a sector average of 10,8 and a share price at R16,25 compares with a 12-month high of R20,85. Till the frenetic pace of expansion slows, potential investors would do well to consider the alternatives.

David Gleason

SAMANCOR

Still expensive

FM 16/10/92

Activities: Base metal ores and alloys, including ferrochrome and ferromanganese

Control: Gencor 41%.

Chairman: B P Gilbertson; **MD:** H J Smith

Capital structure: 189m ords. Market capitalisation R5,2bn

Share market: Price R27,30 Yields: 3,3% on dividend; 5,5% on earnings, p:e ratio, 18; cover, 1,7 12-month high, R37,50, low, R27.

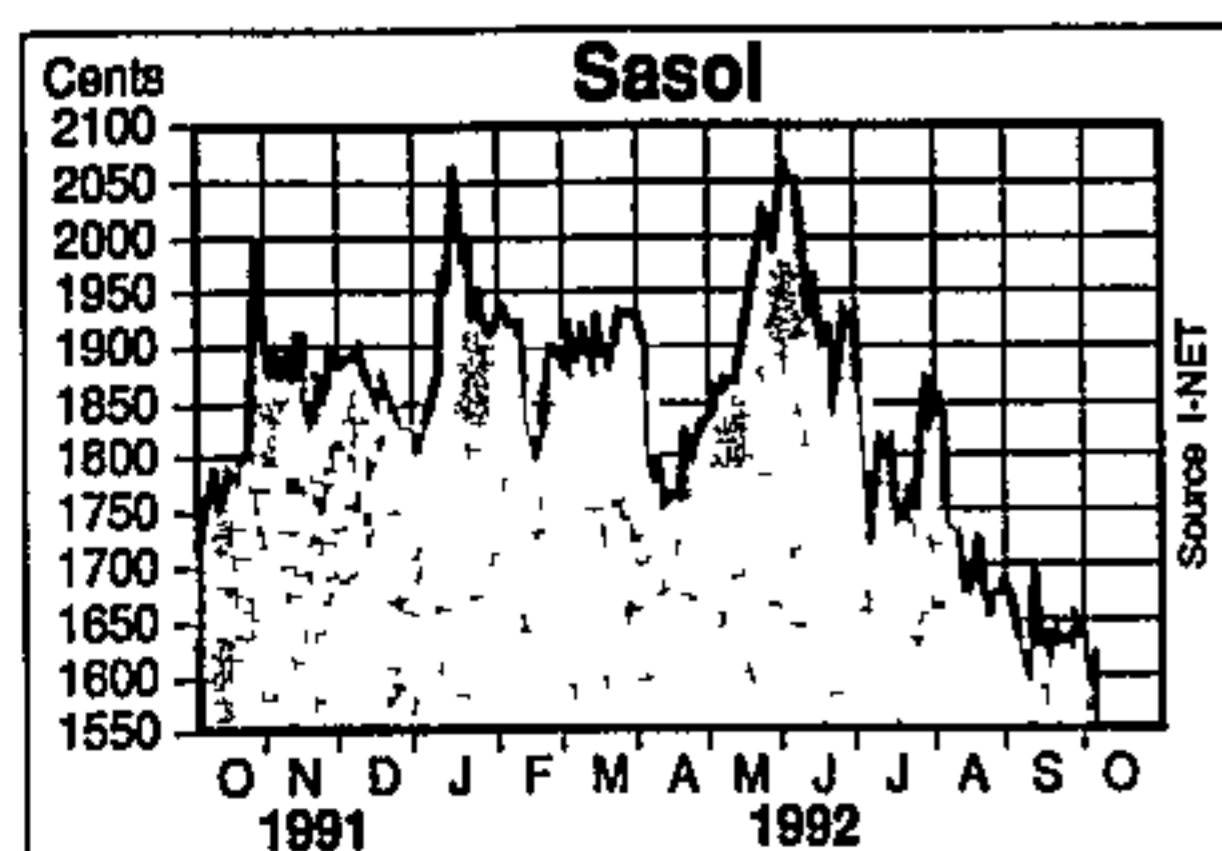
Trading volume last quarter, 850 000 shares

Year to June 30	'89	'90	'91	'92
Turnover (Rm)	2 128	2 006	1 806	2 063
Pre-tax profit (Rm)	839	916	567	381
Attributable pft (Rm)	569	539	362	277
Earnings (c)	379	322	216	151
Dividends (c)	200	180	110	90

This time last year, (FM October 18 1991) Samancor stood at R30 and looked expensive given the short-term outlook. It is now down to a 12-month low of R27, which still looks expensive given the latest short-term outlook. The group faces a torrid time as major economies battle to escape from recession and in the face of grim markets for both major earners — manganese and chrome.

Chairman Brian Gilbertson says "In the absence of a material improvement in market conditions, management will be hard

continued



Would more power help?

FM 16/10/92
 In SA's highly uncompetitive and heavily State-owned economy, companies may wield too much power. So the Competition Board believes it needs more power too in order to level the playing fields.

In an 18-page report released this week, Board chairman Pierre Brooks suggests a new competition policy that dramatically expands government's role in creating competition. If implemented, the proposals could avert harsh anti-trust legislation by an ANC government that would simply break up big companies. But the proposals also would give government wide powers over business.

The report, called *Future Developments in SA Competition Law and Policy*, suggests.

- Creating an Office for Competition Matters to handle complaints, conduct investigations and prepare reports, a Competition Tribunal to adjudicate these issues and a Special Court to deal with appeals against tribunal decisions;
- Granting the tribunal the power to declare anti-competitive behaviour — as well as price-fixing, market sharing, resale price maintenance and collusive tendering, which are already outlawed — “on an ad hoc basis as they arise;”
- Granting the tribunal the power to order reports from businesses on price increases when two or more major companies in an oligopolistic industry — defined as when the market share of the top three companies is more than 70% — raise prices by a similar percentage or amount in a three-month period,
- Compulsory notification of all proposed acquisitions of a certain size, or that would lead to a certain level of concentration;
- Prohibiting interlocking directorates between competing companies within or outside conglomerate groups and investigating possible barriers to entry and restrictive practices;

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BUSINESS & TECHNOLOGY

FM 16/10/92
 Giving powers to the tribunal to investigate “unfair” competition by government or State-owned companies and drawing up clear rules or guidelines for the competitive behaviour of these bodies, such as requiring full disclosure of all subsidies and having independent regulatory bodies to approve all price increases by public utilities; and
 Raising criminal fines dramatically (he believes the current maximum, R100 000, is too low) and granting powers for more proactive — rather than the board's current reactive — investigations

Brooks's suggestions are criticised by several experts on business competition, who warn against giving more power to a statutory board that could be politically abused.

“To make the economy more competitive, one needs to reduce import tariffs and get rid of control boards and statutory monopolies,” says University of Cape Town economist Brian Kantor. “Imports would force local companies to compete on a global scale and this is the best remedy for perceived inequities in the local market.”

And, adds Wits economist Daniel Leach, Brooks seems to take aim at the private sector when his real target should be statutory monopolies. “In my studies I found that private monopolies are the result of business efficiency and should not be punished.”

Brooks says his report concedes that tariffs are a barrier to competition which needs to be removed, but this lies outside his power. And, he adds, the report agrees that “big is not necessarily bad.”

“What we need to investigate in SA,” he says, “are so-called restrictive practices and acquisitions that limit competitive choice in the market.”

“I also ask for added powers to investigate non-competitive behaviour by government and the parastatals. And all my recommendations are in line with modern competition law developments elsewhere.”

This statement raises an amber light for Leach. He says US anti-trust laws, as well as actions by the UK competition authorities, have operated to reduce competition and should not be duplicated here. “In the UK, authorities have acted to protect competitors, when their aim should be to promote competition.”

Brooks says he has no desire to introduce US- or UK-style laws in SA. But he adds “It is clear that there are deficiencies in the existing system that need to be remedied. In fact, a comprehensive reappraisal of the situation is necessary.”

80% of deficit ²⁶⁰ financed by govt ^{16/10/92}

PRETORIA. — The government has financed almost 80% of the expected 7% budget deficit in the first six months of the 1992/93 financial year, according to the director general of Finance, Gerhard Croeser.

He said yesterday the higher deficit than budgeted for of 4,5% resulted mainly from the longer and more intense than expected economic recession.

Due to almost 80% of the financing programme being completed, there should not be any further upward pressure on the capital market for the remaining part of the financial year.

The financial markets had already greatly discounted the increased deficit of the budget, he said.

The difference between exchequer issues and receipts amounted to R13,530bn for the period April to September. Adding R5,363bn in total redemptions, the total financing requirement (excluding exchequer bills) was therefore R18,893bn.

Total exchequer issues during the first half of the financial year were R49,801bn, 18,1% more than for the same period last year at R42,154bn.

However, Croeser said "conclusions regarding the eventual outcome of expenditure should not be drawn from these figures, as almost no seasonal patterns appear in exchequer issues from year to year".

Total exchequer receipts from April to September this year of R36,274bn were 4% higher than the corresponding period last year when receipts amounted to R34,916bn — Sapa

THE SABC this week refused to broadcast a report on the murder of anti-apartheid academic David Webster, saying it "pre-empted" the inquest proceedings.

However, sources within the SABC insisted yesterday the refusal was a case of political censorship. The source said the corporation's hierarchy had objected to a reference in the report to possible security force involvement in the murder, and to suggestions that the government's amnesty plan aimed to thwart the inquest.

The report was to be screened on Monday night after the Gpm news, but was replaced.

Although the inquest chairman, Mr Justice M Stegman, appealed to the press not to speculate on Webster's death, inquest proceedings are not subject to the same sub judge rules as court cases. SABC editor-in-chief Johan Pretorius said the decision was taken on "sound journalistic grounds. We are not protecting the government or anyone else but the report was based on speculation and not fact."

The question of state links with the murder of Webster outside his Troyeville, Johannesburg, home on May 1 1989 was central to this week's proceedings at the inquest. The hearing, at the Rand Supreme Court, is scheduled to run for four

SABC chiefs black out Webster report

W/Mail 16/10-22/1989

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The SABC pulled the plug on a

planned broadcast about state

involvement in the murder of

activist David Webster,

reports JACQUE GOLDING

weeks and call 50 witnesses.

Brigadier Floris Mostert, one of the senior officers investigating the killing, slammed the media for insinuating links between the killing and the South African Defence Force.

A link has been suggested between the Webster death and the SADF's now-disbanded covert unit, the Civil Co-operation Bureau Mostert said

there was not a shred of evidence to implicate the CCB.

"Interrogation of the CCB agents have not linked the SADF unit to the murder and there were no facts to lay before a court as to who was responsible," he added.

Earlier in the week, Detective Warrant Officer Wessel Rousseau, attached to the Bronx Murder and Robbery unit and head of the investigation into the Webster killing, said he had suspected that CCB operatives Ferdie Barnard and Calla Botha were involved in the Webster killing.

He said he saw the murder as politically inspired, and believed the security police and the SADF might have had a role. Rousseau told Judge Stegman that a week after

the Webster death, a source had told him to "look in the direction of (CCB chief) Joe Verster".

Rousseau refused to reveal his source. He added that no evidence could be found to support the source's suspicion, but that several months later, the exposure of the CCB and Verster's position in it had come to light.

Rousseau detained CCB members Barnard, Botha, Verster and Abram "Slang" van Zyl under section 29 of the Internal Security Act, but they were subsequently released on the orders of the then law and order minister Adriaan Vlok to allow them to testify before the Harms Commission.

While in detention the CCB men were visited by Brigadier Abraham "Krappies" Engelbrecht and General Rudolph "Witkop" Badenhorst, then head of Military Intelligence.

Barnard and Botha were arrested outside the United Towers building in central Johannesburg where they were allegedly watching Webster's friend, political activist Roland White, with the aim of murdering him.

Rousseau also told the inquest court that his investigation into the Webster murder had come to an abrupt halt after all CCB documents were seized and given to the Harms Commission. He added that his police team was prevented from interrogating and detaining any CCB operatives.

His superior in the Webster investigation, General Jaap Joubert, had ordered him to stop investigating the CCB's involvement and to stop detaining CCB members because they would be released again.

Rousseau said many documents had been destroyed by the CCB in an "emergency operation", leaving questions unanswered.

Also giving evidence at the inquest was Webster's lover, Maggie Friedman, who said Webster was investigating SADF military assistance to Mozambican rebel movement Renamo when he was murdered.

Turning on Zimbabwe

FM 16/10/92 (260)

Eskom is waiting for the green light from the Zimbabwe Electricity Supply Authority (Zesa) to throw the switch and begin pumping power to electricity-strapped Zimbabwe, where regular power blackouts are costing the teetering economy dearly

Zimbabwe now imports 5 MW and could be receiving 40 MW-50 MW by the end of the year if Zesa confirms the deal is on and connects its Beit Bridge power line with the Eskom line south of the Limpopo.

But, says Eskom assistant planning manager Pierre Rubbers, while Zesa has, in principle, decided to take Eskom power, "not all the hurdles have been crossed to finalise the agreement" Apart from wrangling over Eskom's price, the final decision by Zimbabwe to buy power on a large scale from SA, which the staunchly anti-Pretoria government has steadfastly resisted in the past, still has to be finalised. FM 16/10/92.

Zimbabwe — where the peak demand for electricity is about 1 500 MW in winter (compared with about 23 000 MW in SA) — traditionally gets about 666 MW from Lake Kariba's hydroelectric station, while its Hwange coal-fired station supplies about 800 MW a year.

There are reports that Hwange has been plagued by management problems and a lack of spare parts. And the savage subcontinental drought has driven Lake Kariba to such low levels — below 30% — that Zimbabwe has this year been forced to import about 120 MW from Zaire. Even this assistance was too little and Zesa was recently forced to reduce its power supplies to industry and households in Zimbabwe to as little as eight hours a day. While the cuts have led to public outcries, the Zimbabwean government may be hedging its bets before signing

a supply agreement with Eskom

For one thing, rains may shortly start falling in the central African catchment area of the Zambezi River For another, hydroelectric power is far cheaper than SA's coal-sourced electricity, so Zimbabwe's dearth of foreign exchange may entice it to gamble on good rains soon, rather than lock itself into a long-term contract to buy power from Eskom

But Eskom — which has about 5 000 MW of excess capacity — is ready to start rolling as soon as the Zimbabweans are in a position to take up Eskom electricity The improvements to the Messina-Zimbabwe link will cost about R7m and SA will carry about R4m.

There are two other options planned to supply power to Zimbabwe "Apart from the Beit Bridge link (linking Zimbabwe with the Messina line), we could double our link with Gaborone within the next year," Rubbers says "And we could also build a new 400 km transmission line from Matimba power station near Ellisras to Bulawayo within two years"

The Gaborone link would entail doubling the 132 kV line over about 130 km at a capital cost of about R40m Subject to the charge payable to Botswana for using its existing 220 kV lines between Gaborone and Bulawayo to transmit the power, acceptable tariffs could be negotiated to provide Zimbabwe with an additional 50 MW-60 MW

But the biggest boost is available from the third option

"Matimba, which has a capacity of 3 700 MW, is our closest major power station to Zimbabwe," Rubbers says. "We could build a new 400 kV line at a cost of R350m-R400m, which could deliver up to 500 MW to Zimbabwe — or even other buyers further afield"

□ Eskom has entered into a joint venture with the Foundation for African Business & Consumer Services that provides Fabcos with R25 000 a month for the next two years to develop electrification projects. Fabfin, a Fabcos affiliate, plans to build 16 000 homes for low-income families over the next eight months in Bela-Bela township in Warmbaths and Tshepiso township in the Vaal Fabcos also will market discounted electrical appliances and erect concrete electricity poles.

"We're not giving them this money to ease our conscience," says David Blane, Eskom's commercial development manager. "We expect them to use the money to develop areas we want developed, like electrification projects We're paying them to help us."

Fabcos, which represents perhaps 1m people in 14 organisations, including builders, taverners, hairdressers, stokvels and taxi operators, has a similar joint venture with First National Bank to operate Future Bank CE Jabu Mabuza says Fabcos will be entering into a similar venture with an SA airline — reportedly SA Airways — by the end of the year

"We have a proven track record," Mabuza says "We haven't been going out there

looking for a handout We say please help to compete Please help us to create opportunities"

Eskom's hedging sparks savings

S1 Times [6455]

18/10/92

By TERRY BETTY

IMAGINATIVE foreign exchange hedging by Eskom was a factor which has helped keep the 1993 price increase below inflation.

The power giant on Friday announced an 8% increase in the price of electricity from January 1 1993 — 4% below anticipated 12% inflation.

Executive director finance and services Mick Davis says Eskom saved R100-million on the cost of hedging foreign exchange debt and interest rate risk.

Davis says: "The low price increase means we are on track to honour the Price Compact announced last year to reduce the real cost of electricity 20% by 1996."

He says keeping the price below inflation saved consumers R4-billion between 1987 and 1991. By 1996 it will produce a R10-billion saving each year — if everything goes according to plan.

CONVERTED

Eskom was protected from the wild interest rate fluctuations on the international markets over past months because of its new cost-effective hedging device.

Davis does not know what these fluctuations could have cost Eskom, but he says others have faced immense losses.

Eskom has a proven track record of managing its local risks, which are fully hedged against exchange rate fluctuations.

But Davis says Eskom is not as adept at guarding itself against foreign interest rate movements. So Eskom converted and cancelled excess cover and did an interest rate swap to convert foreign into local interest rate exposure.

The result was transactions valued at \$1-billion — the largest of its kind seen by the financial markets — in derivatives at the beginning of the year.

Other savings were produced through increasing productivity and co-operation with coal producers. Eskom has also cut back staff to 44 000 from 66 000 over seven years.

Eskom powers ahead with plans for Africa

260
B/DAY 19/10/92

A NUMBER of breakthroughs in linking Eskom with energy-strapped countries in southern Africa were announced by Eskom CE Ian McRae at the weekend

McRae was speaking at a news conference at Megawatt Park at which Eskom announced its price increase would be kept to 8% — 4% below projected inflation.

He said plans were well advanced to build a second line from the eastern Transvaal to Maputo, which would double Eskom's existing supply of 50MW to Mozambique. The link was expected to cost up to R100m.

Eskom was closely involved in plans to restore Cahora Bassa and "final funding" was being sought, he said. Eskom would allow power from Cahora Bassa — to which it has the rights — to flow to Harare at least until 2003.

He said work on bringing additional electricity to Zimbabwe, which might run out of hydro-electric power by the end of the year, was progressing well.

By November, Eskom would be supplying 40MW to Zimbabwe.

A strengthening of supply links to Zimbabwe through Botswana would bring an extra 100MW to Zimbabwe.

McRae said he hoped a 500MW link from the Mathimba power station in

PETER DELMAR

the northern Transvaal to Bulawayo would be built within two years.

A second line from the northern Cape to Windhoek was being planned and a study was under way to evaluate the feasibility of a link from Zaïre, through Angola, to Namibia.

He said Eskom's domestic electrification programme was now connecting more than 15 000 households a month and this figure was likely to reach 20 000 by the year-end.

Eskom finance and services director Mick Davis told the news conference Eskom was on track to meet its undertaking to cut electricity prices in real terms by 20% over five years.

For the first time in Eskom's history, electricity sales had declined — by 0,5%.

However, Eskom was working on a predicted 2% GDP growth until 1996 and annual electricity sales increases of 3,5% to 5%.

Eskom chairman John Maree said New Zealand had surpassed SA as the country with the world's cheapest electricity.

The difference between inflation and Eskom's latest price increase would save consumers R10bn by 1996 and put exporters in a strong position, Maree said.

Consensus needed to get forum going

PETER DELMAR

(260)

HOPEs that the multiparty national electricity forum would be constituted formally this year have been dashed by the main parties' lack of progress.

However, convenors working towards establishing the forum remain optimistic that it will be up and running by early next year. *Blom*

A two-day conference last month failed to reach consensus on the forum's membership. A steering committee was appointed to iron out the differences. *19/10/92*

Steering committee chairman Peter Freeman said it was apparent that the forum would not be established by the end of this year.

It was envisaged that contact would be made with representatives of other national forums to learn from their experiences. He noted that it had taken 13 months to get the housing forum off the ground.

Eskom CE Ian McRae said at the weekend the utility provider remained optimistic that the forum would soon be functioning and that it would have an important role to play.

Freeman said it was possible that a facilitator would be appointed to bring the parties to agreement. Once established, the electricity forum, which would represent parties across the political spectrum as well as suppliers, would consider restructuring the electricity industry and the future of a national electrification strategy.

NEWS Can the media meet the demands of a new SA? ● Eskom increases from January

Power price to go up early next year

■ Aim is to 'provide power to 90 percent of SA's people'

Sowetan Reporter

19/10/92

THE price of electricity is to go up by eight percent from January next year, Eskom chairman of the Electricity Council Dr John Maree announced on Friday. He said while inflation was expected to be around 12 percent in 1993, an increase of just eight percent ensured that the electricity price had been reduced by four percent in real terms.

He said Eskom was confident that it would meet its undertaking to reduce the price by 20 percent within a five-year period.

"For Eskom, an increase of only eight

percent is a significant achievement. The current state of the economy is such that to keep adjustments below inflation is extremely difficult," he said. Maree said Eskom was committed to lifting the percentage of people with electricity from about 30 percent to 90 percent.

"We believe that electrification should be a national priority (because) this would be imperative for future economic growth and job creation."

Probed on the success of Eskom's supplying electricity directly to the consumers, particularly in the townships, Maree cited Alexandra, just outside Johannesburg, as an example.



Mr Tony Ngwenya addresses a meeting of the newly formed Soweto Albanism Association at the Funda Centre, Soweto, at the weekend.

Eskom looks at negotiated tariffs

~~ES~~ PETER DELMAR

NEGOTIATED electricity tariffs would play a much more significant role in future power supply, an Eskom spokesman said yesterday.

Customer incentive schemes manager John Thorby said Eskom was no longer concerned customers qualifying under the incentive scheme should use the electricity for export.

He said in an interview Eskom was moving away from its narrowly defined customer incentive schemes to more broadly defined negotiated packages *6/10/72*

In trying to mop up its excess capacity Eskom had, to date, concentrated on offering incentive packages to the big consumers. *(260)*

However, in future Eskom envisaged other distributors, particularly municipalities, offering consumers negotiated packages. ~~ES~~

This could be effected through a possible restructuring of the electricity supply industry, to be considered by the national electricity forum which was expected to be launched early next year.

JSE in dark over Abacor listing

AN application to list parastatal abattoir corporation Abacor still had not been received by the JSE, sources said yesterday.

JSE GM, listings, Richard Connellan said reports in the Press had kept him informed of Abacor's intention to list. However, Abacor had not made a formal application to the JSE.

Chairman of the government-appointed steering committee investigating the privatisation of Abacor, Eugene van Rensburg, said the privatisation and listing had been delayed pending approval of a new meat scheme.

He added that approval was a precondition to Abacor's privatisation.

Last month, Abacor MD Frans van der Vyver said the company planned to list on the JSE, offering as much as R60m of government's existing stake in Abacor to the private sector.

At the time, Van der Vyver outlined an allocation schedule that would see 45% of the total shares earmarked for producers, 30% for wholesalers and retailers, 5% for

MEREDITH JENSEN

Abacor personnel and 20% for the public.

In addition, the Meat Board announced its intention to grant interest-free loans out of its stabilisation fund to selected producers and wholesalers so they could purchase Abacor shares.

Although plans for privatisation have been in the balance for the past few months, the company has undertaken an extensive TV campaign advertising its imminent privatisation.

Van Rensburg said internal work on a prospectus, and the preliminary structure for the listing, had been completed by Rand Merchant Bank (RMB). No one was available for comment at RMB yesterday.

Van Rensburg said he had the impression there had been informal discussions between RMB and the JSE.

He said the company had hoped to get into the marketplace before the year end "However, we cannot approach the business community until it is clear how deregulation is going to work," he said

BLOOM 21/10/92

(260)

Ticking-off for departments keeping 'poor tabs' on finances

MICHAEL MORRIS,
Political Correspondent

PUBLIC accountability is being damaged by the failure of various state departments, local authorities and the administrations of self-governing territories to keep proper tabs on their finances.

This warning from Auditor-General Mr Peter Wronsley is contained in a special report tabled in parliament yesterday on

"delayed reports and undisposed of matters"

It chronicles Mr Wronsley's finding that the list of overdue audits is "extensive" and that there has been a "failure to write up books timeously" or to submit financial statements on time

This "remains a source of serious concern", he notes

"The deleterious effect which all this has on public accountability is self-evident"

While noting that visible progress has been made, Mr Wronsley has undertaken to report regularly to parliament on "backlogs affecting my various reports"

The report says the books and accounts for 1990/91 of 279 local authorities and agricultural control boards throughout the country weren't yet submitted for audit by June this year, and that in 385 cases audit reports remain incomplete

Mr Wronsley says serious problems with financial control in local authorities are the result partly of failure to observe procedures and the "inability to write up books properly"

"The same trend regarding long-outstanding matters is found in the Own Affairs administrations — ranging from a few cases in the House of Assembly to a generally most unsatisfactory state of the affairs in the House

of Representatives"

Mr Wronsley also notes a "general decline in financial control" in self-governing territories.

The Defence Force is singled out for 52 queries outstanding for longer than nine months, dating back to 1985

The Department of Public Works is ticked off for failing to supply satisfactory replies, in spite of "numbers of reminders" to various outstanding queries, in-

cluding

● R300 000 defrayed from a suspense account to pay for alterations to the Checkers Building in Rustenburg — but exceeding the approved amount by more than R56 000, plus interest of more than R15 000, "which may represent fruitless expenditure"; and

● An advance of R100 000 paid to the owner of the Oklahoma Hotel in error "in respect of the preparation of accommodation for which he is liable"

21/10/92

Eskom plans to expand negotiated tariffs

NEGOTIATED electricity tariffs would play a much more significant role in future power supply, an Eskom spokesman said yesterday.

Customer incentive schemes manager John Thorby said Eskom was no longer concerned that customers qualifying under the incentive scheme should use the power for export purposes.

He said in an interview Eskom was moving away from its narrowly defined customer incentive schemes to negotiated packages that were more broadly defined.

In trying to mop up its excess capacity, Eskom had concentrated to

PETER DELMAR

date on offering incentive packages to the big consumers.

This was largely because of logistical and personnel restrictions, Thorby said.

However, in future Eskom envisaged other distributors, particularly municipalities, offering consumers negotiated packages.

These suppliers could reach many of the smaller consumers, he said.

This could be effected through a possible restructuring of the electricity supply industry.

This was to be considered by a national electricity forum which was

expected to be launched early next year, he said.

At present, only about 6 200 gigawatt hours of Eskom's annual output of 138 000 gigawatt hours was sold under the incentive schemes, but this was likely to increase

Thorby said Eskom had for some time been looking at including gold mining in the incentive scheme, but this had met with little success because of the fact that the industry was a mature, well-established one

Industries which could benefit particularly from negotiated electricity packages would include power-intensive ones such as aluminium, steel and ferro-alloys.

260
2/10/92
S/10/92

Eskom signs deal with Tanzanian utility

ESKOM has signed a breakthrough co-operation protocol with its electricity counterpart in formerly hostile Tanzania.

CE Ian McRae signed a memorandum of understanding with Tanzanian Electricity Supply Company (Tanesco) CEO Simon Mhaville on Tuesday after two days of meetings. *B/DAM 22/10/92*

McRae was accompanied by corporate affairs director responsible for international relations, Paul Semark.

The memorandum provides for co-operation in areas including construction and contracting, research and development, as well as the management of Tanesco's utilities.

Tanesco chairman George Mbowe said,

260 PETER DELMAR *(signature)*

"The South Africans are good in producing coal-fired power generation. We want them to take a look at Tanzania's potential in that field," reports Reuter. *(signature)*

It is expected Tanesco technicians will receive training in SA.

An Eskom spokesman said the improved relations were likely to cement progress towards a sub-Saharan electricity grid.

Eskom has opened talks on co-operation with each of the 12 Southern African Development Co-ordination Conference states and has formal co-operation agreements with Zambia and the Ivory Coast.

● See Page 3

ESKOM FM 23/10/92 (260)

Getting out a calculator

Maybe the finance men at Eskom don't know how to work out percentages, or maybe they're trying to put one over on electricity consumers. More likely, it was just an honest mistake. Any way you slice it, one has to wonder what's going on at Megawatt Park.

First, Eskom announced last week that it will be hiking prices next year by 8%, which it said "is 4% below the assumed inflation rate of 12%" for 1993. Actually, that would make it 33% below a rate of 12%. The company really means four percentage points.

Next, Eskom points out that by keeping the 1992 price increase at 9%, it managed to keep the increase 6% under the 15% annual inflation rate (Again, it means six percentage points). Then it goes on to add this year's reduction of "6%" with next year's reduction of "4%" to get a cumulative 10% reduction in the real price of electricity. Actually, the two-year cumulative reduction is 8,6%.

"We simplified the numbers for ordinary people," says Peter Adams, an Eskom spokesman. "We did not want to use high-falutin' calculations. We were not trying to put one over on anyone."

These figures matter because Eskom last year instituted a "price compact" that aims to reduce tariffs in real terms by 20% over the five years to 1996. By claiming it already has achieved a 10% cut, it is halfway to the goal.

Eskom predicts it will get to that 20% cumulative rate cut by 1996 if certain projections hold true, including GDP growth of 2%-3,5% a year and electricity sales growth of 3,5%-5% a year.

Both these estimates are already in doubt. For example, last year, Eskom predicted a 3,5% growth in sales for 1992. But the forecast is that sales will be down 0,5% this year — Eskom's first year of negative sales growth.

Chairman John Maree says sales revenues will be R400m under budget this year. "The trick will be not to get that R400m down to the bottom line and we will do that simply by running the business tightly." He predicts that the bottom line will be affected by perhaps R80m-R100m.

Eskom's forecast is also predicated on an upswing in the inflation rate after 1993. But if inflation continues to come down, it will be harder for it to reach its target.

Eskom also makes it a point to compare its price cut — 8% — with the projected rise in the consumer price index — 12%. But since half of Eskom's output is sold in bulk to municipalities that act as wholesalers, it's also important to compare the price-cut to the producer price index — which Eskom estimates will rise by 10% next year.

Of course, those domestic and industrial electricity consumers who get their power from local municipalities may see more than an 8% rate hike. Last year, Pretoria upped its

FM 23/10/92 (260)

electricity tariff by 12,7%, compared with Eskom's 9% increase.

The local authorities add their own charges before distributing the power. Last year, for instance, Durban raised its tariff by 8,64%, slightly below Eskom's increase, but Durban customers were still paying 22% more than Eskom's rate. Johannesburg residents paid 20% more than Eskom's rate last year — even though the city put up prices by only 5% — and 25% the year before.

Local authorities routinely use this charge to help underwrite services. A recent study by the Department of Mineral & Energy Affairs shows that in 1988-1989, electricity provided 39% of the revenue of white local authorities.

Maureen Sullivan

Cape shortfall 'depressing'

By BARRY STREEK
Political Staff

CT 24/10/92

THE government seemed incapable of proper, co-ordinated financial planning and indications of a Cape budget shortfall of millions of rands was cause for serious concern, the Democratic Party's national chairman, Mr Ken Andrew, said yesterday.

"The sorry state of provincial finances makes for depressing reading," he said in a statement after it was disclosed that provincial health and hospital services were expected to run R160 million over budget this year.

"What is happening while the crisis deepens? Are we simply waiting until financial disaster looms, as happened last year, and then the province will press the panic buttons once again?" Mr Andrew asked

"Critical areas, such as hospitals, health and old-age pensions are threatened by the incompetence of the government and it will be particularly vulnerable people, the sick and the elderly, who will bear the brunt of the crisis

"One has the uneasy feeling that the government has lost control and does not know what to do.

"People feel like passengers on a rudderless ship, watching the captain and officers muddle endlessly while the ship heads for the rocks"

'Drought relief money wasted'

CF 23/10/92

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Own Correspondent

JOHANNESBURG. — Millions of rands in drought relief is being misspent because government and homeland efforts are riddled with mismanagement, irregularities and corruption, leading drought relief officials have claimed

A document drawn up by the Consultative Forum on Drought — a joint government-development agency initiative — has described government as "the primary restraint on relief efforts"

"A recurring problem which has contributed to the problems in communities has been irregularities, which amount to corruption in many instances," the report said

Officials from the Department of Development Aid, which was disbanded after a massive corruption scandal last year, continued to occupy senior positions in drought relief administration in the homelands

It was impossible to say exactly

Report lists corruption and theft

how much of the R1,4bn allocated by government to drought relief had been misspent because of a "total lack of transparency" and the poor accounting procedures of homeland governments, said Mr Len Abrams, who manages the forum.

The document listed "quantifiable instances" of irregularity which needed urgent investigation. These included:

- Contract irregularities, with homeland contractors having "open contracts to drill boreholes which have not been sited" and government paying for drilling rigs used on private contracts;

- Consultants being hired continuously for up to 20 years, leading to "a tendency to establish dubious relationships with senior officials and in many cases write their own briefs", and

- The theft of 52 expensive diesel borehole pumps, which probably took place with the consent of corrupt officials with "the experience and the tools to install and to extract" them, and

- Favoured homeland chiefs receiving more relief aid than others.

Homeland governments had "inadequate budgetary, financial control and operational capacity" and were unable to say how drought relief money had been spent, the report said

The document said that while blacks made up 93% of the rural population, they received only 19% of money allocated to drought relief.

"What has been termed development for two to three decades ... is a litany of failure to provide even the most basic services, support and community engagement," the report said

IDC meets Japanese bank

8/DM 23/10/92
JAPANESE Export-Import Bank officials met the IDC in Johannesburg yesterday to negotiate a credit line for capital investment in SA.

The Development Bank staff also met the Japanese this week to discuss the bank's application in June this year for a separate credit line.

Development Bank GM Nick Christodoulou said the updated and revised proposal for a concessionary \$100m credit loan to the bank, which would be specifically invested in development projects, had been accepted in principle but had been put on hold until an interim government was in place

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SHARON WOOD
and PETER DELMAR

He said the Japanese bank provided two types of credit facilities. The first, which was being sought by the IDC, was tied to Japanese investments in other countries, while the second was concessionary finance for investment in development projects.

These would include investments in small business, small farms and urban development.

IDC senior GM Malcolm Macdonald confirmed the corporation had held talks

□ To Page 2

Japanese

8/DM 23/10/92
with the Export-Import Bank officials this week

Describing the officials as cautious and thorough, Macdonald said they had wanted to know more about the IDC and specific details of what the credit would be used for.

The delegation would report back to their principals in Japan, but he was hopeful that agreement would be reached soon to open general credit lines

Macdonald said he could not speculate on what these would be worth. The first credit line, if approved, would be for a

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From Page 1
specific IDC-backed project. It is believed this first instalment could be in the region of \$50m

The Japanese, Macdonald said, were well briefed on the Alusaf and Columbus projects and the fact that they were about to come on stream.

According to the IDC's last financial report, it had set up international credit lines worth R1.5bn by June last year.

Christodoulou said the credit lines being negotiated by the IDC were for large capital investments, where Japanese business could compete for tenders.

SLOPPY accounting by government departments, parastatal companies and self-governing territories has caused the loss of millions of rands in taxpayers' money, says Auditor-General Peter Wronsley

In a special report to Parliament this week, he presented a list of institutions whose financial years ended on or before September 30 last year but whose books had not been approved by the Auditor-General by June 30 this year

Distorted

He said that the failure to write up books timeously was a "source of serious concern"

The report follows revelations by Mr Wronsley last week on how R470-million in unauthorised expenditure by the then Department of Posts and Telecommunications had been distorted through abnormal accounting methods to show only R110-million

So far, the most serious waste of taxpayers' money was the R268-million South African Rail Commuter Corporation's loss from its investment in the failed Cape Investment Bank.

And the parliamentary joint committee on public accounts has revealed that

Auditor gets tough over government cash drain

By **NORMAN WEST**
Political Reporter

a new computer centre was built for the Commission for Administration at Verwoerdburg without formal approval by the cabinet

First estimates put the cost of the project at R38-million. But the final price tag reached R93-million.

Fraud and stock shrinkage at the Meat Board led to R1,5-million being written off.

The SA Transport Services — before it went commercial — went over budget and had to ask Parliament to sanction the irregular spending of more than R700-million.

House of Assembly and House of Representatives accounts were still being finalised by April 22, with

R5 000-million at issue. The biggest problem was the reconciling of accounts for housing and development.

The Auditor-General's report revealed a lack of housekeeping skills, tardiness with the submission of reports and general incompetence among hundreds of institutions. These include state departments, self-governing territories, agricultural control boards, regional services councils and local authorities.

The financial statements of Gazankulu, Kangwane, Kwandebele and Lebowa were reported to be close to completion.

By the end of June, 51 local authorities in Transvaal, 70 in the Free State, 63 in the Cape and nine in Natal had not yet completed their bookkeeping for 1990/1991 for auditing

(260)

SI Times 25/10/92

Crisis over drought-relief 'corruption'

CF 26/10/92

Own Correspondent

JOHANNESBURG. — A crisis meeting of representatives from political and community organisations, the government and development agencies will decide tomorrow on the fate of a report claiming widespread irregularities and corruption in the government's drought-relief efforts.

The report accuses the government of being the "primary restraint" on drought-relief efforts and says poor homeland government accounting procedures made it impossible to trace money spent on relief.

But on Friday the government said the report was politically motivated. Agriculture spokesman Mr Frans Loots said technical support and personnel for the Water Supply Task Force — a subsidiary of the CFD — had come "overwhelmingly" from the government.

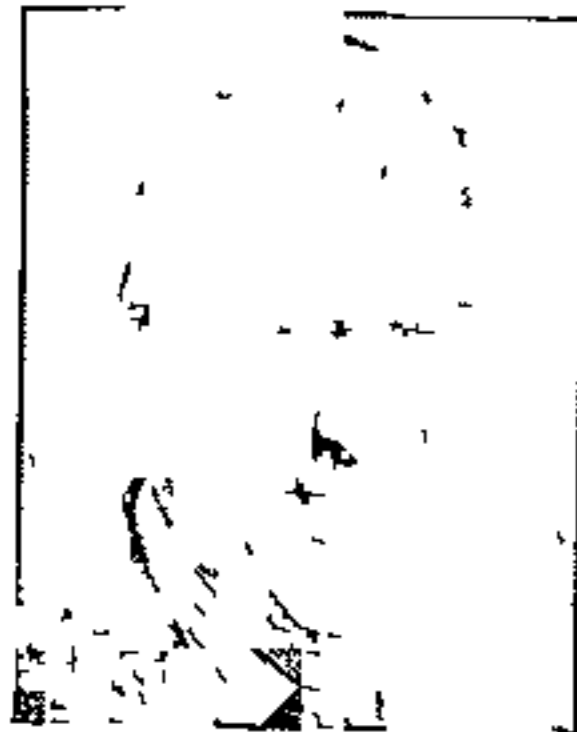
Mr Loots accused the CFD of delaying the process by insisting that SADF vehicles bear neutral stickers. "Political point-scoring and not drought-relief was the objective in

some quarters," he said. Evidence that the CFD had a hidden political motive included the statements of a drought-relief engineer, who said in a report: "What are we trying to do? Is it to make a political point or is it actually to relieve drought?"

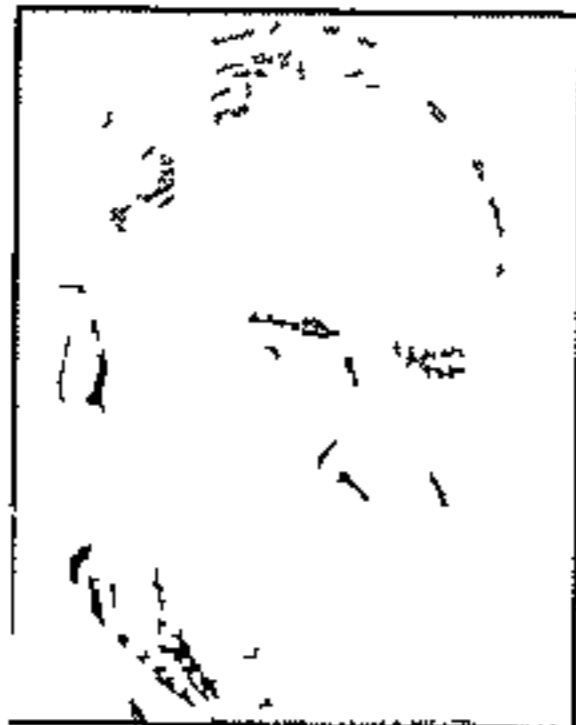
The government official responsible for community liaison on drought-relief, Mr Mike Walters, said it was impossible to say there was no corruption at all, but the government was unaware of malpractices.

FM 30/10/92

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McRae



Maree

bers are Christo Viljoen, chairman of the SABC, Dawid Mostert, group CE of Dorbyl, Aubrey Dickman, an economist, Moss Lekota, executive director of Nafcoc, and Barry Lessing, deputy MD of Transnet. There are also representatives from mining, agriculture, academia, business institutes, municipalities and central government. The appointment of a successor to McRae will be subject to government's approval.

Maree's choice to succeed McRae is said to be Mick Davis (34), who is chief director finances and services. Davis spent six years as an accountant with Peat Marwick before joining Eskom as internal audit manager in 1986. He was appointed to the management board just two years later, well before many of his colleagues, who had been there for 15 years or longer.

Davis's age and relative inexperience are factors that may count against him. One top-level executive, who is not in the running for

the job, says Davis's appointment could signal an exodus of his colleagues on the management board. His detractors, however, admit he is a financial whiz. It is also known that Maree — a former executive at Barlow Rand and still a member of its board of directors — has always maintained that Eskom needs a few bright accountants.

On the other hand, McRae leans heavily towards the technical and engineering side of the business. He is said to favour Jac Messerschmidt (48), who works in the CE's office as general manager change project and marketing. He joined Eskom in 1967 and was appointed to the management board in 1990. Like McRae, Messerschmidt has a background in mechanical engineering.

Other executive directors on the 10-member management board who are considered to be in the running are:

□ Bruce Crookes (43) — head of transmission and a 23-year veteran who was appointed to the board in 1991.

□ Allen Morgan (45) — head of sales and customer service (with responsibility for electrification) and a 21-year veteran who was appointed to the board this year, and

□ Johan van den Bergh (45) — head of power generation and a 22-year Eskom veteran who was appointed to the board in 1988.

The job is one of the country's top executive posts. From his headquarters in Megawatt Park, Sandton, McRae oversees 40 000 em-

ployees. Eskom supplies 95% of SA's electricity and half of Africa's. It accounts for 5% of SA's GDP. With R40bn in assets, it's the eighth-ranked industrial giant in SA.

Eskom insiders say Maree and McRae differ substantially on a strategic outlook for the utility, which is one of the world's biggest. McRae promotes Eskom as the vehicle for sub-Saharan electricity transmission while Maree favours concentrating on a local role for the power giant. To McRae, electricity is the single biggest stimuli for economic growth and he advocates electricity for all. Maree, on the other hand, is believed to be more interested in distributing electricity at the lowest cost possible to industry.

At least one top Eskom executive feels that Maree may call it a day should the Electricity Council decide to ask McRae to extend his contract for another three years. But an Eskom spokesman says there's no animosity between the two men and that they're "an ideal team."

Eddie Botha and Maureen Sullivan

ESKOM FM 30/10/92

Power struggle? 260

Senior Eskom executives are sharpening their elbows as indications grow that CE Ian McRae could leave the government-owned utility as early as March.

Several officials at Eskom, including one executive, say McRae (63) may not be asked to stay on when his contract expires that month, though he is eligible for another three-year appointment. McRae joined Eskom in 1947 and became CE and chairman of the management board in 1985.

McRae has often clashed with chairman John Maree (68) and the relationship between them is described as strained. This is said to be the reason Maree is expected to ask the controlling Electricity Council, which meets on November 5, not to reappoint McRae, who also sits on the 20-member council. Maree declines to discuss the agenda for the meeting, which is not open to the public.

It is not certain whether the council would decide to remove McRae or ask him to stay on, at least temporarily. Among the mem-

Foreigners offered storage use

Govt clams up on oil reserves

THE GOVERNMENT is marketing the use of the huge space used to store strategic oil reserves to foreigners, but is unwilling to disclose its size to its owners, South Africans.

It has partly lifted the lid on the enormous capacity of the secret stockpile by disclosing that a facility in the Western Cape can house 45-million barrels of crude oil

This — the equivalent of the amount carried by 26 supertankers — is sufficient to meet the needs of the 50 000-barrel-a-day Caltex refinery in Cape Town for 2½ years.

Bunkers

Experts have until now believed that SA's total strategic reserve was equivalent to between 50-million and 60-million barrels, enough to keep SA self-sufficient for 200 to 250 days

The size of the Western Cape facility suggests that SA's total strategic reserve may be enough to last 2,5 years. The EC requires oil companies to hold 90 days' supply

Even after disclosed sales of R1,5-billion for socio-economic spending and undisclosed sales to fund Mossgas, oil valued at many billions of rands may still be underground at secret locations

The West Coast Strategic Fuel Fund facility at Saldanha Bay was shown to the Cape Times last week. Six concrete bunkers built at a replacement cost today of R500-million can house crude valued at R2,5-billion

Central Energy Fund general manager Kobus van Zyl confirms that spare capacity is being marketed to foreigners who wish to house significant reserves of crude some distance from the volatile Middle East but on the way to the major markets of Europe.

He declines to detail the size or location of SA's oil reserve

"The SFF is busy with commercial negotiations for, among others, the lease of tank space. We have no intention of conducting these negotiations through the press"

Africa Confidential newsletter reported in May that SA was tempting international petroleum companies to rent space in disused mines which previously housed the emergency supply

It said. "At least two oil companies are showing interest"

The Western Cape facility was first used to stockpile oil in January 1980. Official documents show that SA was then paying \$8 a barrel as a premium to bust the oil embargo.

The facility has six square

tanks 240 metres long and 31 metres deep. It is linked to a jetty at Saldanha Bay by an underground pipeline

The Cape Times reported that all six tanks were full during the mid-1980s, but one is now empty and the other five are full "to varying degrees".

Paul Conlon, an energy consultant for the United Nations, estimated in 1987 that SA's reserve was 50-million to 60-million barrels, "about one-fifth or one-sixth or what it officially claims".

Cost

He said most of the oil was stored at Milnerton, Cape Town, and in disused coal mines near Witbank in the Transvaal.

The Western Cape facility was built by Fenix & Scisson of Tulsa, Oklahoma, which was involved in most of the stockpile projects.

Dr Conlon estimated the Western Cape capacity at 7,5-million tons

He said the cost of storing each barrel of crude in SA was at least \$3,50. The stockpiled oil constituted billions of rands of wasted opportunity cost

Fenix & Scisson was also involved in converting "four or five" coal mines near Witbank for oil storage. Dr Con-

lon estimated that they could hold 18-million barrels

Other storage facilities include one at Ferrobank near Witbank and an underground cavity near Vrede in the free State. There are also tank farms for refined product near all the major refineries

A source says the disused mines have been supplying the refineries at Natref near Sasolburg and Durban as part of the R1,5-billion sale which the Government has announced to fund socio-economic spending

One of the pipelines between the coast and the Reef was converted for this purpose. CEF chairman Danie Vorster confirms this

Supplies to the coast are no longer continuing, but the disused coal mines are supplying the 75 000-barrel-a-day Natref refinery with about 25 000 barrels a day

About R500-million of the oil revenue will be spent on low-cost housing. Another R1-billion has been allocated for job creation and educational projects including clinics, creches, schools, roads and police stations

An unspecified amount of the reserve was sold to help meet the runaway costs of Mossgas. This amount has never been disclosed

Mineral and Energy Affairs Minister George Barlett says that because of the official UN embargo "disclosure of figures on strategic oil reserves at this time will not be in the national interest"

Sunday Times (BUSINESS) 11/11/92 260

COMPANIES

Sasol 'does not require offshore financing for loan'

EDWARD WEST

260
B/DM 3/11/92
SASOL will repay the first R400m instalment of its R1,75bn government loan by January 1 with cash generated from existing operations, says Sasol public affairs spokesman Lee-Ann Goodman.

Sasol had not contemplated rolling over the loan. R400m had been repaid on January 1 1992 and a further three annual repayments of R400m each, including current payment, were due with a final payment of R550m on January 1996, she said.

The loan, the biggest chunk of Sasol's R2,28bn long-term liabilities, was part of a deal with the Central Energy Fund in terms of which Sasol had bought out the fund's 50% stake in Sasol III.

Interest on the loan was 16%, but this could vary under the agreement with the fund. Goodman said the loan rate was essentially fixed.

Sasol's 1992 annual report said if revenue from Sasol III during the period of the loan exceeded revenue based on a \$23/barrel equivalent price in terms of the tariff protection mechanism, interest payable up to December 25 would increase by up to 50% of the additional revenue. Thereafter, the amount would be pro rata according to the ratio that the loan amount bore to R2,9bn. However, if Sasol III's revenue was less than revenue based on the \$23/barrel crude oil equivalent price, the interest and capital would be reduced by the shortfall.

A stockbroker's report said this implied that the 16% interest rate was a floor rate, barring the unlikely circumstance that tariff protection was removed and the oil price was less than \$23/barrel. It predicted that Sasol was likely to pay the floor rate for about three years, but from the 1994 financial year, revenues and interest payments would exceed bench-mark rates.

Since higher interest was being paid on a declining amount, total interest on loans would decline. However, Sasol would require additional finance before then, with the result that its interest bill was unlikely to decline.

Sasol had a further R58,3m to pay off in short-term loans to private banks this year, but offshore financing was not needed, said Goodman.

Assessed losses at Sasol III helped the group lower its tax rate in 1992. The assessed losses arose from tax allowances on Sasol III, which were greater than the profits generated. Sasol III has been profitable every year in the 10 years of its operation.

Sasol was believed to have received about R817m from government between the inception of a new tariff scheme in 1990 and November 1991. About R26m had been repaid.

Under the scheme Sasol received revenue equivalent to the difference between the prevailing price and \$23/barrel. Between \$23 and \$28,70/barrel no protection accrued. At more than \$28,70/barrel, Sasol forwent 25% of the excess revenue in favour of government until the accumulated protection slate was cleared.

ANNC, NUM defend Eskom's McRae

Byday 6/11/92
PETER DELMAR

ESKOM CE Ian McRae will run the utility for another year and he may have the ANNC and National Union of Mineworkers (NUM) to thank for keeping his job.

Eskom's electricity council chairman John Maree announced last night that McRae had been asked by the council to extend his contract another year to March 1994. His contract was due to expire in March next year.

McRae is 63 and normal retirement age for top Eskom officials is 60. Maree is 68. The NUM and ANNC sprang to McRae's defence in a statement before the council

meeting, despite the fact that Eskom had shed almost 20 000 workers since he took over as CE in 1985.

Picking up on speculation that McRae would be ousted at yesterday's council meeting, the NUM applauded his "track record of ability and vision".

The union said all those tipped to succeed McRae were arch-conservatives. McRae was the victim of a plot "to stifle progressive thinking in Eskom and other

parastatals".

The ANNC, Cosatu and the National Grids Organisation also backed McRae in a joint statement urging the council not to undertake any "unilateral" restructuring.

The NUM, one of the major unions representing Eskom workers, said McRae had the vision "necessary for the transformation of Eskom in line with the current socio-political developments in SA and the southern African region as a whole".

Removing him would have a negative effect on Eskom's industrial relations and its restructuring process, the NUM said.

Rates rise knocks capital market bulls

TIM MARSLAND

260
THE capital market bull run halted yesterday after players were left with heavy losing positions in the final hours before the November options close-out.

The close-out is the quarterly deadline for exercising the right to buy or sell long bonds at an agreed price. Market players create options on the key long-dated stocks at 0,25% intervals. *BYM 6/11/92*

All closed yesterday at higher rates than many market players had predicted.

The Eskom 168 started the day at 14,40%, hit a 14,58% high during frantic trade before midday, then dropped to 14,47% before closing out at 14,50%.

Players who had expected it to be closer to 14% were rumoured to have made substantial paper losses. Investors who sold call options at less than 14,50% with the hope of selling the stock at lower levels were left holding the paper. The expectation that this would be sold soon was likely to push up capital market rates.

The general recent rise in rates has been caused by the Reserve Bank's reluctance to cut interest rates — despite the CPI dropping from 14% to 13,5%.

Dealers believed yesterday's movement showed that the bull run was finally over.

The market would now have to re-establish itself at new levels, a dealer said.

The Eskom 168 traded at 14,585% late yesterday while government's R150 traded at 14,555% from its overnight close of 14,400%.

R456m bonus

S/Times (Buss) 8/11/92.

goes to Sasol

²⁶⁰
THE cash-strapped Government has paid R456-million this year to Sasol, South Africa's most profitable company.

The payments come from the equalisation fund, a secret fund controlled by the Department of Mineral and Energy Affairs, which took an estimated R1,2-billion from motorists last year

Disclosure of the huge amounts which are being used to boost Sasol's profitability comes at a time when State revenue is under severe pressure

Increases in VAT and fuel tax are widely expected in the next Budget to increase State revenue

Pick 'n Pay chairman Raymond Ackerman says Sasol should face the winds of competition and operate independently

"I had no idea that a subsidy of between R400-million and R500-million was going to Sasol at this particular time

"With deregulation, and bread subsidies being taken away, I would have thought that the Sasol subsidy, which was important in its infant days, should be phased out

"If we are going to subsidise industries, we should look at things such as bread and maize in view of the critical levels of unemployment, drought etc," says Mr Ackerman

By the time of going to press, Sasol had not responded to questions about its protection

Mineral and Energy Af-

By KEVIN DAVIE

fairs says R456-million was paid to Sasol between January and September. This is an average 3,5c/l

The payments to Sasol last year amounted to R335,2-million or 1,9c/l

Sasol is SA's most profitable company, according to the Financial Mail's Top Companies. Its taxed profits exceed R1-billion

The petrochemical giant has the highest profits as a percentage of sales in its sector in the world, according to the Fortune 500

Sanctions

It was the 21st most-profitable of the top 500 industrial corporations in the world surveyed last year by Fortune

Mr Ackerman says Sasol was one of the most imaginative projects SA embarked on, but that with sanctions going it should no longer be protected

"They could do an absolutely wonderful job in marketing their product in the years ahead, particularly if the oil industry is deregulat-

● To Page 3

Sasol ²⁶⁰ S/Times

● From Page 1

ed (Buss) 8/11/92.

"Price cutting and strong competitive forces will give Sasol a marvellous opportunity to promote a South African product"

Mineral and Energy Affairs and Sasol describe the multimillion-rand payments as tariff protection

But the Department of Trade and Industry, which administers tariffs or duties on more than 12 600 imports, says they are not used to subsidise the industry they are designed to protect

"Manufacturers are not subsidised by the customs duties," says a Trade and Industry spokesman

Tariffs or duties on imports are a gain to the fiscus, but the equalisation fund payments to Sasol are a loss to State revenue

The equalisation fund charges the motorist 7c/l, half of which has been used this year to boost Sasol's profitability

The Government's payments to Sasol in its last financial year are estimated at R470-million. Pre-tax profits were R1,5-billion, and taxed profits R1,15-billion

Sasol announced this week that it will pay R400-million from cash generated from existing operations to the Government by January 1 as the first instalment of the R1,75-billion for the Central Energy Fund's 50% stake in Sasol III.

The payments to Sasol from the equalisation fund amounted to R1,29-billion between 1985 and 1991, according to the Auditor-general, who did not audit these accounts before 1985

In 1989 a new payment formula — details have never been disclosed — took effect. Based on a 10% return on investment, the formula established that payments would be made to Sasol below \$23 a barrel

In practice, says a source, the formula is based on the in-bond landed cost (IBLC), the controversial pricing system used by the Government to determine fuel prices

The IBLC is the selling price SA refiners get for their fuel. Sasol's formula gives it a higher IBLC for its synthetic fuel than other refiners get

The Sasol payments are based on a sliding scale whereby nothing is paid above \$23. Above \$28 a barrel, Sasol pays back some of the money it has received

These paybacks in the Persian Gulf war crisis amounted to a reported R26-million

Engen is also set to benefit from the equalisation fund if it takes up its stake in Moss-gas. The fuel-from-gas plant is to get the same payments as those which Sasol has enjoyed

Govt takes action against parastatal

BIDAM 9/11/92
PUBLIC Enterprises Minister Dawie de Villiers has ordered Transnet to make land available to a developer in the Richard's Bay harbour after a Competition Board probe.

It is the first time that government has acted against a parastatal on the advice of the Competition Board.

In Friday's Government Gazette, De Villiers ruled that Transnet was guilty of an unlawful restrictive practice which was not in the public interest.

The practice concerned Transnet's refusal to make a site available to Island View Storage (IVS) for the erection of a bulk liquid storage facility within the Richard's Bay harbour area.

"The withholding of land by Transnet on the basis of its so-called understanding with Richards Bay Bulk Storage (RBBS) has proved to be an insurmountable barrier to entry," De Villiers said.

Transnet and representatives of the chemical industry failed to agree on how such facilities should be provided.

The tender route was tried, but failed. After this it was agreed to establish a

(260)
PETER DELMAR

consortium, but IVS decided not to take part. It then complained to the Competition Board after Transnet refused to make a suitable site available.

"It must also be recognised that the extent of the land leased by Transnet to RBBS in terms of the contract between them could, in the absence of another suitable site, itself constitute a barrier to entry," De Villiers said.

De Villiers said it had been argued that allowing a third party to erect a storage facility would lead to an unwarranted duplication of facilities and be contrary to sound port planning.

"In a market economy, the duplication of goods and services is inevitable. The decision to enter a particular market should be left to the entrepreneur making the required investment and taking the risk," he said.

De Villiers added that Portnet officials did not think that allowing more than one bulk liquid storage facility would present

To Page 2

Parastatal

BIDAM 9/11/92
an "unmanageable" problem.

"I am of the opinion that the specific conduct by Transnet which the board has identified in its report constitutes a restrictive practice. I am furthermore not satisfied that the restrictive practice is justified in the public interest," he said.

He ordered Transnet to make available suitable sites to any parties capable of building and operating liquid storage

(260)
facilities in the harbour.

Transnet also had to ensure that the extent of the land leased to RBBS at present "is not excessive for the purposes of its immediate and foreseeable needs".

Confirming that the ruling was the first of its kind affecting a parastatal organisation, Competition Board chairman Pierre Brooks said yesterday the decision could be appealed against.

From Page 1

Majuba project 'to be cut back'

ESKOM is expected to announce today that completion of its R8,5bn Majuba power station near Amersfoort in the southeastern Transvaal has been put on hold. (260) (215)

It is believed that the postponement of construction relates to unexpectedly high coal mining costs Rand Coal has encountered at the Majuba colliery.

Dolomite dykes have been discovered intruding into the colliery's relatively deep coal seams, making longwall mining impossible. This has raised the cost-related coal price which Eskom usually pays from the average R25/ton to about R40/ton.

The colliery was originally designed to produce about 900-million tons of coal — about 40 years' supply. The power station was located at Majuba because pollution restrictions prevented its construction nearer the Witbank coal fields.

Three of the power station's planned six generating units were due to be commissioned between 1996 and 1999. It is believed

Business Day Reporters

that Eskom has suspended the further construction of three other units — at present only the foundations have been laid — while the question of coal supplies is investigated. Deferred capital expenditure would be worth more than R200m.

Eskom's contract with Rand Coal apparently does not stipulate exact prices but is based on the concept of "reasonable" prices. This is standard practice as the utility needs to ensure that collieries generate adequate profits for mine owners.

Although it has not yet had a legal dispute with any supplier, Eskom's size enables it effectively to overrule any prices which it considers unreasonable.

Eskom will consider bringing coal from another colliery or building the units closer to cheaper coal deposits.

While it is likely that some jobs will be lost in contracting companies, it is believed that Eskom itself will avoid retrenching personnel.

11/11/92
S/OPM

Alarming corruption in Lebowa

By BARRY STREEK
Political Staff

MASSIVE corruption, maladministration and incompetence has been uncovered in the Lebowa homeland and millions of rands were lost. But the Minister of Regional and Land Affairs, Mr Jacob de Villiers, yesterday denied any South African politician or official was responsible.

The shocking report of the De Meyer Commission of Inquiry, which criticised the administration of the homeland, was released yesterday.

The one-man commission, consisting of Johannesburg Chief Magistrate Mr Justice Oelof de Meyer, found that the Chief Minister of Lebowa, Mr Nelson Ramodike, owned two liquor outlets although he was disqualified. South African taxpayers' money was transferred to the homeland in terms of bills which were not yet law.

It also said government departments had been created without authorisation, salaries had been paid for officials who did not exist and many Lebowa officials were incompetent in their jobs, particularly in the field of financial administration.

One official, Mr KJ Seboptja, paid R543 261,56 extra to a company in two

years out of a total of R2 751 122 in overpayments.

Mr De Villiers told a press conference that neither he nor his predecessors in the Department of Development Aid were to blame for the maladministration.

However, he added. "To say I am totally blameless would be wrong. But it is impossible for anyone to have full knowledge of everything happening in the ambit of his portfolio."

Mr De Villiers said the government was paying R2 235,1 million to Lebowa in the current financial year, but he could not provide in cash terms the cost of the maladministration in the homeland.

Overtime

During the current financial year, South African taxpayers are contributing R12,9 billion to the 10 homelands, R8,4 billion of which is going to the six non-independent homelands, including Lebowa.

Unauthorized overtime payments between 1989 and 1991 had cost the government service about R112 million.

The lack of efficient management and control over social grants was "alarming" and the indifference of many officials caused grave concern.

● Yet another scandal — Page 8

Starvation rife in homeland

LEBOWAKGOMO. — The number of children admitted and treated at various Lebowa hospitals for kwashiorkor and other malnutrition-related diseases had increased significantly, it was reported yesterday.

Despite the food aid programme introduced by the Department of Health and Social Welfare, the situation in rural communities was deteriorating — Sapa

Body calls for end to covert state activities

JOHANNESBURG. — The Coalition against State Murder and Corruption (Casmac), which bands together about 50 organisations including the ANC and PAC, has suggested a detailed plan beginning in January next year within which all covert state activities will either be contained or ended.

This emerges from a document released here by the coalition yesterday.

The document, titled "Coming to grips with covert operations: Who does what and where", formed the basis of discussions between the alliance and members of the United Nations monitoring groups last week. — Sapa

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CT 11/11/92

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Iscor profit forecasts may be 'too pessimistic'

BIDM
12/11/92 EDWARD WEST (260)

ISCOR chairman Marius De Waal may have been too pessimistic in his forecast of the group's profits for the year to end-June 1993, say stockbrokers Meade De Klerk (MDK).

De Waal said in his annual review of 1992 that in the 1993 financial year it would be difficult to match the earnings of the past year.

The local economy — dependent on an end to violence, positive political developments, better agricultural conditions and measurable success in curbing inflation — continued to deteriorate, he said.

Dollar prices of steel and iron were expected to remain weak for some time due to leading economies showing little sign of moving out of recession.

However, MDK said in its latest newsletter that since August 26, when De Waal wrote his review, the rand had weakened to R2,99 from R2,75 against the dollar to the benefit of Iscor's exports.

While export earnings were not known, 53% of the 3,2-million tons of steel produced was exported last year. MDK estimated that total exports amounted to R4bn in 1992, which, if a predicted further fall of the rand was taken into account, would mean export earnings would improve substantially this year.

MDK was cautiously optimistic about a better year for the agricultural sector.

Also since August 26, US GDP rose 2,7% in the third quarter against predictions of 1,5%. There were also expectations that US president-elect Bill Clinton would take visible steps to stimulate the economy.

MDK believed the SA economy reached the bottom of its recessionary cycle in the third quarter, with inflation heading down to 12%.

Furthermore, MDK believed that chances for a unified interim government were better than ever. Once a new government and constitution were in place, the group could take its place in the international steel industry to the benefit of export prices.

MDK said Iscor should be rated according to what would happen to earnings once local and international economies started recovering.

FM

13/11/92

(260)

successful," said Maree in a statement made after last week's meeting of the 20-member council

McRae's appointment has been extended until March 1994, "when he will retire," according to the statement, which added that he has agreed to the extension. McRae's successor has not been named. Maree, in his statement, said. "Succession is receiving the council's attention and a decision will be made in due course." A spokesman added that McRae "will help identify his successor."

The normal retirement age for Eskom's top executives is 60. McRae, who has been with Eskom since 1947 and became CE in 1985, is 63. Maree, who has chaired the council since 1985, is 68.

The council came under fire from the ANC, Cosatu and the SA National Civic Organisation (Sanco) after reports (*Business & Technology* October 30) that Maree would attempt to oust McRae at the November 5 council meeting. The meetings are not open to the public.

"We regard Eskom as a national asset of extreme importance whose future cannot be decided in secret meetings," said the alliance in a press statement. "The changes rumoured in a report in the *FM* would be viewed as a setback for the electrification initiatives currently being undertaken by Eskom. The ANC, Cosatu and Sanco are united in their demand to be fully consulted in the debate around Eskom's future."

Moses Mayekiso, president of the civic organisation, says

the alliance has been negotiating the restructuring of the council to include representatives of unions and civic associations. He believes that McRae "understands the negotiations and where we have to go. We made progress with McRae — that must not be disturbed."



McRae

"There will be no disruptions in the process of negotiations with the unions," says Eskom spokesman Bongani Khumalo. "McRae will continue to guide Eskom in these discussions."

Ten labour unions represent 70% of Eskom's 44 000 employees. The government-controlled utility supplies 95% of SA's electricity.

One union official says the issue of union representation on the council — which is dominated by mainstream business and government officials — is a source of tension between McRae and Maree. The official, who is involved in labour negotiations with the utility, believes that McRae favours union representation while Maree opposes it.

Khumalo says Maree does not oppose union representation. Khumalo, however,

ESKOM ^{FM} 13/11/92
Pulling the plug?

(260)

(122)

Eskom's controlling Electricity Council has asked CE Ian McRae to stay for another year but chairman John Maree has made it clear that McRae will focus on selecting his own replacement. "The council is grateful that the management change will take place under the guidance of McRae, as this will ensure that the transition is smooth and

(260)

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(122)

could not say that Maree supports the idea of trade unionists on the council. "The council is the highest body in Eskom and all that happens with the unions happens with the knowledge of the council, chaired by Maree."

McRae, for his part, said in the statement: "I am pleased that I will continue to participate in the planning of Eskom's ongoing success."

* Continue

SA is falling from favour in credit markets

(44) GRETA STEYN (26)

GOVERNMENT and parastatals were not budgeting for new foreign borrowing next year — mainly because of a hardening in overseas attitudes towards the country, sources said yesterday. (26)

The collapse of Codesa combined with the Boipatong and Bisho massacres had interrupted SA's emergence from the financial cold, a top executive of a parastatal said. Foreign creditors would prefer to wait for an interim government with a track record before committing new funds to the country, he said. B/DAM

Eskom's announcement this month of its borrowing requirements for next year is expected to confirm the fall in foreign borrowing. However, financing manager Theuns Kotze declined to comment on the corporation's budget for next year. He said the foreign credit climate had worsened, causing Eskom to abandon a substantial dollar issue that had been scheduled for September/October this year. 13/11/92

It is understood Eskom's overall borrowing requirement will not be much higher than this year's R2,5bn, but a larger proportion is expected to be sourced from the local capital and money markets.

Foreign credit lines negotiated some time ago will still be used, taking some of the pressure off the local market.

A Development Bank spokesman said the bank was not at this stage planning to borrow on foreign capital markets next year. He said further foreign borrowing would probably be too expensive.

The Development Bank is becoming a larger borrower on the capital market while public corporations are cutting back borrowing. Its authorised capital market borrowing is R2bn, but this could be increased, especially if foreign funds dry up.

Government and parastatal borrowers raised more than R2bn on foreign markets in the first half of this year, alleviating pressure on the capital account of the balance of payments.

Bankers said a further sign of SA's fall from favour was that the interest rate premium based on country risk for trade and other foreign finance had risen again.

Assurance on research

JONO WATERS

GOVERNMENT will finance, on a collaborative basis, research projects that will make SA's mineral industry more competitive internationally, says Mineral and Energy Affairs Minister George Bartlett.

In the keynote address at the Survival Strategies for the Metallurgical Industry colloquium at Mintek yesterday, he said the private sector should identify new research projects, and the direction that technology development should follow, as it was closer to the marketplace.

Bartlett said the spare capacity on Eskom's grid, in the transport network, and in SA's metallurgical industries meant the country was "on the threshold of a new era of industrialisation".

Plans to free SABC of 'govt bias'

6/01/92 16/11/92
GAVIN DU VENAGE

A LICENCE-fee boycott and pressure on advertisers to withdraw their support were tactics that might be employed to free the SABC from its present political influence, ANC secretary-general Cyril Ramaphosa said at the Campaign for Open Media Workshop at the weekend.

He said recently released documents implicating the SABC's London representa-

tive Cliff Saunders as a "willing party" in an alleged SADF smear campaign linking the ANC to the IRA and PLO, indicated he was heavily biased towards government.

Ramaphosa called for a campaign centred on what he called government's two most vulnerable points, reliance on advertising and

licence fees, and refusal to agree to internationally accepted broadcasting norms

Many advertisers would be sensitive to charges that they were "buttressing the NP's attempts to distort" the political process (260)

He said it was imperative in the transitional process that a free and fair media be set up to ensure an informed public.

He said that with a new board scheduled for appointment in less than five months, pressure should be put on government and SABC executives to relinquish their control

Eskom looks at foreign smelter deals

~~ASA~~ PETER DELMAR (260)

ESKOM had held talks with two foreign aluminium companies which were considering setting up smelters, possibly in SA, corporate business development consultant Guy Joubert said at the weekend.

Last week's announcement that the R7,2bn Alusaf expansion would go ahead had boosted efforts by Eskom to encourage investment in electricity, he said.

Eskom had a corporate business development unit which aimed at persuading investors "that they can make money by putting up an electricity intensive plant"

The announcement that the Alusaf expansion would go ahead had "given a lot of credibility" to Eskom's efforts to promote new investment. BIDAM

Eskom initiated feasibility studies into the Alusaf investment, which will increase production to 466 000 tons a year. In terms of Eskom's contract with Alusaf, the cost of power is linked to the London Metal Exchange's platinum price. 16/11/92

Joubert said one of the foreign companies considering setting up smelters, possibly in SA, was Kaizer Aluminium of Germany. It had teams investigating suitable smelter sites worldwide, including in Mozambique and Iceland.

He said Richards Bay's location and its good sea harbour facilities were major factors in determining the success of the Alusaf project.

The other crucial factor, he said, was SA's cheap power. SA's electricity is among the cheapest in the world.

Internationally, Eskom's major competitor for new investment is Hydro Quebec, the Canadian utility whose power is based mostly on hydroelectricity. Quebec's costs are in the region of \$0,018c per kilowatt hour. Eskom has committed itself to reducing its cost to a similar level.

"SA's competitive advantages lie in cheap energy and minerals. Those are our strong points and we need to play to these advantages," Joubert said.

He said Eskom studies had shown that it had considerable potential to expand consumption in the processing of base metals and chemicals. A mining house was also investigating a proposal by Eskom to link power prices to the gold price.

ANC urges campaign for 'free' SABC

CT 16/11/92

(260)

JOHANNESBURG. — The Open Media workshop on democratic movement had to Saturday, Mr Ramaphosa said embark on an "immediate campaign" for the establishment of an independent South African Broadcasting Corporation board and regulatory authority, ANC secretary-general Mr Cyril Ramaphosa said at the weekend. Addressing a Campaign for

the Open Media workshop on democratic movement to change the SABC, which in its current form misused its position to "skew public perceptions". "The result is that during this crucial transition period we have a public subjected to misinformation and disinformation because of narrow party political manipulation," he charged

Referring to the homeland's broadcasting structures, he said these broadcasters had to be removed from the control of the homeland administrations and placed under the control of a structure accountable to all South Africans

The suggested democratic movement's campaign should among other things be aimed at the SABC's reliance on advertising and on licences for its survival as an NP propaganda organ, Mr Ramaphosa said

The campaign should also exploit the reluctance of many people to pay their licence fees — Sapa

SA corruption dwarfs African states — DP

CF 17/11/92 Political Staff (260) (260)

THE scale of corruption in South Africa dwarfs Uganda and Zambia combined yet no minister or department head has been sacked, Democratic Party MP for Wynberg Mr Robin Carlisle said last night.

He told a public meeting in Wittebome the extent of corruption in South Africa was "horrendous".

Mr Carlisle also demanded the resignation of Mr Adriaan Vlok, who was the responsible minister when flagrant abuses by the security forces were committed in KwaNdebele.

Abuses in the KwaNdebele security forces were detailed in the Parsons Commission report last week and have not been denied or questioned by the authorities, Mr Carlisle noted.

He said the National Party ignored at its peril the public outrage at ongoing revelations of vast corruption in government and its homeland satellites.

"This is corruption on a scale that dwarfs Uganda and Zambia combined", Mr Carlisle said.

Zambians pelt minister's car

Soweto 18/11/92
■ Market closure causes
mayhem, looting: (260)

LUSAKA - A Zambian Minister was stoned and his car damaged by an angry crowd protesting against the closure of Lusaka's main market yesterday

Minister of Local Government Michael Sata was supervising the cleaning up of the market near the city centre, popularly known as Soweto, when he, officials and labourers were attacked by the stall-holders, angered by the two-week closure

The crowd also looted shops and stoned passing cars and two people were wounded when a shop owner opened fire to protect his shop against looters

^{BIDAN} IDC set to ^{20/11/92} invest R3bn in projects

Own Correspondent

DURBAN — Projects worth nearly R18bn have been given the go-ahead, or are being investigated, by the Industrial Development Corporation.

The IDC says it will be involved to the extent of R3bn and that the list represents a total capital investment of about R10bn over the next four years, most of which will be invested by other companies (260)

The corporation's latest report details schemes ranging from the R7,2bn aluminium smelter for Richards Bay to the R3,4bn Columbus stainless steel venture (297)

The Alusaf smelter, which will make 466 000 tons of aluminium and use a substantial amount of Eskom's spare capacity, was given approval earlier this month.

Other schemes include:

- Sasol is far down the track in the construction of a R385m acrylic fibre plant at Prospecton in Durban which will produce 34 000 tons of fibre for the textile industry.
- AECL has invited the IDC to take part in a R280m planned lysine project. Lysine is an important amino-acid essential in feeds for mono-gastric animals.
- Steel production and a plant worth R3,5b are on the agenda. The feasibility of a mini steel mill to produce 1,2-million tons of hot-coiled steel rolls a year for export is being examined.
- The IDC is playing "an active role" in promoting downstream petrochemical production at Mossel Bay.

TV boss denies NSL corruption

(260) CT 24/11/92

JOHANNESBURG — Former Topsport director Mr Hein Jordaan said he wanted to further the interests of the SABC above those of M-Net, which was going all out to attract sports viewers.

Mr Jordaan, testifying at his trial in the Johannesburg Regional Court yesterday, said his actions were definitely not aimed at furthering the interests of the National Soccer League.

It was in the SABC's interest to have exclusive contracts with the NSL to ensure M-Net's exclusion, he said.

He has denied corruptly receiving a total of R150 000 from Abdul Bhamjee, former NSL chief publicity officer, to further the league's interests.

He also denied conspiring with Bhamjee to steal R797 120, the extra amount paid by the SABC for the 1990 World Cup Soccer broadcasting rights.

He said the contracts were already in existence when he took over and had no idea the figure quoted to the SABC was more than it should have been.

The R150 000 was lent to him by Bhamjee to pay debts.

The trial continues today — Sapa

Private sector stake 'too small'

Collapse in public fixed investment

8/10/92 24/11/92 (260)

PUBLIC corporations' fixed investment spending is expected to collapse by 35% in real terms this year — a major factor behind the overall slump in SA's fixed investment performance.

The Bureau for Economic Research (BER) said yesterday spending by public corporations — including utilities such as Eskom — would fall to R5,1bn this year from R6,87bn the previous year. The main reasons for the sharp fall in real terms were the completion of the Mossgas project, surplus capacity and spending cuts.

The BER did not expect a significant recovery in public corporations' fixed investment over the next few years. Spending would continue to decline in real terms next year, although at a much slower pace, and would continue along the same level for the next few years. Eskom, which accounted for 50% of public corporations' fixed investment, was not expected to invest in new capacity in the foreseeable future.

The extent to which Mossgas underpinned fixed investment spending by public corporations is obvious from the average 47,5% real decline in the first two quarters of this year compared with the same period last year.

At other levels of the public sector, capital spending is being cut back in favour of current spending. Central government's capital spending is only 1,5% of GDP while economists say a figure of 3% would be more appropriate.

While the public sector's share in fixed investment has fallen, the private sector's

GRETA STEYN

share has risen. But BER economist Graham White said the private sector's share had not risen enough. "Although the shift has been in the right direction, private sector investment has not been enough to ensure that our technological base does not become outdated. We are in danger of losing our international competitiveness."

The BER expected private investment to fall by 4,5% in real terms this year while next year a decline of 3% was forecast.

Economists noted, however, a number of major projects were set to take off. These included Gencor's Alusaf, Anglo American and Gencor's Columbus stainless steel project and Anglo's Moab and Namakwa Sands projects.

However, the SA Federation of Civil Engineering Contractors said yesterday it expected capital expenditure in 1993 to remain at the same level as this year — representing a real decline of 10%.

Barlow Rand was budgeting for a decline in capital spending, a spokesman said, representing a substantial fall in real terms. The group was budgeting for R1,7bn in its next financial year, from R1,8bn.

SAB financial director Selwyn MacFarlane said the group had budgeted for small real increases in capital spending over the past few years, and the next financial year would be no exception. Capex would rise to R1,7bn from about R1,5bn. About half the spending would be on new capacity.

Finance Minister Derek Keys has said sufficient and effective fixed investment is "the cornerstone" of economic growth.

Low coal consumption 'reflects state of economy'

BIOM 24/11/92
THE low coal consumption by industry and Eskom mirrored the depressed state of the economy, Randcoal chairman Allen Sealey said in his annual statement.

This would continue until real political progress was made to open the way for new investment.

"The mining industry in general is experiencing a very difficult period and additional closures and rationalisations had taken place during the past year."

A revival in the SA economy had been anticipated after the March referendum, but this failed to materialise mainly as a result of nationwide social unrest and a general lack of confidence, he said.

Randcoal had to lay off 160 employees at Welgedacht and retrench or relocate about 400 workers at Douglas.

"Unemployment continues to increase and will only be contained, and employment created, through capital investments in economically viable projects."

Sealey said a project team had developed a more efficient and cost-effective mining plan in the Douglas/Duvha/Mid-

JONO WATERS

delburg area and discussions on rationalisation had reached an advanced stage with Randcoal's partners JCI and Eskom.

The easing of political attitudes towards SA had opened up certain markets for coal exports, which were likely to rise 6% higher than 1991's volumes. In 1993, volumes were expected to increase further.

However, the SA coal industry had to be careful not to export more than the market could bear as this would lead to a further deterioration in prices. Lower spot prices would have a negative effect on future contract negotiations.

He said that in a depressed market, particular attention was focused on costs.

"While our exports remain at the lower end of the international cost curve, it is of concern that our competitive position is being eroded by the ravages of inflation"

Sealey said major long-term consumers were expressing concern about exporters being able to afford the capex for sustaining and expanding production.

Zimbabwe fears SA's 'lax' TV censorship

Argus Africa News Service (260) ARG 25/11/92
HARARE. — Plans to transmit television programmes from South Africa in Zimbabwe have run into a snag — Zimbabwe feels the South African censors may be too lax.

Home Affairs Minister Mr Dumiso Dabengwa said M-Net films were subject only to a South African certificate and the standard of acceptability frequently varied from Zimbabwe's.

Negotiations have been going on for the Zimbabwe Broadcasting Corporation to transmit M-Net programmes but this will require parliamentary approval.

Mr Dabengwa told parliament that people with satellite dishes were now tapping 'offensive material' from the sky and feeding it into video clubs.

Calling for more money for the censor board, the minister said there were only two staff members who had to vet 10 000 video tapes every month and the paperwork was overwhelming.

Sale of state assets can pay social debt

B/D/AM 25/11/92

LINDA ENSOR

CAPE TOWN — The sale of state assets as a form of compensation to address the "hidden liabilities" of government towards the poor could be one way of settling the social debt in transitional economies without upsetting the fiscal balance, world renowned Brazilian economist Professor Roberto Macedo said in an interview.

Macedo, former secretary to the economics ministry in Brazil and current professor of economics at the University of Sao Paulo, was on a short, World Bank-financed trip to SA to conduct a workshop for SA economists undergoing a two-week World Bank training programme.

Representatives of the SA Finance Ministry and of the ANC also took part in the programme, which was aimed to give exposure to SA economists to the management of economies in transition.

Macedo said a similar programme of using state enterprises to spread ownership to the people to compensate, for example, for liabilities such as unfunded social pensions was under consideration in Brazil. SA and Brazil had followed an inequalitarian growth path and both now faced widespread uncertainty about the future of the economy and economic policy.

As with Brazil, SA's political liberalisation was preceding its economic liberalisation, creating problems of unfulfilled and rising expectations and popular demands for unemployment to be alleviated and income distribution improved by resorting to expansionary fiscal policies.

Democratisation carried the risk of increased government expenditure and ris-

ing levels of public debt. For instance, political reform in Brazil saw an escalation of the number of civil servants employed and a radical increase in the federal payroll from \$1bn a month to \$2bn.

There was a need to be cautious about civil service employment creation, Macedo said.

Brazilian privatisation together with a rise in taxes over the past three years had helped reduce the deficit before borrowing from 7,5% of the total GDP of \$400bn to the present 2,5%.

Macedo said economic growth in Brazil had stagnated because of the dominance of inefficient state enterprises in key sectors such as oil, energy, telecommunications, petrochemicals and steel. Another cause was macro-economic instability which had resulted in a present inflation rate of 1000% a year. The Brazilian government's interference with financial markets had discouraged savings and the only way it could finance its deficit and pay government salaries was to print money.

The country's high level of inflation had acted as a grave disincentive to local and foreign investment, as investors were not able to calculate their future input costs.

One of the purposes of Macedo's lecture was to expose SA economists to the dangers of the mismanagement of the economy practised in the past in Brazil. He said SA's inflation rate was low for a developing country and represented a major asset to be protected at all costs.

On the other hand, one of the strengths of the Brazilian economy was its vibrant export sector.

IMPROVE YOUR CUSTOMER
SERVICE RATING

FW VOWS to clean up

ARC 25/11/92 (260)

ESTHER WAUGH
Political Staff

RESPONDING to the recent spate of scandals, President De Klerk said South Africa could not afford to become "a prisoner of the struggle and the mistakes of the past". He promised to "completely root out malpractices and maladministration."

Mr De Klerk conceded crimes had been committed "on all sides" and "exceeded the bounds of moral justifiability."

The government was serious about taking "strong remedial action in this sphere."

"We are cutting deeply."

Vowing that "good government, now and in the future" was the "highest priority", Mr De Klerk said South Africa's prospects were bright.

Addressing a function in Sandton to mark this year's State President's Awards for Export Achievement, the president said government action since 1989 had been directed at creating a better South Africa

"We are succeeding," he said, "I ask for your support," he told businessmen

Disclosing personal "shock and deep unhappiness" about recent exposures of maladmin-

istration, Mr De Klerk referred specifically to corruption scandals following the reports of the Van den Heever, Pickard, Parsons and De Meyer reports, as well as "disclosures and allegations of serious malpractices in the field of security and intelligence."

The government was not involved in "cover-ups" he said.

Regarding alleged political crimes, the government had.

● Disbanded the Civil Co-operation Bureau — "only a few aspects of its liquidation are still outstanding because of legal disputes".

● With the assistance of the Kahn Committee, revised and terminated all special secret projects, subject to contractual obligations.

● Adopted stronger legislation concerning control of secret funds

● Ordered crimes — such as the murder of activist Dr David Webster and UDF official Matthew Goniwe — be investigated by judges

● Put SADF's Lieutenant-General Pierre Steyn head of investigations into Military Intelligence's Directorate of Covert Collections.

"Strong action will be taken against crime or unacceptable behaviour, regardless of who may be involved, but according to legal prescription."

Eskom seeks R2bn on gilts market

BLOOM 26/11/92
ESKOM's larger funding requirements for 1993 — up R800m from 1992's level — would have a limited effect on the capital market, analysts said yesterday

Finance director Mick Davis told a meeting of financial institutions yesterday that of the R3bn Eskom would need to borrow next year, about R2,1bn would be raised on the local gilts market.

Although this was R600m higher than funding through the bond market this year, Davis said "no negative impact on rate or liquidity levels is foreseen"

He attributed the increase to higher loan repayments and a 10% rise in capital expenditure. A "substantial" amount of prefunding had been secured, and the remaining requirement had been hedged

Davis did not expect to raise finance from the foreign loan market next year, and said the balance of the borrowing requirement would be funded by R150m in foreign export credit facilities and R750m

HILARY GUSH

260

in maturing investments

Syfreds Managed Assets gilts specialist Rob Nichol said as most of the funding was already in the market and had been hedged at below 14%, Eskom's borrowing would have no upward influence on rates.

Persistent political uncertainty meant conditions in the international borrowing market were tight, but any positive political developments next year could bring in some offshore lending

Nichol said the planned 10% increase in capital expenditure next year translated into about R4bn, to be spent mainly on electrification of low-cost housing

Board of Executives senior portfolio manager Rob Lee said R2bn was "a pretty low figure" and would have little effect on the market "In the light of the high deficit, the overwhelming problem is government's funding plans and not Eskom's"

FINANCE Minister Derek Keys has described effective fixed investment as "the cornerstone" of economic growth. When is investment effective, and will SA have effective investment in future?

Partly as a result of Keys's focus on investment, economists have turned their attention to trends in SA's fixed investment performance. The downward trend was highlighted by the Reserve Bank when it reported that net investment had slumped to only 1% of GDP from an average 14.5% in the '70s and 8% in the '80s. While economists caution against making too much of net investment figures — because the way in which depreciation is accounted for creates distortions — the gross figures tell the same story. Gross fixed investment fell from 28% of GDP in 1977 to 16.5% this year.

While private fixed investment has been falling, public investment has been falling at a much faster rate. Public corporations' capital spending will fall 35% in real terms this year. Much more than just statistical noise, the reasons for the decline tell a story about the SA economy and may hold pointers for the future.

One of the main reasons for the collapse is the completion of the Mossgas project. The slump illustrates the extent to which investment in projects based on SA's isolation underpinned fixed investment spending.

The end of these isolation-inspired, "old SA" investments has been an important reason for the declining trend in fixed investment. In the years when the statistics looked better, the figures masked the fact that much of the investment was not effective. A major push came from investment that is proving to be inefficient in the new international environment.

Another reason for the slump in public corporations' investment is Eskom's surplus capacity — the result of over-investment when economic growth rates, and hence demand for electricity, were over-estimated. A decade of economic stagnation has meant the power util-

Ultimately, revival of SA investment needs an act of faith

BIDAY 26/11/92

GRETA STEYN



ity has not needed to build new capacity. Hence the decline in the investment trend reflects economic stagnation and a miscalculation of demand.

The fall in public corporations' investment has already freed up capital which, ideally, should be used for private sector investment. This could be a way of achieving "effective" investment, as the investment excesses of the past were in the public sector, or had huge state support. Instead, the capital has been used to finance government consumption

spending. Keys has already taken measures to ensure that this changes. But even if he succeeds in freeing more capital for private fixed investment, there is no guarantee that the private sector will spend. A climate conducive to investment would have to be created.

The relationship between investment and growth is a two-way street. From the Eskom experience, it is clear that growth is a prerequisite for new investment. A growing economy means there is demand that will provide a return on invest-

ment. This applies even more to the private sector: a decade of local economic stagnation while world demand has been sluggish does not provide a rationale for private investment spending.

But while growth is needed for investment, investment in itself can be the trigger for growth. Major investment projects boost incomes and raise overall demand in the economy, generating growth and eventually leading to more new investment. It seems Keys sees investment as the trigger for the next upswing.

He also obviously sees a role for government in targeting specific investments, as Alusaf has illustrated. On purist free-market grounds, the Reserve Bank has apparently argued against specific tax breaks such as Section 37E of the Income Tax Act, saying an overall reduction in the company tax rate would be preferable. But 37E allows government to target huge projects that might not get off the ground, even if the overall tax rate was lower. The involvement of the IDC and Eskom in the deal are further evidence of the state's role.

Given the uncertainty that demand will live up to expectations, and a past history of state support for investment that did not turn out to be effective, is the support the right move?

John Maynard Keynes answered

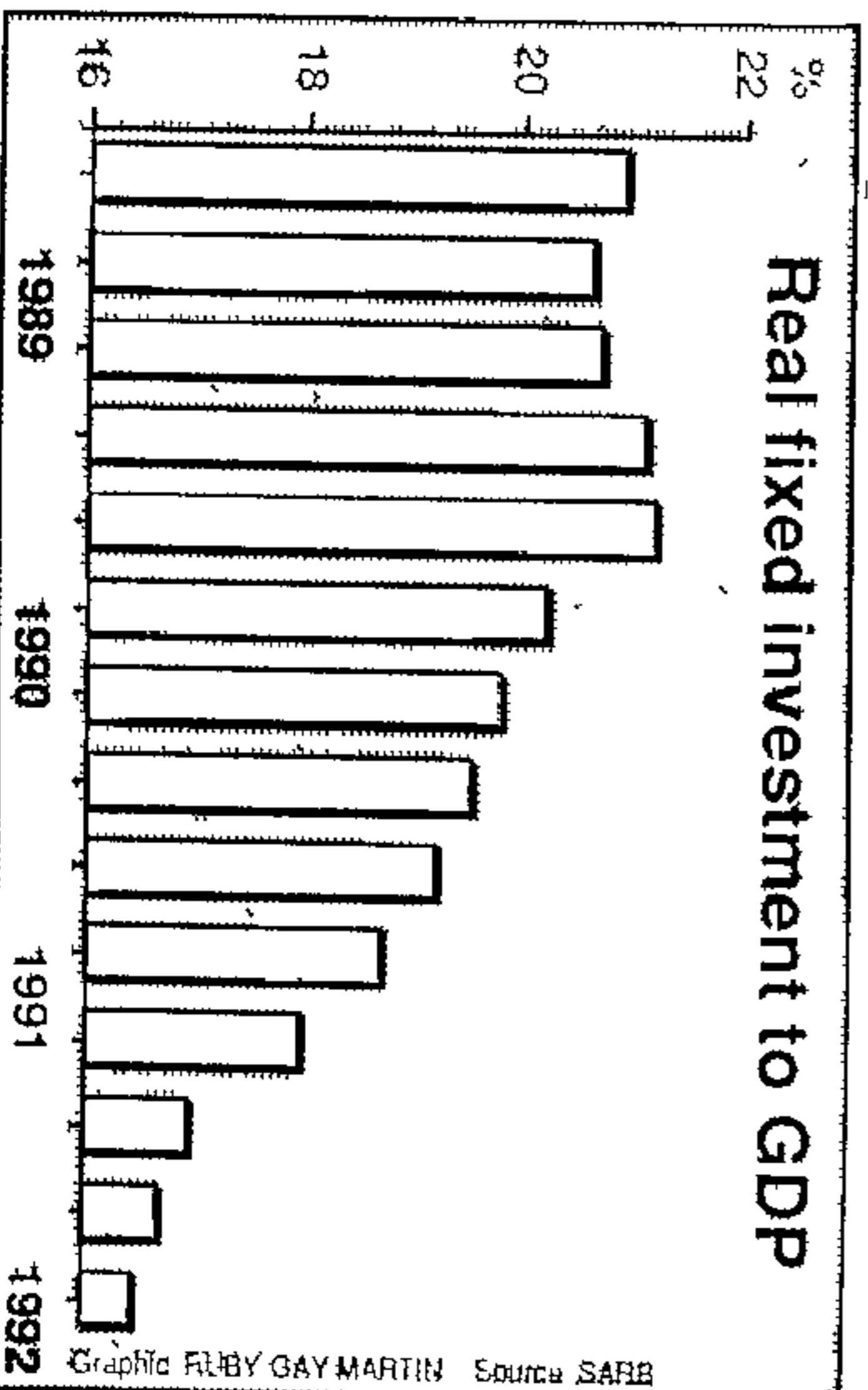
the question in 1936. "We have to admit that our basis of knowledge for estimating the yield 10 years hence of a railway, a copper mine, a textile factory, the goodwill of a patent medicine, an Atlantic liner, a building in the City of London amounts to little or sometimes nothing; or even five years hence. In fact, those who seriously attempt to make any such estimate are often so much in the minority that their behaviour does not govern the market."

Keynes's message was that the decision to invest depended on "animal spirits" — it was an act of faith. There is no way of knowing now whether these projects will provide only a fleeting boost or whether they will be part of strategy towards a sustainable growth path.

When Japan's international trade and industry ministry decided in the '50s to go into the motor vehicle industry, it was advised against this by the Japanese central bank and by international experts such as the World Bank. Korea was similarly criticised for its move into heavy industry in the '70s. In both cases, governments assisted major private sector ventures.

But the East Asian countries knew when the handouts had to stop. Unlike SA, where "infant industries" have never grown up, these governments knew when to call it a day. In some cases, such as Mossgas, time has shown the investment was clearly not effective. But it might be difficult to quantify afterwards, and even more difficult to forecast beforehand. To a certain extent it will always remain an act of faith.

But the effects of different types of investment on job creation and the balance of payments can be gauged and should be taken into account before taking a leap of faith. While not arguing that state support for Alusaf was the wrong move, there would be merit in government also taking action on other, more labour-intensive investment. The suggestion in the Nedcor/Old Mutual scenario of homebuilding springs to mind, or a labour-intensive road-building plan. When Keys's plan is released in the next few weeks, SA will see how big a leap of faith its economic policymakers are willing to take.



Graphic: RUBY GAY MARTIN Source: SARB

Eskom borrowing need rises to R3-bn

By Sven Lunsche

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STATE 26/11/92

Eskom said yesterday it would need borrowings of R3 billion in 1993 to finance mainly loan repayments and higher capital expenditure

Executive director, finance and services, Mick Davies said 1993 borrowing requirements would exceed those of this year by about R800 million

Borrowings on the capital market would increase from R1,5 billion this year to R2,1 billion,

but Davies did not expect this to have a negative impact on market rates or liquidity levels

A substantial amount of pre-funding had already been secured and the remaining requirement had been hedged.

He said drawdowns in respect of foreign export credit facilities were expected to contribute R150 million and maturing investments a further R750 million

Davies has previously said Eskom would raise no new money on foreign

markets next year as foreign investors had been scared off local investment by political uncertainty and the volatility of the finrand.

He said yesterday, however, that Eskom would try to refinance maturing foreign loans, although it had not made provision for this in its funding budget

Eskom's total exposure to foreign loans, including debt caught in the standstill net, at prevailing spot rates is R2,5 billion, of which

25 percent will be repaid next year

General manager, finance, Willem Kok said Eskom had no plans to raise new loans on the money market, although it was considering refinancing parts of its R2 billion loans on the market

Kok said Eskom's total loan repayments would amount to about R3 billion in 1993, while capital expenditure was set to rise 10 percent to R2,9 billion.

Government spending ^{(42) (26)} falls again ^{CT 26/11/92}

From SIMON WILLSON

GOVERNMENT spending adjusted for inflation was continuing to decline and fell 3% in the third quarter, Reserve Bank Governor Chris Stals said yesterday.

While cautioning against drawing conclusions too soon from the trend in a single calendar quarter, economists said the decline was another indication that overall inflationary pressures in the economy were abating.

Speaking at the Sanlam Financial Reporter of the Year Award presentation in Johannesburg, Stals cited the dip in real government spending as further evidence of the deepening of the recession.

"At this stage production is declining in all major sectors of the economy and all the main components of gross domestic expenditure are contracting. Even government expenditure declined in real terms in the third quarter.

"As a very pessimistic businessman said the other day: 'Even those who don't pay aren't buying any more,'" Stals said.

The further confirmation that expenditure by general government is falling in real terms verifies hints dropped in the Reserve Bank's September quarterly bulletin that the pace of state spending was beginning to slow appreciably.

The bulletin said exchequer issues — that is, budgeted disbursements — were rising at an annual rate of 14.5% in the four months to July.

Although this rate of increase in issues exceeded the increase in government revenue over the same

period, the bulletin conceded that it was nevertheless "fairly low" compared with corresponding increases in previous years and well within the increase budgeted for fiscal 1992/93.

The Bank's December bulletin, to be published in the next few days is expected to show an annualised third quarter decline of 3% in real government consumption expenditure. But Stals said the decline was unlikely to be repeated in the fourth quarter, when a higher level of government spending was likely.

AHI chief economist Nick Barnardt said the drop in real government expenditure confirmed that the rate of increase in state spending was no longer an inflationary factor.

"The size of the fiscal deficit is still a major problem, but the rate of increase in government spending is now below the average over the past 10 years," Barnardt said.

The contribution of the curb in state spending to overall disinflation would emerge in the AHI's quarterly inflation barometer to be published today.

Absa senior economist Pierre Morgenrood said most of the impetus in the third quarter state spending slowdown would have been supplied by the non-exchequer component of general government spending. "Exchequer spending will still be rising in real terms but we are probably seeing evidence of cutbacks in expenditure by the local authorities, who are reducing capital spending to very low levels.

"This could be a sign that the ratio of government spending to GDP could be levelling out, which is comforting."

Fm 27/11/92 (260)

of trade rivals such as Israel (3%), Canada (1,4%), Australia (1,2%) and Taiwan (1,2%)

Headed by Jim Mullin, former chairman of the Organisation for Economic Co-operation & Development's committee on Science and Technology, the delegation is spending two weeks monitoring research in SA. Similar exercises have taken place elsewhere in the world but usually at the request of the local government. The visit is being funded by Canada's International Development Research Centre.

According to ANC head of research Frene Ginwala, the delegation's findings will help the organisation formulate, together with Cosatu and Sanco, a national science and technology policy. Ginwala, who is one of about half a dozen local academics working alongside the visiting scientists, says a large number of government departments, research organisations and universities have agreed to meet the delegation. Meetings were due to take place with, among others, the departments of Trade & Industry, National Education and Environmental Affairs, as well as all seven research councils.

"SA's existing science and research structures have served the interests of the minority. We need to restructure the current system so that the needs of all the people are served," says Ginwala. Early this year, the ANC commissioned several local consultants to investigate specific aspects of research in SA and these studies were forwarded to members of the delegation in advance of their visit.

Response among the local research community to the ANC's initiative and to the organisation's apparent commitment to science and technology, has been good. CSIR president Brian Clark says "I believe it's a positive development. The calibre of the visitors is high and the type of questions they are asking is extremely encouraging. He adds that the project is likely to shape the future of organisations such as the CSIR.

Head of the Centre for Evaluation & Policy at the Foundation for Research Development, Anastassios Pouris, also welcomes the ANC initiative. While vouching for the calibre of the international delegates, Pouris adds, however, that he has doubts about the quality of some of the local research that has been presented to the visitors. He says the fact that many of the local academics working with the delegation have strong ANC affiliations could affect the visitors' findings.

The delegation is due to present its findings to the ANC and associates before leaving SA at the end of the month. It is expected that the local organisations will release further information about the investigation early next year when the delegates' findings will be debated.

Though the ANC is still a long way from drawing up a science and technology policy, its recent initiatives have triggered considerable interest and, in some cases, support from SA's beleaguered research community.

RESEARCH & DEVELOPMENT

Breaking out

The future of science and technology in SA — in particular the fate of State-owned research councils such as the CSIR, Human Sciences Research Council, SA Bureau of Standards and Foundation for Research Development — has come under the spotlight with the arrival of an international delegation of prominent scientists.

Brought to SA by the ANC, Cosatu and the SA National Civics Organisation (Sanco), the delegation is meeting senior representatives from several government departments, big business, research councils and other prominent figures in the local research community to discuss the role of science and technology in SA.

The visit comes when there is widespread concern about the future of research. State-financed research organisations are struggling to earn enough from the commercial sector to make up the funding shortfalls created by cuts in government spending. Extensive cuts in State grants to universities have jeopardised research at many science and engineering faculties and the Department of Trade & Industry (DTI) appears no closer to formulating the technology policy it began investigating nearly five years ago.

Spending on research and development has shrunk from just under 1% of GDP in 1985 to about 0,6%. This is well below levels

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Downturn not all negative

Given the role of investment as an engine of growth, this week's finding by the Stellenbosch Bureau for Economic Research that public corporations' fixed investment spending this year is likely to fall by 35%, may seem disturbing. It will certainly exaggerate a weakness the *FM* has often pointed out: the trend for current consumption to make up an inexorably rising proportion of public-sector spending.

But there is capital spending and capital spending. By coincidence, Johann Rupert suggested this week that up to R50bn of government capital spending in recent years has been wasted. Among the culprits he cited was Mossgas — whose completion, ironically, is also identified by Stellenbosch as a reason for this year's drop.

The basic difference between public-sector and private-sector capital spending is that the latter is tested against strict investment criteria and if it goes wrong those who voluntarily shouldered the risk bear the loss. Far too much of our public-sector capital spending in the Seventies and Eighties was undertaken on not economic, but so-called strategic, grounds — to such an extent that those who questioned the wisdom of these bottomless pork-barrels ran

the risk of being dismissed as unpatriotic. Now many of them have gone wrong — and we're all bearing the costs.

While our domestic capital formation is clearly too low to generate the new jobs we need, it's missing the point to rail at the private sector for not investing enough. Businessmen, unlike civil servants and politicians, invest when they think it'll be profitable — which is why the private sector wouldn't pay for Mossgas and Eskom has enough surplus capacity to last for years.

If the decline in public corporation capex means less of such wasteful spending, it's no particular cause for mourning. Depressed as the economy may be, we're not in a situation where it makes sense to pay people to dig holes and then pay another lot of people to fill them up again.

We must use this as breathing space to restore our public finances and trim public consumption expenditure too, in preparation for the demands a New SA will make. And if we want the private sector to invest, we must make it attractive for it to do so — which, sadly, requires not just continuing sound economic policies, but the far harder task of visible political progress, too. ■

Pepkor's Wiese appointed IDC chairman

FINANCE Minister Derek Keys has appointed Pepkor executive chairman Christo Wiese to chair the Industrial Development Corporation.

This places the IDC on a firmer business footing. Wiese, who has been on the IDC board for almost eight years, is the first chairman from outside the organisation.

Keys's office said yesterday Wiese would succeed P J "Koos" van Rooy on March 1. Van Rooy had decided not to make himself available for a further term of office, thus ending a 30-year career with the IDC.

Wiese, who is also a director of institutions such as the Reserve Bank and Sasol,

GRETA STEYN

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said the appointment of a businessman could signal the acceleration of the IDC's contribution to restructuring the economy. The IDC had a major role to play in helping SA business become more competitive internationally: "If we want to survive and prosper, we have to become part of the global village."

Keys's statement also said Rand Merchant Bank executive chairman G T Ferreira had been appointed a director to fill the vacancy arising from Van Rooy's retirement. Carel van der Merwe will remain MD for a further three-year term.

Still jammed

FM 27/11/92

Applications for radio station licences are piling up, but applicants will have to wait for legislation to be initiated at the next session of Codesa and passed through parliament before any deregulation of the airwaves happens. The office of Home Affairs, which decides who will or won't get licences, has nearly 80 applications on record — from potential community radio stations to operations wanting to broadcast regionally.

"What happens next will depend on the negotiations forum," says Home Affairs spokesman Jack van der Merwe. Government will not go ahead with any unilateral action on deregulation and the formation of an independent authority to oversee the process has been postponed indefinitely.

The ANC has called for the airwaves to be opened and licences to be granted, but not unilaterally, by government. ANC spokesman Carl Niehaus says "It must be a negotiated set-up."

Niehaus refutes speculation that the ANC is opposed to freedom of the airwaves. "The organisation agrees in principle with the concept of deregulation but it must be controlled. We would like to see the formation of an Independent Broadcasting Authority and a new (broadcasting) board appointed in terms of the IBA," he says.

"There is a place for a public broadcaster," he adds.

Independent broadcaster Radio 702, which has been transmitting from Bophutha-

continue

FM 27/11/92

tswana and the Transkei on AM for 12 years, has applied for an FM licence — without success. "There is a moratorium on the granting of licences until the formation of an IBA," MD Stan Katz says.

Katz, who is chairman of the National Association of Broadcasters, expects the logjam to be broken by early 1993. "It's very frustrating," he says.

The SABC has total control of the FM spectrum. There are 21 FM stations but the broadcaster transmits 25 products on the band, says SABC CE Carel van der Merwe.

Many organisations have been applying for temporary broadcast licences, which the department is liberal in granting. A number of stations, such as Cape Town Festival Radio, Showtime Music Radio and Rhodes Music Radio's Grahamstown festival service, have been granted temporary licences.

At least one operation, campus radio station Voice of Wits, took direct action and began to broadcast to university residences and Braamfontein, using a pirate transmitter (*Business and Technology* August 28). The station transmitted unhindered for several weeks before being shut down by officialdom and warned that further broadcasting would result in legal action being taken by government. Pirate stations can be fined a maximum of R10 000. ■

Sacked deejay slams SABCO racial bias

By FRED KHUMALO

"I'm like a rat that is caught in a trap. I should warn the line of rats following me that the situation is tough upfront."

That's how erstwhile Radio Zulu deejay Victor Velaphi Mkhize - VVO to his fans - described himself after being booted out of his job last week.

Mkhize was sacked following disclosures that he had been involved in a fraudulent cheque transaction in which a radio play actor was robbed of R393,63.

But in a frank interview with City Press he said he was a victim of racism.

He said the manner in which the disciplinary hearing was handled was

CP News 29/11/92

guilty.

unsatisfactory. "I'm seeking legal advice as I think I was dismissed unfairly," he said.

Mkhize said he felt he was short-changed by the SABCO which seemed to have forgotten his commitment to his work.

During the month-long strike which nearly crippled SABCO stations, Mkhize was one of the few non-strikers.

He said it was because of his immense contribution towards making Radio Zulu a force to be reckoned with, that he was singled out by white management for victimisation.

"Even before they went into the hearing they had judged me and found me

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"The misunderstanding over the cheque has been blown out of proportion and used by management to fire me. They have been trying to get rid of me as I've always been a threat to them because of my qualifications."

Mkhize, who finished his Masters degree at the University of Natal, recently submitted his Ph.D. dissertation entitled *The Spoken and the Written Word: Stylistic Creations in Black Broadcasting*.

"Racism is still rife at the SABCO and when they see a black person progressing academically and materially, they try to smear dirt on his face," said

Mkhize.

Mkhize - who owns a butchery, two minibus taxis and a sleek Mercedes Benz with car phone - said he had no reason to pilfer a paltry sum of money that could jeopardise his career.

He explained that his butchery and taxis were his main source of income.

He is the proud author of four poetry books which have been prescribed at black primary and high schools.

Radio Zulu manager Rev Mbatha said he had no comment.

According to SABCO human resources manager Kobie Coetzee, Mkhize gave up an opportunity to appeal against the findings.

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Dumping probe

JAPAN has extended until January the probe into allegations that SA, Norway and China have dumped manganese alloy there.

The extension has been attributed to some parties delaying the submission of data

The government has not imposed duties on the ferro-silicon manganese, saying imports have fallen sharply during the investigation.

Moss gas first

MOSSGAS has produced its first alcohol as a by-product of its oil-from-gas process

It stands to earn about R55-million a year from the alcohol when in full production

The company has concluded contracts to export the alcohol, although the customers and destinations are confidential. The alcohol is to be stockpiled until there is sufficient for a shipload, probably towards the end of the first quarter in 1993.

S/Time [BUS]

April next year

He holds a masters degree in business administration from New York University and is president of the Black Management Forum.

Eskom's new price lures

ESKOM has extended its off-peak period concessions again

New price options have been offered to bulk users such as industrialists, mining and farming communities from January and could save them 10% of their total bill

Since the introduction of the new schedules in April last year, 204 customers have joined the scheme, buying electricity worth R500-million in 1992

Golf record

SA PHILIPS will sponsor the South African Open golf championship, providing a record R500 000.

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R1bn contract for Majuba in danger

STimes (6455) 29/11/92 (260)

A R1-BILLION contract is in the balance after suspension of the second phase of construction at the R8,5-billion Majuba power station.

The contract, between L&C Steinmuller (Africa) and Eskom, is for the erection of six boilers at the new-generation power station being built near Amersfoort. It was signed in 1982.

Earlier this month Eskom suspended work midway in the construction — with three of the six generating units nearing completion — because of problems with the coal supply from Rand Coal. The remaining three units are at foundation stage.

Although Eskom still plans to build units four to six, the delay while it investigates other options has unsettled the contractors.

Negotiations are now under way between Steinmuller and Eskom to decide the fate of the contract. Steinmuller deputy group managing director Reinhard Soeder was unwilling to comment on the effects on the group while negotiating with Eskom.

Other multimillion-rand contracts awarded for Majuba went to GEC Althsom, and a consortium of Concor and Group 5.

Best

Concor managing director Jurgen Schultz says the suspension has an effect on the company's workload which is difficult to replace in a poor economic climate.

"Obviously there are a lot of employees involved.

"But we are making the best of it by looking at alternatives. We have quite a reasonable workload elsewhere," says Mr Schultz.

GEC Althsom has met most of its contract for the delivery of the turbine generator plant. The units will be mothballed until Eskom decides where to build the three units, says Keith Maxted, managing director of GEC Althsom International.

Other sub-contractors involved are Deutsche Babcock, Wecam and Elgen.

The Kendal power station in the Witbank area is being mentioned as a site for the additional units if no solutions are found to ensure continued development of Majuba.

But environmental impact studies will be conducted to evaluate whether the blanket ban on increased power-station emissions in the Witbank

By CHERILYN IRETON

area can be eased or accommodated.

Eskom hopes that Rand Coal will find an acceptable solution to the Majuba problem, but as a precaution is examining other options. They include building the three generating units onto an existing power station such as Kendal, says Eskom executive director, generation, Johan van den Bergh.

This station is supplied by Rand Coal, says Rand Coal chief executive Allen Cook.

Pollution

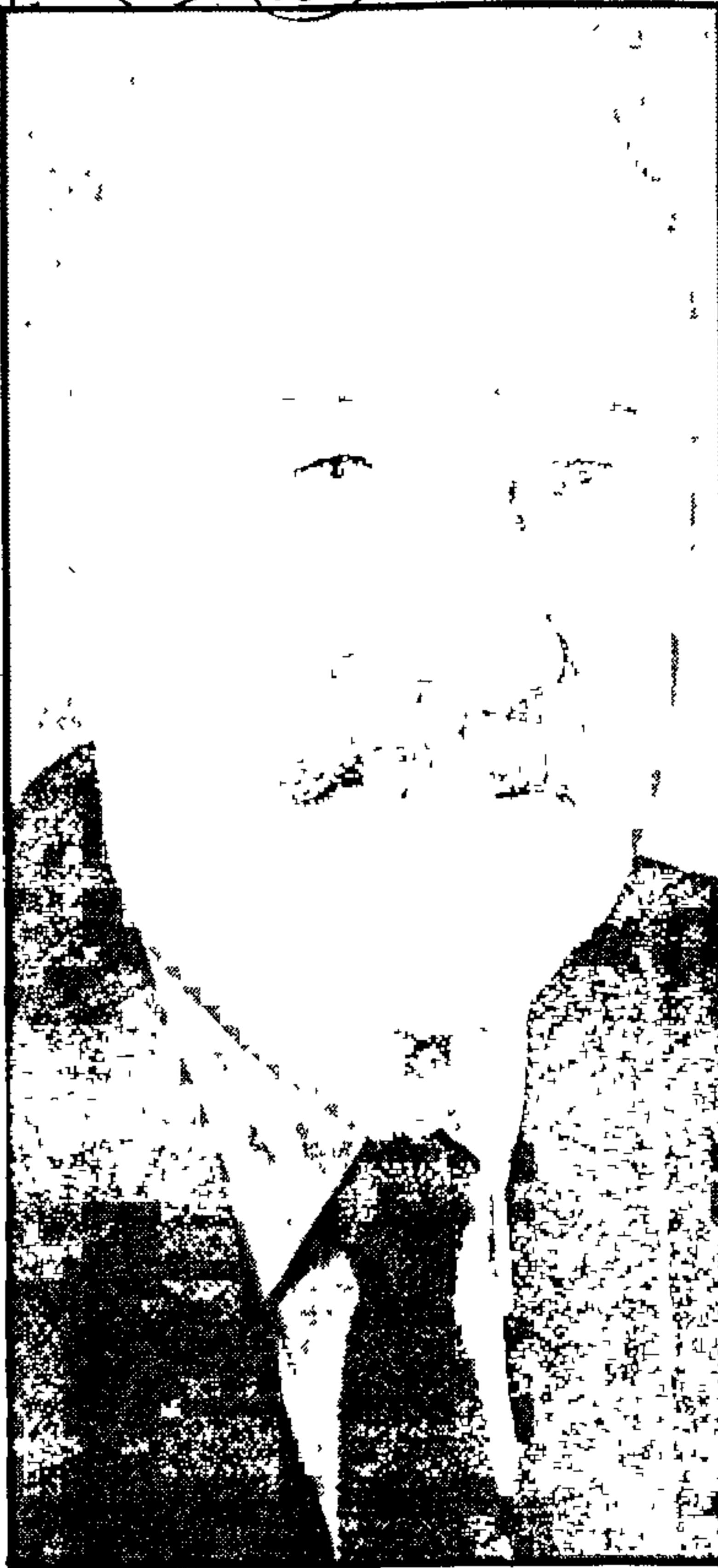
The three generating units at Majuba already built will be commissioned on schedule.

Mr van den Bergh says Eskom would like to go back to the Witbank area, but will first have to assess the impact on the environment.

"A lot of things have been done to alleviate air pollution in the area since the ban was imposed in 1981," he says.

The chief pollution control officer at the Department of National Health, Martin Lloyd, says the ban on increased emissions in the Witbank area still stands. However, if Eskom were to shut one of its old generation stations or remove sulphur from emissions through more sophisticated anti-pollution measures, the expansion would be possible — provided the total emissions did not increase.

Rand Coal is unable to supply sufficient coal to the station at a cost-efficient price because of geological problems at Majuba.



JURGEN SCHULTZ Making the best of a problem

087 moves abroad Telkom will miss

By TERRY BETTY

THE 087 telephone service will still be available next year on international lines at R5,97 a minute.

Telkom has refused to renew the 25 operating contracts which expire on December 31.

Premium Rate Association (Prasa) chairman Neil Jacobsohn says telephone companies in Hong Kong, Australia and Portugal have been in SA offering to make their international lines

this income as well as the technology will move abroad. SA operators will also receive less income, but at least it will cover the cost of their investment.

Telkom says its image has been tarnished. A spokesman says it was criticised because of sleazy services and many people refused to pay their

kom folded at the first sign of pressure.

"A doctor will try to cure the patient, not kill him."

"It is crazy in depressed economic times to close a R200-million-a-year industry merely because Telkom cannot handle the complaints. The potential is huge considering it is worth £300-million a year in the UK."

Mr Jacobsohn says it will exacerbate unemployment. Callnet, the Times Media ser-

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Eskom will take over

Supply of electricity to the township of Thabong in the Free State:

By Lulama Luti *Souetan*

1/12/92
ESKOM will take over the supply of electricity to the township of Thabong in Welkom in the Free State from March next year

The chairman of the Thabong branch of the South African National Civic Organisation, Mr Enoch Lesupi, said 18 000 houses would be receiving electricity direct from Eskom for the next five years.

Biggest project

~~#26~~ 260.
According to Eskom electrification manager in the Free State Mr Danie van der Walt the scheme will be the biggest project in the area during the next five years.

He said Eskom only supplied electricity to areas where it was asked to do so to by residents.

Preparatory work for the take-over in March would begin in January, he said.

MEDIA SPOT

Radio listenership increases 14,6%

By Marcia Klein 1/12/97

DAILY radio audiences increased by 14,6% in August/September compared with the same period last year, according to the latest Amps figures.

Amps, which measures listenership by all white, coloured and Asian adults as well as urban black adults, showed that 76% of South Africans listened to radio on any given day between Monday and Friday. This compared with only 70% last year. Listenership grew to 10,4-million from 8,2-million in August 1989. However, this figure excluded rural blacks, who constituted the major radio audience.

Radio Active marketing director Coen Gous said the Amps report was the most positive in five years. Historically, there was a dip in radio listenership in the third quarter, but this year total listenership had increased across all audiences. He

said the growth was due to better positioning of stations, improved programme quality and a focus on niche markets.

Stations which showed significant audience increases included Radio Metro, Afrikaans Stereo, Radio Kontrei, Radio Jacaranda and Radio Sesotho.

The SA Advertising Research Foundation's Moira Wagner said Radio Metro's audience increase had been dramatic. Since the station went nationwide on FM, audiences had grown to 1,7-million from 760 000 last year.

Amps showed Radio 702 recorded an 8,4% growth in listeners. Capital Radio's audience dropped by 44,4% to 30 000, Radio Bop's dropped by 15,7% to 316 000, and Radio 5's decreased by 13,3% to 903 000.

TV's slice of adspend higher in SA than US

tant activity, demanding

Most Zambians avoid polls

LUSAKA — Zambians went to the polls yesterday in the country's first multiparty local elections but the majority of voters stayed away, casting doubt over the vibrancy of Zambia's peaceful multiparty politics. STAR 11/2/92

● World news reports — Page 4

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AIDS rights charter is launched in SA

BIDM 2/12/92

AS THE country observed World AIDS Day yesterday, medical and labour organisations released guidelines on how companies and the medical profession should approach the problem of AIDS

Yesterday also saw the launch of a rights charter on HIV and AIDS by the AIDS Consortium in an effort to combat discrimination against people infected with the virus

Wits University law professor Edwin Cameron said there was an urgent need for legislation to fight discrimination by employers, insurance companies, health care workers and government officials. Pre-employment testing as well as HIV-screening by insurance companies and medical aids should be legally prohibited. MASA spokesman Edo Barker said his organisation's guidelines had maintained a balance between the rights of patients and of medical personnel

The guidelines addressed concerns such as the doctor's obligation not to discriminate against patients on the grounds that they were HIV positive, and the obligations of a doctor who was found to be infected. MASA recommended that affected health personnel and partners had to be informed even if the patient had refused consent.

Cosatu also chose World AIDS Day to launch a campaign to negotiate "clear un-

KATHRYN STRACHAN

ambiguous" AIDS policies with companies. "Such a policy must have as its primary aim the combating of prejudice and fear about AIDS, and the securing of an effective programme to assist the prevention of AIDS and to provide care for those employees with AIDS," the union said.

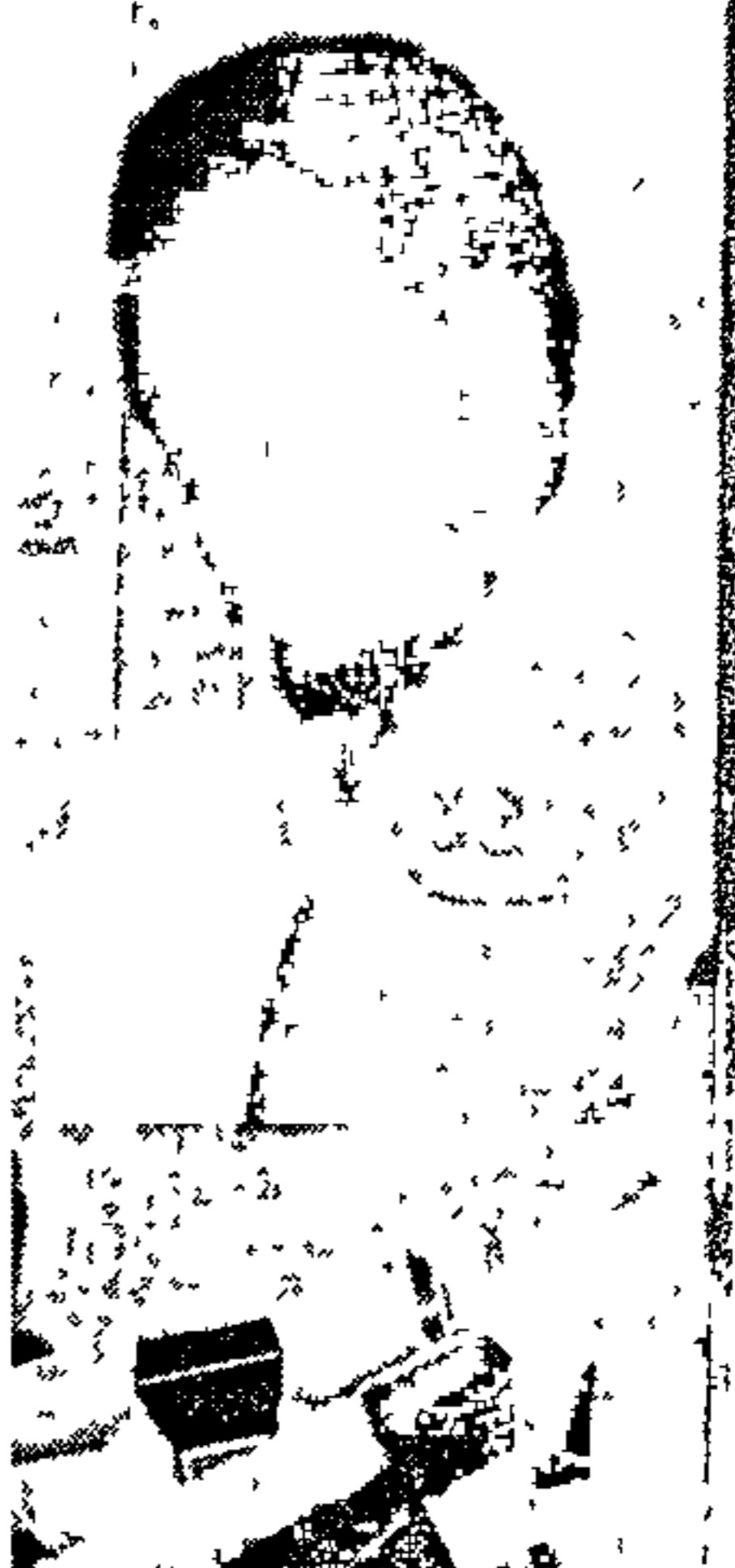
Sapa-Reuter reports from Geneva that health workers around the world marked the day with the now traditional calls for "safe sex" and renewed warnings that the AIDS time bomb was still ticking, particularly in Asia.

In seminars, gala shows and torchlit processions, activists, AIDS victims and potential victims joined to show their solidarity against the disease.

But there were complaints that global anti-AIDS funding was way too low and signs that in some Third World countries AIDS was still seen as a decadent Western disease blamed on sex workers, homosexuals and drug addicts.

World Health Organisation (WHO) chief Hiroshi Nakajima addressed the UN General Assembly in New York to underline the global nature of the AIDS pandemic.

The WHO estimates about 12-million people worldwide carry the HIV virus. Asia, where infection rates lagged behind Africa and the West during the 1980s, was seen as the site of the next AIDS explosion.



NUM assistant general secretary which was launched in Johannesburg at the launch were campaign campaign's declaration include

Lobby targets SABC control

WILSON ZWANE

A COMMITTEE to demand independent and apolitical control of SA broadcasting, launched in Johannesburg yesterday, will meet Home Affairs Minister Louis Pienaar next Wednesday.

The committee is also arranging a meeting later with SABC director-general Wynand Harmse.

The Campaign for Independent Broadcasting (CIB), signatories to whose declaration include the ANC, Cosatu, the SACP, the DP, the SA Council of Churches and the Campaign for Open Media, will lobby for an independent board of control at the SABC and an independent regulatory authority for SA and the TBVC states.

NUM assistant general secretary Marcel Golding told journalists there had to be significant movement towards independent control of broadcasting by the end of January.

"If this is not forthcoming, the organisations supporting the campaign will embark on a variety of actions to publicise the campaign's demands," Golding said.

Matrics to wait until January

KATHRYN STRACHAN

BLACK matric results would be released only a few days before schools reopened on January 11, the DET confirmed yesterday.

DET spokesman Kim McEvilly said results were expected in the first week of January, but the department was hesitant at this early stage to give a specific date in case problems arose.

The department was well aware of the need for students to get their results as early as possible, but with more than 325 000 students involved it would be impossible to release the results before the end of the year, she said.

Much of the marking of exams had been decentralised to various regions to speed up results.

DET deputy director general Dirk Meiring said marking began yesterday.

"Approximately 10 900 markers have been appointed to accomplish the enormous task of marking the scripts"

He said exam scripts had been transported under tight security from 2 700 exam centres throughout the country to regional centres.

National Education Co-ordinating Committee spokesman Desmond Thompson said although his organisation believed the DET was doing its best to get the results

out as soon as possible, the late results would cause problems for students.

Getting their results just before school reopened would be especially difficult for those who had failed and who would have to write supplementary exams, he said.

Unsuccessful pupils would also have only a few days to find out whether there were places available in matric classes.

Sapa reports the schools crisis had reached such monumental proportions that the ANC feared yet another generation of children was to be sacrificed to the "cynicism and muddle-headedness of a regime that has proved itself unfit to govern", ANC Western Cape assistant secretary Willie Hofmeyr said yesterday.

He said the true effects of Model C were beginning to be felt in formerly white schools.

"We are shocked at reports of the proposed victimisation of children whose parents cannot afford to pay rising Model C fees by pinning their names on school notice boards. Such behaviour is truly Dickensian and an outrage in a society alleged to be moving towards a gentler and more democratic society"

Foskor plans to retrench 900 workers in rationalisation

B/DAM 2/12/92 (26)

STATE-owned phosphate rock producer Foskor would retrench 900 employees in a rationalisation programme, MD John Stanbury said yesterday.

Foskor's beneficiation plant had the capacity to process 30-million tons of phosphate ore a year at a grade of 8,7% phosphorus pentoxide (P2O5) to produce 4-million tons of 36% P2O5 concentrate for the domestic market and 40% P2O5 for export.

But annual concentrate production would be less than 3-million tons by February because of weak local and international phosphate markets.

Stanbury said stocks of 1,5-million tons or 6 months supply were "unacceptably

JONO WATERS

high" Trade in phosphate rock declined by 33% between 1988 and 1991 and no improvement was expected before 1994. Consumption would reach 1988 levels again only in 1996.

Local phosphate fertiliser consumption had been falling for the past decade and had decreased by 22% in the six months to June, from the comparable period last year.

This was as a result of periods of drought, the end of fertiliser price control in 1984 and farmers' worsening financial position.

"The result of the rationalisation will be to ensure that the company can operate from a position in which it is internationally competitive to the long-term benefit of the SA agricultural sector."

Phosphate pentoxide is sold to the Fedmis plant at Phalaborwa, which is jointly owned by AECl's Kynoch

and Sasol, the Omnia plant near Rustenburg, and Kynoch factories.

The privatisation of Foskor, which was first talked about four years ago, was "not in the offing".

□ Meanwhile, WILSON ZWANE reports that about 5 000 members of the SA Chemical Workers' Union (Sacwu) plan to march on Sasol 1's offices in Sasolburg on Friday to protest against retrenchments at the petroleum company.

Joseph Maqhekeni, vice-president of Nactu, to which Sacwu is affiliated, said yesterday retrenchments at Sasol 1 had resulted in evictions of workers who could no longer pay their bonds. A further 1 000 jobs were threatened.

He said the march by workers from AECl, Omnia Fertilizer, Kharbochem, Satripol, Sasol 1 and Sigma was intended to protest against retrenchments at Sasol 1 and the engagement of contractors to take over jobs of dismissed workers.

Bid to free SA broadcasting

CT 21/2/82
JOHANNESBURG — A
broad-based campaign
to demand independent
and apolitical control of
broadcasting in South
Africa was launched
here yesterday. 260

The Campaign for In-
dependent Broadcasting
will lobby for a board of
control at the SABC, and
for independent regula-
tory authorities for the
broadcasting sector in
the Republic and the
four homelands. — Sapa

'Free witness for Winnie trial'

By Peter Fabricius
Political Correspondent

The Democratic Party has appealed to Foreign Affairs Minister Pik Botha to spare no effort to secure the release of Kaliza Cebekhulu — a key witness in the assault and kidnapping trial of Winnie Mandela. *STAR 2/2/92*

He has been held without trial in a Zambian prison for nearly two years.

DP justice spokesman Tony Leon has written to Botha pointing out that Cebekhulu's continued detention was criticised in Amnesty International's recent report on torture and executions in ANC camps.

The Amnesty report said Cebekhulu secretly left SA in

February 1991. In May 1991 he gave a press interview and was put in a Lusaka prison.

Leon said it had been alleged that Cebekhulu had been removed from South Africa to prevent his giving evidence against Mandela.

Botha's spokesman said last night that the Government was in constant contact with the Zambian government about the Cebekhulu case and was "doing its utmost".

Leon has also written to Law and Order Minister Hernus Kriel and Justice Minister Kobie Coetsee urging them to offer witness protection to ANC dissidents who are being threatened.

Leon said the Amnesty report had noted that former

ANC prisoners who had returned to SA feared for their safety in view of attacks by ANC supporters in the townships.

The report said Nwezi Twali, leader of the Returned Exiles co-ordinating Committee (RECOC) had received frequent death threats and had gone into hiding.

Two other former ANC prisoners and RECOC members — Bongani Ntshangase and Sipho Phungulwa — had been assassinated.

Leon said Kriel should offer former ANC detainees protection under the new witness protection scheme to encourage them to come forward and testify about deaths and abuses in ANC camps.

US clears Iscor of subsidy charge

By Derek Tommey

Iskor has been cleared of subsidising steel exports to the US.

But the Americans say 12 other countries have been engaged in the practice.

They are France, Germany, Brazil, South Korea, Mexico, Sweden, Britain, Belgium, Spain, Italy, Austria and New Zealand.

The US has imposed duties on steel from these countries ranging from less than one percent to nearly 59 percent, depending on the subsidisation and the type of steel.

A spokesman said last night Iskor had been careful not to give the Americans any grounds to think its exports were being subsidised.

Iskor still has another hurdle to surmount before it gets a clean bill of health from US trade authorities.

This is the allegation that it, along with producers in 18 other countries have been "dumping" steel in the US at less than fair prices.

The spokesman said Iskor had no doubts that it would also be given a clean bill of health on this charge. One reason was that Iskor's exports to the US were small.

Before the US imposed sanctions on Iskor it had been a signatory to the voluntary restric-

tion agreement (VRA) which puts limits on exports by signatories to the US

Now that the US market was again open to Iskor, it was continuing to observe the VRA.

The US Commerce Department is due to issue a finding on the dumping complaint by January 26.

The US International Trade Commission will then rule on whether steel imports are hurting the US economy. If it does find injury, the new duties will become permanent.

Wall Street analysts said this would help the US steel industry push through a planned price increase from \$10 to \$20 a ton.

The Iskor spokesman said exports of steel were running at a high level. There had been no sign of an upturn in the domestic market.

The Industrial Development Corporation's investigation into erecting a semis plant at either Sishen or Saldanha Bay was still continuing.

Should the scheme come to fruition it would produce steel semis for export in the most modern plant in the world.

Steel would be produced in a Corex plant pioneered by Iskor at its Pretoria works. The Corex plant uses coal instead of coke, which is scarce and more expensive, in the production of steel.

STW 2/12/92

260

Falling demand forces job cuts at Foskor

By Derek Tommey

STAR
2/12/92

Foskor is having to cut back production because of continuing weak local and international phosphate markets

This will result in the loss of 900 jobs, says MD JS Stanbury

All employees, shop stewards and employee representatives were informed on Monday about the rationalisation and curtailment of activities

Stanbury reports that inter-

national trade in phosphate rock declined by 33 percent between 1988 and 1991, with no improvement expected before 1994.

Local phosphate fertiliser consumption continued its decade-long slide and fell by 22 percent in the six months to June from the same period last year.

The company, which can produce 4 million tons of phosphate rock a year, is having to reduce output from February next year

as current stocks are unacceptably high.

The rationalisation programme will ensure that the company can remain internationally competitive, which would be to the long-term benefit of South African agriculture, says Stanbury

Foskor's development trust has created 525 jobs in the Phalaborwa area in the past two years and will continue to give the area strong support, he says

News in brief

Sowetan 3/12/92
Pageant picket protest (307)

ABOUT 30 people held placard demonstrations outside three foreign embassies in Pretoria yesterday to protest against the participation of their beauty queens in the Miss World pageant at the Lost City.

The picketers were accompanied by United Nations observers and representatives of the National Peace Secretariat during the demonstrations at the Japanese, Israeli and US embassies. A small picket was also held outside the Bophuthatswana embassy.

Lighting up could cost you!

A CIGARETTE could cost up to R2 000 in Johannesburg - if one lights up on a bus. The city council has banned smoking on all its buses and offenders will face a fine of up to R2 000. *Sowetan*

The council said yesterday a survey conducted in July had found that 76 percent of all passengers were totally opposed to smoking, compared with a survey in May last year in which 62 percent supported the prohibition of smoking. *3/12/92*

"The change in opinion is seen to be in line with a general increased awareness of the dangers of smoking and its unacceptability in confined spaces," said a spokesman.

'Kei, Ciskei at loggerheads

TRANSKEI yesterday lashed out at Ciskei military ruler Brigadier Oupa Gqozo for proposing the creation of an autonomous republic embracing Ciskei, the Border and the Eastern Cape. (260)

Gqozo told a summit on regionalism on Tuesday the envisaged republic would exclude Transkei for what he said were historical and political reasons.

The Transkei Military Council in Umtata yesterday dismissed Gqozo's address as "rantings and ravings" and said it had "a hollow ring of political bankruptcy". *Sowetan 3/12/92*

Sasol workers want jobs

ABOUT 5 000 members of the SA Chemical Workers' Union will march on the offices of Sasol 1 in Sasolburg tomorrow to demand that they be reinstated. *Sowetan 3/12/92* (260)

Most of the workers were dismissed in 1987 during a legal strike while others were sacked during the past five years. The march will begin from AECI at 3pm and proceed to the offices of Sasol 1 where a memorandum will be presented.

BUSINESS Chance for local workers to make money during electrification of houses

Eskom boost for black artisans

Southern
3/12/92

By Mizimkulu Malunga

ESKOM aims to broaden the country's technical base by sub-contracting to black artisans in its electrification programme of the townships.

"Part of the process is to ensure that we encourage and promote local contractors in areas where Eskom operates," said Paul Marais, sales and customer service manager for the West Rand.

However, the prospective sub-contractors have to meet certain requirements before they could be commissioned.

They have to produce a wireman's licence - an officially recognised qualification for electricians. Secondly, they have to have a workman composition, so that if any of their employees are injured on duty they (workers) qualify for compensation.

THE African National Congress' economics department will host an anti-trust, monopolies and mergers policy workshop at the Aloe Ridge Hotel near Fourways from tomorrow until Sunday.


Financial editors or their senior assistants are invited to attend the Friday and Saturday sessions. For more information contact Rizwana Bawa at (011) 330-7188.

A conference on the opportunities in franchise businesses will be held at the Carlton Hotel on December 8-9. Registration fee is R990.

There will also be workshops conducted by international franchise specialists during the conference. For more information contact Black Integrated Commercial Support Network at (011) 789-3141.

The National Association of Co-operative Societies of South Africa, representing burial societies, wom-

Sub-contracting Electrification grant

will promote local contractors: 

"With electricity being a dangerous source of energy if not installed properly, we have to screen tenders and be satisfied that they are qualified to deliver the services they have been contracted to do," he said.

Payments ranged from R8 000 to R15 000 depending on the number of houses in which electricity was installed.

Sub-contractors with bigger numbers of people in their employ were given higher targets - about 300 houses a month.

Those who employed a fewer number, were expected to electrify between 100 and 200 households monthly. Currently, there are two types of sub-contracting. One is the service connec-

tion which entails drawing power from the electrical sub-stations for domestic consumption. The other involves the transferring of meters from the streets to the residences.

Five black sub-contractors were tendering service connections in various areas on the West Rand while six electrical companies handled the meter transfer project, according to Marais.

In the East Rand township of Tsakane, between 80 to 90 percent of the wiring inside the houses is done by blacks, said Laetitia van Staden, sales and customer services manager for the area.

Plans are already at an advanced stage to extend the programme to other East Rand townships in the next few months.

the diary
Your update on what's happening in the business world from Mizimkulu Malunga



ent's and mehobisano clubs, is to hold its annual general meeting at Funda Centre on December 12.

Guest speaker will be *Sowetan's* day editor, Thamm Mazwai. For more information contact the Nacassa office at (011) 331-8326.

The National Black Consumer Union will hold its fundraising dinner at the Jan Smuts Holiday Inn on Sunday start-

ing at 5:30pm. For more information contact Ethel at (011) 337-6210/2.

Clem Sunler's new book, *The new century - the quest for the high road*, will be subjected to thorough scrutiny at the Self-702 business breakfast tomorrow at 7:30am.

For more information contact Giles Shepherd at (011) 726-5018.

BIPM 3/12/92

New Sasol oils

ANTHONY MACKAISER 260

SASOL has entered the highly competitive lubricants market.

Its two new products — Sasol Amatis and Sasol Super F1 — result from the company's continuous research and development at its local laboratories and race tracks all over the world.

Sasol Amatis is a multigrade oil suitable for luxury cars and turbocharged engines. The Super F1 is a multigrade for most engines.

The two new engine oils were manufactured from a variety of mineral oils and specialised additives. No refined products were used. Over the past two-and-a-half years Sasol lubricants have been tested in company mines, factories and vehicle fleets.

IDC considers unbundling to free up R600m

PETER DELMAR

(260)

THE Industrial Development Corporation (IDC) may unbundle its two investment trusts, Industrial Selections (Indsel) and National Selections (Natsel), to free up more than R600m for investment in a number of major projects.

IDC financial markets GM Louis Kingma said yesterday the corporation was considering the "possible unbundling" of Indsel and Natsel.

He said this could include their liquidation, although all possibilities were being investigated. *810AM 3/12/92*

Indsel has a market capitalisation of R657m and Natsel of R552m.

The IDC holds 52% of Indsel and 50% of Natsel.

The IDC said in a cautionary announcement yesterday its board would propose to "unlock the value of the investments within these companies for the benefit of all shareholders".

It added that a basis for the proposal had yet to be determined.

Both shares have recently traded at discounts to their net asset values. After peaking at 275c in June and July, Indsel shares dropped to 195c earlier last month. Natsel shares, 295c in June, fell to 200c in November.

Kingma said government's directive last year that the IDC should realise its assets to mobilise finance for industrial development had played a role in the thinking behind the latest move to unbundle the two companies.

The IDC recently realised R1bn by selling its shareholding in Sasol.

He also noted that the IDC was committed to a number of major projects which were expected to come on stream soon.

The IDC would provide R800m of the equity required for the Alusaf expansion project and would loan R370m for Anglo American's Namakwa Sands heavy minerals development.

It would also put up a third of the funding for the R3bn Columbus stainless steel project, whose go-ahead was imminent.

Over the next six years the IDC envisaged contributing R10bn to industrial projects with a total investment of R30bn.

SABC may taste the test of a Cosatu

W/Mail 4/12-10/12/92

(260)

One of the Campaign for Independent Media's prime movers, the Congress of South African Trade Unions, is considering a consumer boycott of companies that continue to advertise on SABC's television channels and radio stations. Could this work? **MARK GEVISSER** investigates

COME March next year, will SABC be good and clean and fresh, tra-la-la? And if not, will advertisers on the network agree to withdraw their trade? And if they don't, will you obey a consumer boycott of those products still advertised on SABC? Will your mum remember not to buy Melrose? Will everything cease going right for Toyota? Will the taste of Castle be able to stand the test of a Congress of South African Trade Unions boycott?

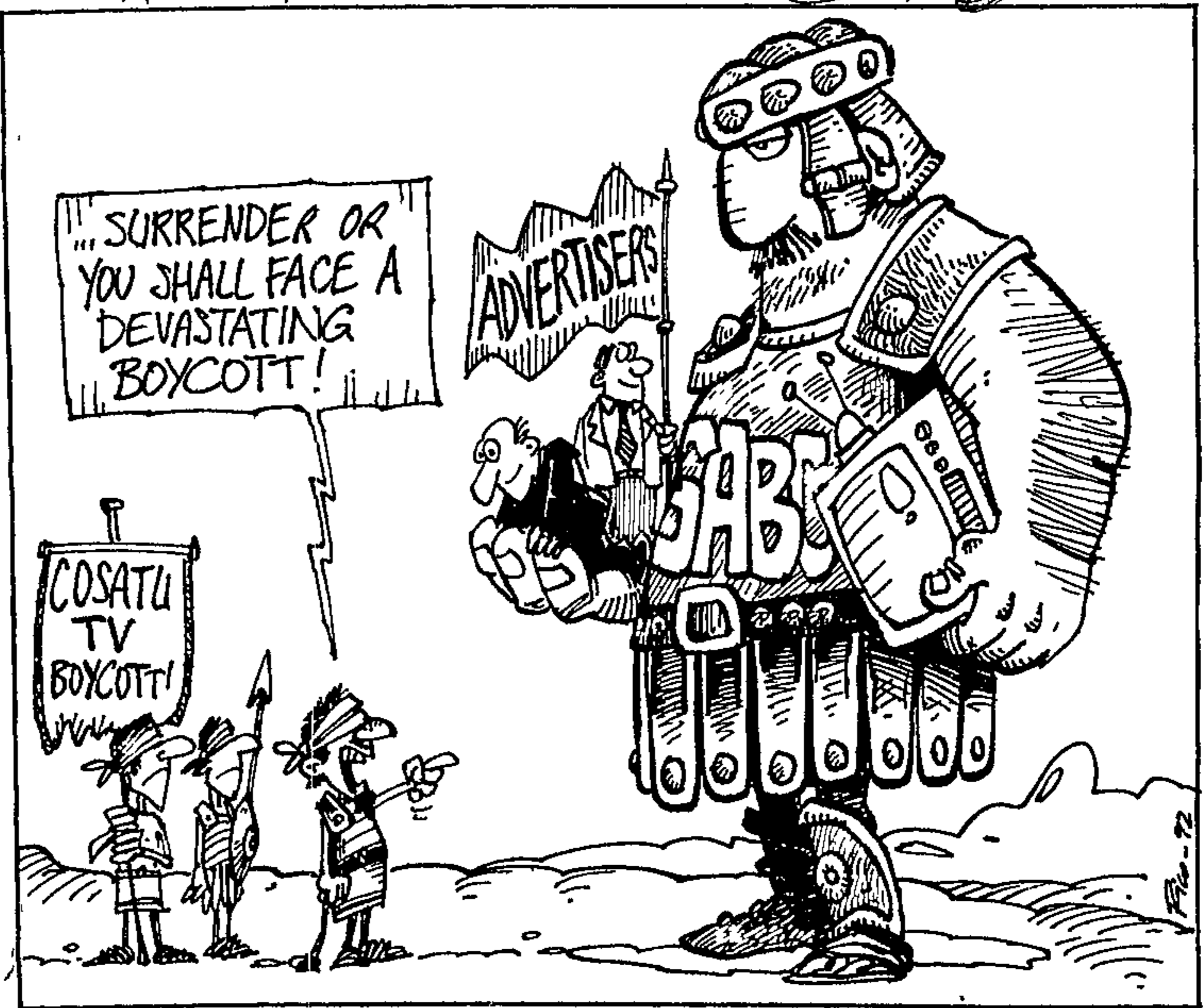
The current term of office of the SABC Board of Governors expires in March. And if the government does not agree to relinquish its control over the SABC by the end of January, Cosatu is considering a boycott of advertisers who do not withdraw their trade from the corporation.

The advertising industry and business sector is convinced that the boycott could never work. But the mere fact that Cosatu is considering it underscores the urgency of the need for a new broadcasting order. Who and what will replace the Board of Governors has become a matter of national importance with the launch, this week, of the Campaign for Independent Broadcasting (CIB), of which Cosatu is a major player.

The broadest-based coalition yet of opponents to the state monopoly on broadcasting, CIB also includes the African National Congress, the Democratic Party, the South African Council of Churches, the South African Communist Party, and the Campaign for Open Media (Com). Altogether, 12 organisations have already signed the CIB declaration of intent.

The CIB signatories believe that "the current situation, in which the board of the SABC is chosen by the state president, gives the ruling party undue influence over public broadcasting." Top of the CIB agenda, then, is that the board be replaced in March by a new one "representative of the full spectrum of South African society", chosen in a process that is "independent of the government and of political party interests" and that is "open to public scrutiny".

The government's plans stop short at simply expanding the current board, but that, insists Com's Raymond Louw, "is just not good enough. What we're talking about is an entirely different system of nomination - not one where the state president simply appoints a few extra



black faces"

CIB is calling for "significant movement" on this score by the end of January. "We are negotiating demands that we believe to be reasonable, fair and achievable," comments the National Union of Mineworkers' Marcel Golding, "but if the government remains intransigent and reluctant, we'll have to consider alternative forms of action."

Just what form will this action take? There is talk of public protest, licence boycotts and boycotts by sporting and cultural organisations, but the most controversial suggestion by far is the consumer boycott.

A confidential CIB document states that "advertisers should be approached to sign the CIB declaration. If they are prepared to do so, they should also be encouraged to put additional pressure on the SABC. It should be indicated to advertisers that if the SABC and the government refuse to reach agreement on the

democratisation of SABC by the end of January 1993, we will be calling them to withdraw their advertising from SABC." If advertisers do not comply, they may well be subject to a Cosatu consumer boycott.

The ANC has lent its support to this strategy, but several other CIB signatories are firmly opposed to it. Louw comments "It would set a dangerous precedent that could affect all media. We do not believe that advertising should ever be used as an ideological tool to influence the editorial or managerial policies of broadcasters or newspapers."

And, adds the Democratic Party's media spokesman, Peter Soal, "while I accept the right of other CIB signatories to get involved in boycotts, it's not the Democratic Party style. And to be pragmatic, I just can't see how it would work."

John Montgomery, media director of Ogilvy & Mather, echoes this sentiment. "Advertisers need exposure, and precisely because of this insidious monopolistic situation, they cannot get it without the SABC. There isn't a single sophisticated marketer who doesn't rely on the SABC. If consumers boycott everyone who advertises on SABC, they won't even be able to put melie meal and milk on their table. Does Cosatu really believe that consumers are going to starve for the ideal of democratising the SABC?"

Henry van Rensburg, media director of Young & Rubicam, says "The strategy has already been attempted unsuccessfully, when Mwasa (the Media Workers' Association of South Africa) asked advertisers to boycott the SABC during its strike earlier this year."

Certainly, if the appeal to advertisers did work, it would deal a death blow to SABC, which draws 75 percent of its revenue from

Govt likely to achieve 5% staff cutback

PRETORIA — Government is likely to achieve its target of cutting back 5% on staff and spending in the public service this year, say senior government sources

The cutback programme will be extended into the new financial year, but at a slower pace. The target for 1993/94 is expected to be a 3% reduction.

Which means, say sources, the existing staff of about 750 000 in central government, own affairs departments, and the provincial administrations, could fall to nearly 700 000 by the end of the new financial year.

The staff "stripping" programme could bring about a

6/10/92 4/12/92 ~~260~~ GERALD REILLY (260) ~~261~~
saving of about R1bn when completed

Sources point out that if Sats, and later Transnet, slash staff over a period of six or eight years from more than 260 000 to less than 160 000 without serious service disruptions there is no reason why a similar programme should not succeed in the public service.

Earlier this week the public service caucus representing 12 staff associations had talks with senior government officials on the logistics of the programme and on service conditions. The talks will resume early next year.

Public Servants' Association GM Hans Olivier said departments had worked hard at achieving the 5% goal and most were well on their way to succeeding.

"This has not entailed firing staff left right and centre. Savings in other areas of the administration were possible. You can't just fire 5% of staff at one fell swoop. This would invite chaos."

Some officials had accepted early retirement, others had retired and had not been replaced, and the contracts of some contract workers had not been renewed.

Meanwhile, government sources confirmed the scope for staff cutbacks had been greatly enhanced by government's decision to merge own affairs and general affairs departments.

boycott

260

advertising Cosatu is mum about its plans, but sources say it would consider the boycott only as a last resort and, even then, only selectively. But, comments Montgomery, "If everyone advertises on SABC, how on earth is Cosatu going to select its victims?"

If marketers were to be faced with the prospect of an SABC boycott on the one hand and the prospect of a Cosatu boycott of their own products on the other, which would they choose? Raymond Ackerman, chairman of Pick 'n' Pay, comments that "we would undoubtedly be more hurt by a successful boycott of our stores than by withdrawing advertising from SABC. But I must admit that I respond very badly to threats of boycotts, even when I am sympathetic to the cause."

Ackerman says Pick 'n' Pay would definitely not withdraw its advertising. "Even though I am firmly in favour of deregulation, it seems as if there's already agreement on the need for an Independent Broadcasting Authority (IBA), and this will come next year with an interim government. If things are going to change anyway, why fight?"

W. Mar 4/12-10/12/92

As well as demanding a new process for nominating the SABC board, CIB is calling for an independent authority "to take over responsibility" from the SABC "for regulating the broadcasting sector"; for a "moratorium on unilateral restructuring"; and for one national broadcast service incorporating not only the SABC but the TBVC broadcasters too.

SABC group chief executive Wynand Harmse notes that Codesa has already agreed to an IBA, which was recommended almost two years ago by the SABC's own chairman, Professor Christo Viljoen. And, says an SABC statement, "The management has repeatedly stated that it had no intention of privatising the SABC or parts of it without consulting the relevant authorities and interest groups."

But the CIB signatories feel the need for immediate action on the consensus around an IBA for as long as broadcasting remains within government hands, reporting on the transition and the run-up to a democratic election cannot be free and fair. "The SABC continues to restructure itself unilaterally, despite the fact that the government agreed to a moratorium at Codesa," adds Louw.

The process of negotiation will begin next week, when CIB takes its demands to Minister for Home Affairs Louis Pienaar. If action is not forthcoming, however, the unions and their employers had better start steeling themselves for a showdown over the boycott.

That in itself might be an incentive for the government to relinquish control over the SABC. And so, even though the suggested Cosatu boycott seems doomed to failure, its mere threat might have the desired effect.

ESKOM

FM 4/12/92

Power play (260)

The R2,1bn which Eskom is to raise on the local capital market next year is 40% more than the amount raised locally this year. Treasury head Willem Kok says about R2bn has been protected against rising interest rates. Prefunding arrangements have been made for R800m and the balance has been hedged through the purchase of put options. This means that if rates rise, Eskom can sell stock, at a predetermined rate, effectively funding itself at that rate.

Eskom will not go to overseas markets because of the impact on capital markets of the turmoil in currency markets in September/October. Also, the depreciating rand and the political uncertainty in SA since mid-year have made foreign exchange and forward cover costs prohibitive, according to Kok. Of the estimated R3bn required in 1993, R150m will come from foreign export credits and the balance from maturing investments. The bulk of the finance raised will be used on loan redemptions of R2,5bn and an increase of 10% in capital expenditure to R3,7bn.

Last year, Eskom raised R1,5bn, R536m on overseas capital markets, and used a further R310m in export credits. As much as possible of existing debt will be rolled over. "We feel it is necessary to maintain a presence in foreign capital markets," says Kok.

The funding is a substantial increase on the current year's R2,2bn and the R1,8bn raised in 1991, but is modest compared with R4,3bn in 1990. ■

Beaming boost for Bop-TV

THE SABC is preparing to spend between R2 million and R4 million to install 42 low-power transmitters beaming into various black township areas to ensure Bop-TV's licence conditions are fulfilled to the letter.

In terms of its licence, Bop-TV may not broadcast to any "white" areas in SA.

A dispute over this issue has been raging for more than 10 years between the SA Government and Bop-TV. The two parties last month finally agreed to go to arbitration on the matter after meeting President F.W. de Klerk.

The main issue is Bop-TV's right to broadcast in SA. According to its licence conditions (granted by the SA postmaster-general), Bop-TV has the right to broadcast into about 42 black township areas. The SABC provides the necessary tech-

THE establishment of Saatchi's office in Beijing signals the network's intent to push into the massive Chinese market, Saatchi's in-house journal reports.

nical assistance

However, six months after Bop-TV began broadcasting to the PWV, the SABC put up reflectors on the Bop-TV transmitter located on the Brixton Tower to reduce the signal spillage into white areas and focus the signal to only two townships.

According to Home Affairs spokesman Jack van der Merwe the SABC has "made a very fair and reasonable offer" to install — at its own cost — the necessary amount of transmitters to ensure Bop-TV can fulfil all the conditions of its licence.

Bop-TV director-general Jonathan Procter says the solution offered

is not acceptable as it endorses apartheid "and we can't be party to that."

He further points out that it would cost the SABC almost nothing to use existing transmitters to beam the Bop-TV signal into the relevant townships. Sentech managing director Neels Smuts says one transmitter with the strength of M-Net's transmitter would be able to reach about 15 of the designated broadcast areas for Bop-TV.

Motivating the row between the two parties is the battle for lucrative advertising rands. The SABC argues it is already battling to keep up its revenues through ad-spend on its stations, and that the entry of another commercial television station in the PWV would impact severely on its revenue.

"But how could we have a major impact on the SABC's revenues if we are only broadcasting into the PWV area while the SABC is a national broadcaster?" Procter wonders.

Stam 5/12/92



IDC sells Sentrachem stock

STimes [B455] 6/12/92

By JULIE WALKER

THE Industrial Development Corporation's 13,5% stake in Sentrachem has been placed with 14 financial managers committed to following a 40-for-100 rights issue if the chemical company's offshore acquisition goes ahead

IDC senior general manager Gerard Morse says its development role in backing Sentrachem has been fulfilled and it was appropriate that Sentrachem be sold to release money for other de-

velopments

The IDC's two listed investment trusts, Industrial Selections and National Selections, also announced this week that plans to unlock their value were under way

IDC funds are being called on by several capital projects, including Alusaf, Namakwa Sands and Columbus

Sentrachem announced two weeks ago that heads of agreement had been signed to acquire Chemplex Australia. Sentrachem chief executive John Job is due to fly Down Under this week to complete the deal

The price of the Chemplex deal has not yet been announced. Sentrachem's market capitalisation is R664-million and a 40-for-100 issue at current prices would raise about R250-million



Town's agony as 900 miners face the axe

STimes 6/12/92 (26) (11) (13) (17)

By LYNN SMERCZAK

NEARLY 900 people in Phalaborwa are facing Christmas with the threat of unemployment hanging over their heads.

Foskor — one of the two main employers in the Northern Transvaal mining town — dropped the bombshell on its 2 200-strong work force on Monday, but the individuals who will lose their jobs have not yet been informed

Managing director John Stanbury told stunned employees the board had decided to retrench 40 percent of the complement in order to cut Foskor's R90-million salary bill

Initial shock gave way to despair as employees realised that they would not be told immediately who was affected

"I would rather be told now whether or not I have a job next year. We have already paid for our holi-

day and bought things for Christmas. Had I known I might not have a job, we wouldn't have done those things," said an employee

The wife of a management official, who would not be named, was more philosophical. She said "We've had a good life here. If my husband is retrenched, we will make the necessary adjustments. People are being paid off everywhere — why should our corner of the world be different?"

In addition to the personal hardships facing em-

ployees, the town is facing a major economic crisis.

Already hard hit by the drought and a consumer boycott that cost local businessmen millions, Phalaborwa is largely dependent on employees of Foskor and the Palabora Mining Company for its existence

The boycott followed months of racial conflict after PMC's decision to integrate company housing and ended as a result of negotiations initiated by the Local Dispute Resolution Committee

National Party town councillor and Chamber of

Business president Mame Kriel, who was involved in the talks, said the Foskor announcement had "not come as a complete surprise"

"We estimate that the town stands to lose about R2-million a year as a result of the Foskor decision," said Mr Kriel

Schools — already faced with a sharp decline in pupil enrolment — will also suffer, although many have begun taking black pupils in order to stay open

He said the Foskor cutbacks underlined the need for a business initiative designed to reduce the town's

dependency on Foskor and PMC which had also reduced staff levels through natural attrition and voluntary retrenchment this year.

"What we have to do is to become more effective and entrepreneurial. All we have to do is to set aside our prejudices and get busy," said Mr Kriel

The Foskor decision has been attributed to "dramatic swings" in international trading patterns following the collapse of the Soviet Union and a 33 percent drop in the world demand for phosphate rock since 1988.

Phosphate fertiliser consumption in South Africa dropped by 22 percent from January to June this year, said Mr Stanbury

"It has not been an easy decision and Christmas is no time to give people bad news, but we decided to tell employees of the decision to cut back staff as soon as possible so that we could start negotiating terms and procedures"

Concerned

"We plan to have implemented the cutbacks by the end of March which, we feel, gives those affected a reasonable period of notice," said Mr Stanbury.

The National Union of Mineworkers, which does not have a full recognition agreement with Foskor, is concerned that union members will be victimised during the cutbacks

"We have asked for a meeting with management to thrash out terms and procedures for the retrenchments," NUM regional administrator Mr Patrick Lebea said

Mr Stanbury said he intended consulting all employee representatives.



IDC plans to keep remaining interests

B/DAY 7/12/92

EDWARD WEST
and PETER DELMAR

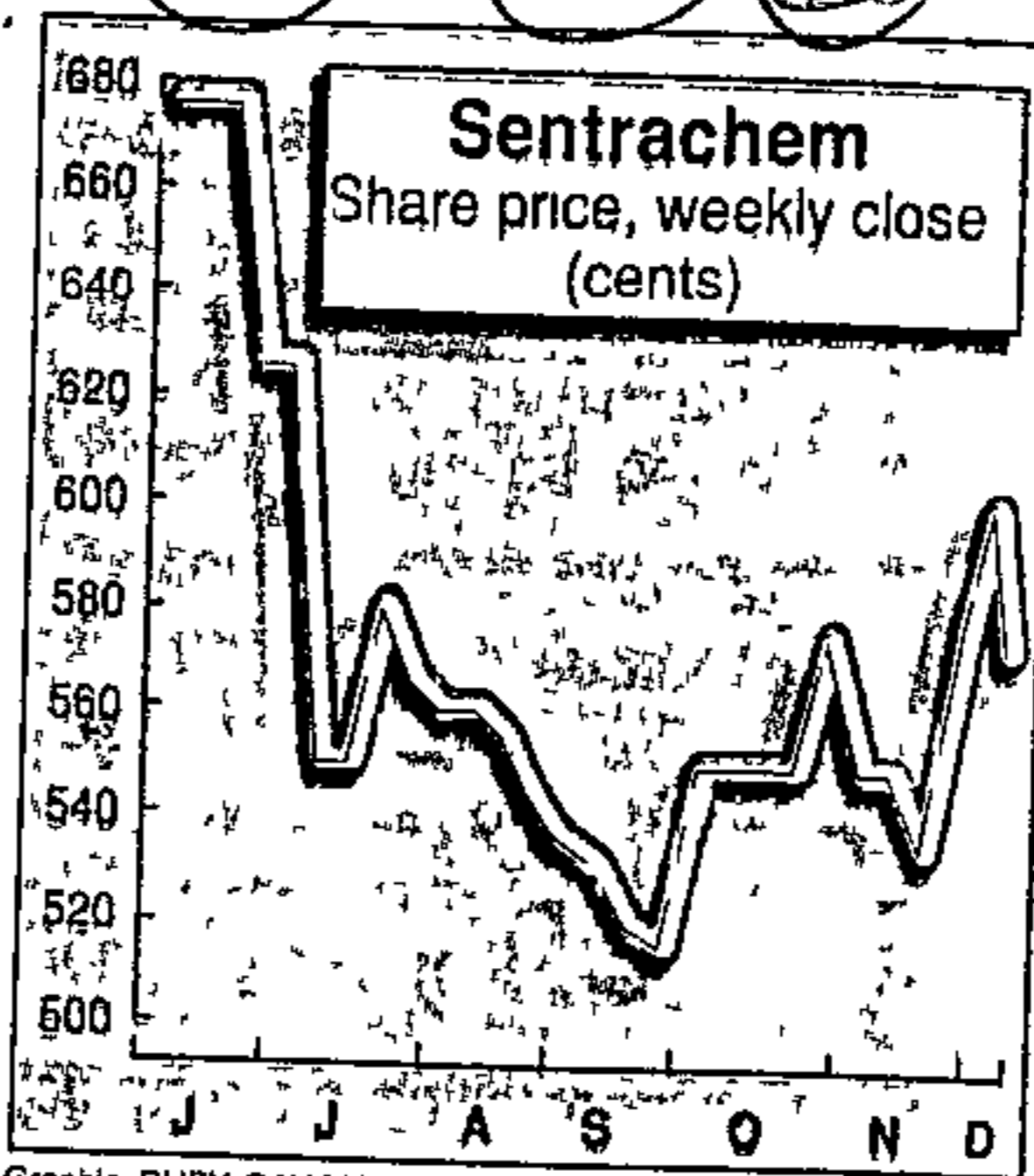
THE Industrial Development Corporation (IDC) had no immediate plans to sell its remaining interests in other companies despite selling its 12,2% stake in Sentrachem on Friday, a spokesman said.

More than 14-million of Sentrachem's 115-million shares in issue traded on Friday in 15 deals valued at R80,9m. The shares changed hands at 575c, 100c lower than 1992's annual high of 675c and 25c lower than Friday's opening price of 600c.

The IDC's decision to sell its Sentrachem stake came days after it announced that it planned to unbundle its two investment trusts, Industrial Selections (Indsel) and National Selections (Natsel).

A spokesman confirmed yesterday that the two moves were aimed at raising finance for the Alusaf expansion and other projects in which the IDC is involved, but ruled out the possibility that the corporation would soon sell other interests.

Sentrachem financial director Robert Morris said the IDC sold its JSE-listed shares in the group to various institutions because the parastatal, which had industrial development and promotion as its main



Graphic RUBY GAY MARTIN Source I NET

aim, regarded Sentrachem as a "mature" investment. Sentrachem also wanted to "spread" more of its shares with private institutions, he said.

The IDC also planned to sell approximately 1,5-million additional shares held in Sentrachem's holding company, Central Chemical Investments, to Sankorp, Morris said.

□ To Page 2

IDC B/DAY 7/12/92

The IDC announced last week that it intended unbundling Indsel and Natsel in a move which will free up more than R600m for investment in a number of projects. The parastatal holds 52% of Indsel and 50% of Natsel.

IDC financial markets GM Louis Kingma said yesterday the IDC sold the Sentrachem shares to raise money for Alusaf and other projects. The Indsel and Nat-

sel announcement represented "a move in the same way" □ From Page 1

He said, however, that there was "no urgency to raise further funding at the moment".

Kingma said the IDC did not plan to sell its remaining 20% stake in Sasol or its small shareholding in Sappi. Selling its 16% share in Iscor was out of the question because of the share's low price.

Call rates come off as shortage eases to previous week's level

CALL rates came off last week as the money market shortage eased R1bn to R2,677bn on Wednesday after a hike of the same magnitude the week before

From an average 12,75% at month-end, calls fell to about 12% by Friday. By Thursday, however, liquidity had tightened, with the shortage up at R3,078bn. Unless it falls back below R3bn this week, calls are unlikely to ease much for the rest of the month.

There are many reasons for improved liquidity. As about half of issued Eskom stock is believed to be held offshore, the November 30 payment on the maturing E164 bond would not have lowered the shortage, but rather would have put pressure on local liquidity as cash was withdrawn to repay foreign holders of the parastatal's stock.

However, coupon payments on government stock and beginning of the month government disbursements to the homelands more than offset the outflow.

The average rate on the weekly three-month treasury bill (TB) tender moved up to 11,86% from Friday's 11,78%, with bids totalling R387m received for the R200m on offer.

After the higher rate, dealers were pondering whether it was the right time for an upward correction in other rates on the money market.

Though December is traditionally a quiet month in the market, dealers said demand for money market assets was particularly poor last week.

As bears have taken to the fore on the gilts floor, it is doubtful that investors' cash is flowing there. The

recent strength of the equity market may, however, suggest that money is being invested on the JSE.

Last week the average rate in the market on the 90-day liquid BA was 11,9%, but traders expect it to move up to 12% early this week on the back of the higher TB rate.

In thin, quiet trade on Friday gilts rates kicked up as fears of an oversupply of capital market instruments mounted, and big players closed their books for the year.

Near the session's end the yield on the R150 was at about 14,84% from 14,57% the week before.

Government financing of the deficit — expected to be through the capital market — and more corporate bond issues after the good reception to Tuesday's R1bn SAB issue have fuelled bearish sentiment.

B/DAM 7/12/92 (260)

Anglo and Eskom in tariffs talks (260)

~~BY~~ PETER DELMAR ~~BY~~

ANGLO American is negotiating with Eskom on a possible special power deal for its Namakwa Sands heavy minerals project on the west coast.

The go-ahead for the project, which is expected to cost almost R1,4bn and generate 4 500 jobs directly and indirectly, was given late last month.

Project director Neville Keys said the project, was expected to use more than 50MW of power. This would make it one of the biggest new consumers of Eskom power.

Keys said studies and projections were based on Eskom's standard tariffs available to large users. Discussions were continuing, however, on the possibility of structuring a special deal for the project.

The outcome was unlikely to be similar to deal negotiated for the Alusaf expansion, however. Keys noted that the Alusaf contract was based on linking the cost of power to the aluminium price on the London Metal Exchange. There was no comparable yardstick for the Namakwa Sands project.

Keys said most of the power consumption would be at the smelter site near Saldanha Bay, not at the mine at Brand-se-Baa near Vredendal.

In planning the project Anglo had been "very conscious of the advice that Eskom has been giving, that they intend to retain the escalation in power costs below inflation," Keys said.

Soweto payments improve — Eskom

THEO RAWANA (260) (E)

MONTHLY electricity payments in Soweto had increased dramatically from below 20% of the amount due to more than 50% since Eskom took over running the service from local councils earlier this year, Eskom said yesterday.

The three Greater Soweto councils of Diepmeadow, Dobsonville and Soweto relinquished control of the electricity supply in March this year, R200m in arrears because of boycotts. 510M 4/12/92

An Eskom spokesman yesterday attributed the improvement in payments to Eskom's "user-friendly" approach.

District manager Johan Harmse said residents were finding the 11 new customer service centres located next to rent office very convenient. The centres handled queries, complaints and payments.

"Besides, we have greatly improved the supply of power and our upgrading programme is going well." The toll-free number provided for residents to report power interruptions was a convenient facility, Harmse said.

Eskom was planning to move its facilities out of council property and set up "more permanent" structures at places such as shopping centres in the townships.

Residents were currently paying a flat rate of R33,80 a month, but Eskom hoped to introduce metered payments once the upgrading had been completed, he said.

"We'd like to see more payments so as to provide better service to the residents."

Code of business practice envisaged

B10177 8/12/92 (260)

A TASK force to provide guideline recommendations on corporate governance is to be established under the auspices of the Institute of Directors in Southern Africa (IOD)

The move follows a spate of business failures, declining ethical standards and the urgent need to improve accountability in the public and private sectors.

IOD executive director Richard Wilkinson said in a statement the IOD would play a leading role in formulating a "code of best practice" designed to achieve high standards of corporate behaviour.

Wilkinson said the IOD had held preliminary discussions with the SA Institute of Chartered Accountants, the SA Institute of Business Ethics, the Association of Law Societies of SA, the JSE and Sacob.

They were all supportive of the project and other like-minded organisations and prominent individuals would be invited to take part in the venture. Quoting from the Advisory Board of the UK National Association of Corporate Directors, he said corporate governance ensured all long-term strategic objectives and plans were established and proper management structures were in place to achieve them, while maintaining the corporation's integrity, reputation and responsibility to its various constituencies.

ROBERT WICKS

The task force — to be chaired by Frame Group chairman Mervyn King — would try to find a balance between the free spirit of entrepreneurship and the constraints of effective accountability.

"This goes to the heart of companies' — and SA's — competitive position, and it is in the interest of commerce, industry, and government that some code of practice be established without delay," said IOD chairman Pieter Kieser.

Kieser said corporate governance was very high on the agenda in a number of countries, including the UK, US, Australia and Canada.

"The IOD believes that in the light of recent experiences in both the private and public sectors and business failures this issue should become a priority in SA as well," he said.

The task force committee would be asked to make recommendations regarding the responsibilities of executive and non-executive directors to review and report on performance to shareholders; the frequency, clarity and form of such information; the appointment of audit committees, the principal role of auditors and their responsibilities; the links between shareholders, the board of directors and the auditors; and measures to ensure the future of the code.

IDC takes R970m stake in Columbus

BIDM 9/12/92

187A

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JONO WATERS

ANGLO and Gencor have given the green light for their Columbus stainless steel project, and have brought in the Industrial Development Corporation (IDC) to provide a third of the project's capital cost, estimated initially at R2,55bn

By the time cost escalation and interest on borrowings have weighed in, the project will have cost an estimated R3,5bn

Columbus, which will be owned by Gencor's Samancor and Anglo's Highveld Steel & Vanadium, has been described as an act of faith. Its viability will depend on unpredictable metals prices at about the turn of the century. It will also depend on the project's production costs being less than the world average

Construction is expected to take two years and full capacity of about 500 000 tons a year is expected by end-1995 Columbus will add an annual R2,5bn to GDP

IDC senior GM Malcolm Macdonald said the IDC believed Columbus was a worthwhile investment and would have a "cascading" effect on other industries

"The future of SA industrialisation lies in mineral beneficiation as SA has comparative advantage in several minerals"

Each partner — Samancor, Highveld and the IDC — would hold a 33,3% stake in the venture and would be required to put up R970m for the project. The balance of R600m would come through export credits from equipment supplier countries.

However, in terms of Section 37E of the Income Tax Act, which allowed for tax deferral on mineral beneficiation projects, each partner would receive R240m in tax credits, reducing their individual contributions to R730m

Gencor and Samancor chairman Brian Gilbertson said yesterday the project would generate about R16bn in foreign exchange (in 1993 money) in the first 25 years of its life

"By forging another link in the value-added chain, we will add to SA's growth

□ To Page 2

Columbus

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□ From Page 1

and foreign exchange reserves" He said the project would add 40%-50% to the value of the raw materials

Columbus chairman Leslie Boyd said the expansion would make the country the sixth-largest producer in the world. The project would be the biggest single-location producer internationally

Columbus CE Fred Boshoff said the expanded operation at Middelburg would employ 1 800 people, an increase of only 100 jobs, but at the peak of construction, 5 000 people were expected to be working on site. A further 10 000 jobs would be created in the downstream construction and engineering industries

The fiscus would benefit by a real return of R6bn through company tax and employees' PAYE over the first 25 years

Construction would start early next year with site preparation at Middelburg. By the end of January, the venture partners would announce who would be awarded the construction contract

The cold mill would be the first plant to be commissioned at the end of 1994, followed by the hot mill in the first quarter of 1995 and the steel plant at the beginning of the third quarter of 1995

About 60% of the project's capital would

be spent locally, while the balance would be used to buy foreign technology and goods not available locally

Asked what the real rate of return would be on the project, Gilbertson said it was "not a dripping roast", but the returns were "adequate" as the project had managed to satisfy six boards

Boshoff said stainless steel was a commodity with growth, with current world demand for it increasing at a rate of between 3,5% and 5% a year

No special agreement had been concluded with Eskom for a lower tariff as power costs made up only 2% of the total cost of production. Negotiations, however, were continuing

Columbus had a competitive advantage, with Samancor being the world's largest supplier of ferrochrome, Boshoff said. The nickel for the project, about 25 000 tons a year, would be sourced locally and iron would come from carbon steel scrap

Gilbertson said the project was evidence of the positive role of large corporations in the country as small corporations could never "act on this scale"

Boyd said there was no timetable for listing the project

Gas pipeline for Columbus

EDWARD WEST

SASOL would establish a R120m gas pipeline to the Columbus project and other industries in the eastern Transvaal, a spokesman said yesterday.

Construction of the pipeline, to stretch from Secunda to Witbank and Middelburg, would be completed by September 1994. *BIDM*

The feasibility of the pipeline was dependent on the gas consumption of the Columbus stainless steel project, which was given the go-ahead on Monday. *10/12/92*

Gascor, a Sasol subsidiary, has been operating an extensive gas network, mainly to industry, in the Witwatersrand for the past 28 years. It currently services up to 800 consumers in the region.

The 73km pipeline between Secunda and Witbank would have a diameter of 400mm. The diameter of the 38,5km Witbank to Middelburg pipeline would be 325mm.

The new pipeline was expected to

increase Gascor's sales by up to 25% from 1994 onwards.

The pipeline was designed to supply 900 gigajoules an hour of methane-rich gas from Sasol's Secunda plants where there was excess gas capacity. Its energy value was about 35 mega-joule/normal cubic metre.

Sasol said the pipeline was expected to attract new industries to the Witbank/Middelburg area. The pipeline would not affect the environment as it would be laid underground.

Advantages of gas to heat-energy consumers included high heat value and efficiency, low sulphur content, continuous availability, consistent quality, clean burning, no stock keeping necessary, technical support from Sasol and accurate temperature control, the group said.

Contractors for the pipeline would be appointed after tenders had been requested.

Talks held on broadcasting

JOHANNESBURG —
The Campaign for Independent Broadcasting met Home Affairs Minister Mr Louis Pienaar yesterday to lobby for independent broadcasting during the country's transition period.

They agreed to set up a joint working committee "to discuss and elaborate a process towards the achievement of an independent representative SABC board," the CIB said after the meeting in Pretoria.

A CIB delegation will meet the director-general of the SABC, Mr Wynand Harmse, in Johannesburg today. —
Sapa

(26) CT 10/12/92

DP call for 'Goldstone' into corruption in SA

CT 10/12/77 Political Correspondent (260)

THE Democratic Party last night called for the creation of a Goldstone-type judicial commission to probe ongoing allegations of rampant corruption.

Green Point MP Mr Hennie Bester told a meeting in Grassy Park that corruption was having the same cancerous effect on South African society and should be dealt with with the same urgency.

For many years South Africans and the government had refused to accept that corruption was becoming a pervasive characteristic of society.

Independent SABC board on agenda

By Michael Sparks

STAR 10/12/92
260

A working committee was yesterday set up to consider a proposal for a new, independent board to run the SABC.

The committee was established at a meeting between the Campaign for Independent Broadcasting (CIB) and Home Affairs Minister Louis Pienaar yesterday.

The CIB delegation was led by National Union of Mine-workers assistant general-secretary Marcel Golding and Campaign for Open Media chairman Raymond Louw. ANC information head Dr Pallo Jordan also attended.

Louw said the CIB would produce a working document for the committee, which would present its proposals to the Minister.

The CIB would then have another meeting with Pienaar before January 20.

Other issues raised by the CIB in the meeting included the reincorporation of the broadcasting services of the TBVC states — an issue which the CIB will take up with the Department of Foreign Affairs, since Pienaar said it was beyond his jurisdiction.

A delegation from the CIB plans to meet SABC director-general Wynand Harmse this afternoon to discuss the demands as well as the results of its meeting with Pienaar.

The National Association of Broadcasters (NAB), which includes SABC radio and television, supported the call of the CIB for an independent board.

NAB chairman Stan Katz said "We believe that when the term of the current board of control expires in March next year, it must be replaced by a new board representative of the full spectrum of SA society."

IDC to back lysine plant

PETER DELMAR

(260)

~~188~~
THE Industrial Development Corporation (IDC) is set to commit more than a third to the cost of a R280m lysine plant expected to be approved as soon as next month.

An IDC spokesman confirmed the corporation had given its go-ahead for the project which would be managed by AECl. *Blom 11/2/92*

AECl had yet to take a formal decision on the project, but a spokesman said the company remained positive about it.

A decision on the plant, which would probably be located in Natal, was expected early next year.

Lysine is an amino acid used in the production of animal feeds, particularly for pigs and chickens.

SA is a major lysine importer and it is envisaged that most of the production will be destined for export.

The IDC recently invested more than R2bn in a number of export-oriented projects in co-operation with the private sector.

It committed R970m to the Columbus stainless steel venture and R800m to the Alusaf expansion, and made a R370m loan for the Namakwa Sands heavy minerals project.

IDC senior GM Malcolm Macdonald said the IDC had given the lysine project its go-ahead, but that formal approval would be made by AECl, its managing partner.

He said the project would use new home-grown technology and had exciting downstream potential.

The IDC could put up more than a third of the financing, but was unlikely to provide as much as half, Macdonald said.

Gas for Columbus

By Stephen Cranston

Sasol's heating fuel division is building a R120 million pipeline to supply gas to the Columbus stainless steel complex and other industries in the Eastern Transvaal

260 (S) 183
The pipeline from Secunda to Witbank and Middelburg will be completed by September 1994

Gascor, a subsidiary of Sasol, is SA's biggest producer and supplier of

11/12/92
pipeline gas

Contractors for the pipeline will be appointed after tenders have been requested.

Sasol pipeline gas has a low sulphur content, continuous availability and is clean-burning. No stock-keeping is necessary.

Sasol expects the pipeline to attract new industries to the Witbank/Middelburg area

The pipeline will be installed underground, with no effects on the environment.

100

(260) (260)

Unlocking wealth

FM 11/12/92

Government's directive last year — that the IDC should realise assets to mobilise finance for industrial development — is probably behind its decision to unbundle two investment trusts, National Selections (Natsel) and Industrial Selections (Indsel), and lighten its investment in Sentrachem

The move is expected to free more than R600m for investment in several major projects. A number of these will require substantial cash injections this financial year. The IDC is expected to fund R800m for the Alusaf expansion, R370m for Anglo's Namakwa Sands, and about R1bn for the Columbus stainless steel project.

The IDC has also placed its 13,5% stake in Sentrachem with 14 financial managers who are committed to following a 40-for-100 rights issue if the chemical company's off-shore acquisition is finalised. This will raise about another R250m. The IDC holds 50% of Natsel, whose market capitalisation is R690m, it has 52% of Indsel, with a market cap of R807m.

The IDC could use two methods to unlock the value of investments within these companies. The first is a dividend *in specie*, whereby it would offer to its 20 major shareholders the value quoted in shares. To the 3 000-plus minority shareholders, a cash offer close to NAV of the underlying investments would seem the most feasible. This method is unlikely to be practical.

The second is the formation of what one source calls a market portfolio. Listed shares in it would be sold, unlisted shares absorbed by the IDC, and the proceeds distributed to shareholders.

Both Natsel and Indsel have traded at big discounts to NAV in recent months. In mid-November they gained 20%, perhaps on advance information about the announcement. This was followed by a further 25% increase following the cautionary

The JSE tends to impose discounts to NAV when valuing holding companies; Anglo American is a good example of the refusal to value a counter anywhere near the worth of its underlying assets. It is this ten-

FM 11/12/92

(260) (260)

agency which moved Gencor ex-chairman Derek Keys to suggest that unbundling might be necessary to unlock wealth in these companies for shareholders' benefit.

The most recent example of unbundling is JCI's Dabi. On announcement of the pending liquidation of its portfolio, 4 100 shares, worth almost R56 000, changed hands in five deals. The share rose 37% in two days.

The IDC's decision may be a precursor to a rash of similar actions, all designed to realise underlying wealth.

Marylou Greig

THE TV1 newscasts have drawn a laager of protection around the government's image, carefully shielding viewers from widespread national and international criticism

'Laager protects govt'

South 12/12 - 16/12/92

are seldom reported on SABC," says the report

Even vehement criticism from the South African ambassador to the United States, Mr Harry Schwarz, was ignored by SABC news

This is a claim by the Campaign for Open Media (COM) in its October/November report on SABC coverage of government corruption

The report says this kind of bias is ongoing. The SABC employed similar tactics when covering controversial stories such as the Gohnwe murder, the Flores/Du Randt affair,

the Boipatong and Bisho massacres, the Development Aid scandal as well as other reports of irregularities SABC news

The Campaign for Open Media accuses

the SABC of trying to

cover up the Goldstone Commission's findings, reports **Bronwyn Keene-Young**

reports of the Goldstone revelations were marked by excessive coverage of government responses and denials, while the national and inter-

national furor was almost entirely ignored, says the COM report

For instance, the SABC did not cover former CCB operative Mr Ferdi Barnard's press conference, but chose to interview him afterwards.

"The information provided in the interview excluded Barnard's insistence that the former Minister of Defence, Mr Roelf Meyer, knew that Barnard was working for Military Intelligence and ordered his dismissal," says the COM report.

On Agenda, SABC political correspondent Lester Venter tried to "spread the blame" by trying to suggest that "all sides were guilty". This resulted in Venter grilling the ANC

on issues irrelevant to the discussion
This was summed up by Venter's

statement at one point: "Well, gentlemen there we are, reciprocal allegations of faith and lack of credibility on each side."

This was in stark contrast to the interview with the ANC's Mr Mac Maharaj after the release of the ANC report into conditions in its military camps. This interview was a one-on-one in which Maharaj was forced to answer specific questions about the ANC and the report's revelations of torture in the camps.

The COM report also notes that the police were not asked on Agenda about Goldstone's criticisms that the force has not caught anyone linked to the thousands of political murders over the past years.

Instead Venter's first question to Leon Mellet, in reference to the debate was 'General Mellet, you've been watching a tennis match of accusations going past you. Would the police support Goldstone getting wider powers?'

Although Maharaj took Venter to task about how he conducted the debate, Venter's bias was a "serious indictment of the SABC's ability to inform the public about current issues", the report says

Lessons for SABC from BBC debate

STAR 12/12/92

MANDY JEAN WOODS

THE British government last week launched a debate on the future of the BBC, with the release of a consultation document on the corporation's future, the Financial Times reports

The issues raised and the problems the BBC faces are not dissimilar to those being faced by the SABC in South Africa.

The BBC is a vertically integrated organisation with more than 20 000 employees, two television channels, five or six national radio services and a thick network of radio stations all funded by a licence fee on television set ownership, the Financial Times reports

Although more than 90 percent of households switch on to the BBC at least once a week for the £80 (R400) a year it costs for a licence, BBC TV only has a 30 percent share of viewership

The consultation document or Green Paper on the BBC which was tabled in the British Parliament last week, notes that with more television channels and more choice, "the role, function and organisation of

the BBC was bound to change"

The Green Paper leans towards redefining the status quo — a BBC that may be trimmed and more efficient, but still recognisably the BBC.

There are radical options laid out, such as accepting advertising, a much smaller, cheaper BBC broadcasting largely bought-in programmes, and a Public Service Broadcasting

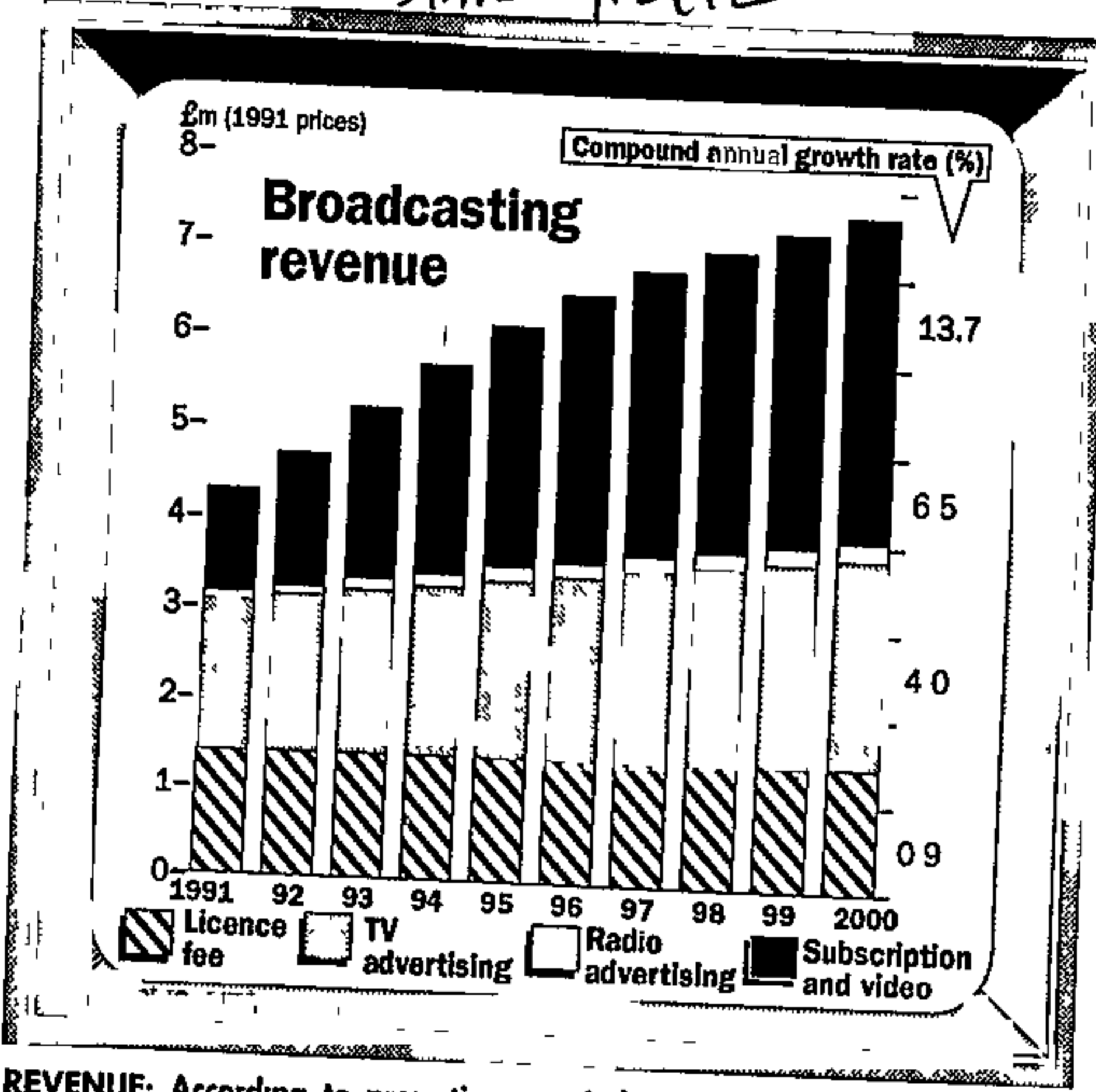
Council that might distribute licence-fee money to anyone wanting to make public-service programmes

The British government's attitude towards the future of the BBC can be summed up in the forward of the Green Paper where Peter Brooke, National Heritage Secretary, writes "The government believes the BBC should continue as a major broadcasting organisa-

tion and it should have special responsibilities for public-service broadcasting", although he emphasises that change is inevitable.

The changes the government is seeking for the BBC include

- Aiming for sustained improvements in organisation
- Developing a range of output and performance measures
- Creating a more flexible organisation — the



REVENUE: According to projections carried out for the BBC, subscription revenues will this year surpass those raised by licence fees for the first time

BBC has been criticised for unnecessary bureaucracy

The biggest question of all is what role the BBC should have in an increasingly competitive broadcasting environment

With the greater choice available to viewers and listeners, the BBC could concentrate in future on providing news and current affairs and programmes unlikely to be broadcast by others

"The BBC would broadcast a few general entertainment programmes but more programmes for minority audiences," the document suggests

If the range of programmes were limited, the number of BBC services could be reduced. No popular music might mean dropping two out of its five domestic radio services. No entertainment, and the BBC could be chopped back to one television channel

On the second big question — how BBC services are to be financed once the government decides what BBC services should be — the Green Paper is open-minded but not completely so

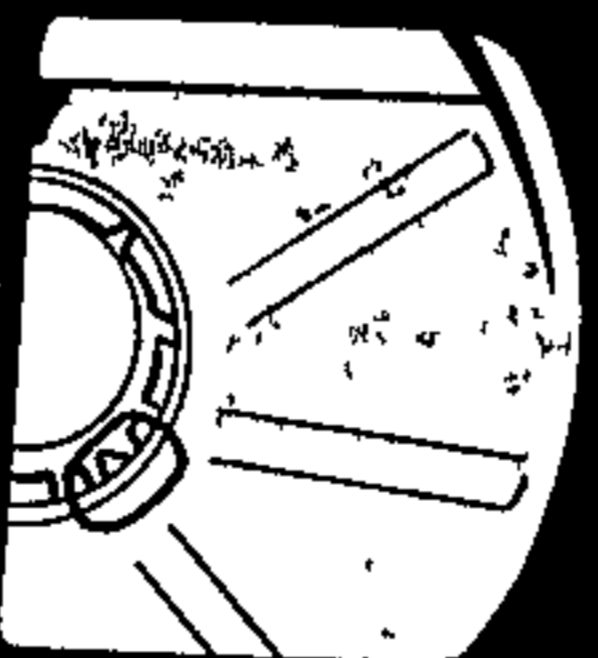
It does say that "so far, no one has devised an obviously better system" to the licence fee, but none of the obvious alternatives such as advertising, subscription or mixed financing are warmly embraced

The government sees the BBC not so much as a monopoly, but more as a conglomerate carrying out a variety of functions. If it were to operate efficiently in future these strands of activity might have to be disentangled and decisions taken on whether all should continue to be carried out by people employed by the BBC, the FT reports.

The government is also interested in the role of the BBC governors. Some believe the governors interfere too much. On the other hand, the governors and the board could be merged, while government leans towards a supervisory role

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Megaprojects will boost SA's economic growth

S/Times [B455] 13/12/92

By CIARAN RYAN

CAPITAL projects worth more than R14-billion have been announced within the last two months which will help to reverse South Africa's declining economic growth rate.

This week's announcement of the R3,5-billion Columbus Stainless Steel venture follows that of the R7,2-million Alusaf aluminium smelter, which together will generate annual sales of about R4-billion.

Other megaprojects which have been given the go-ahead include Engen's R800-million Genref refinery expansion and Anglo's R946-million Namakwa Sands and R1,7-billion Moab gold projects.

Private sector projects worth a further R15-billion are in the proposal stage. Once commissioned, these projects will add 10% to SA's fixed investment levels, generating annual sales of between R8-billion and R9-billion — equal to an annual economic growth rate of 3% in current terms.

"A 10% growth in investment levels translates into a 3% growth in the economy," says Frankel Max Pollak economist Mike Brown.

These private sector investments show that South African business is prepared to invest in its own country.

Mr Brown says a sustain-

able economic growth rate of 5% is achievable within three years, provided a greater portion of national savings are diverted to direct investment in productive and development projects.

"We can achieve these growth rates if the capital markets are able to finance direct investments, such as low-income housing, to the tune of 2% to 3% of gross domestic product.

"Government must also switch from consumption to investment spending to the tune of 3% of GDP, or about R9-billion a year."

Model

SA's fixed investment is currently R54-billion. Institutional cash-flows were about R70-billion last year and should exceed R80-billion this year.

Life offices and pension funds are preparing a proposal which may divert a portion of these savings into development finance.

Minister of Finance Derek Keys is about to announce an economic model to vastly increase SA's investment levels in both capital- and labour-intensive sectors.

Capital-intensive projects, such as Alusaf and Columbus, are attacked by the IMF and World Bank because they create few jobs.

Columbus will create just

100 direct jobs and Alusaf less than 2 000, although tens of thousands of jobs will be created downstream.

Capital spending on existing gold mines, a major source of job creation in the 60s and 70s, declined from R2,7-billion in 1988 to R2-billion in 1991, and capex programmes are being deferred until the gold price shows signs of recovery.

More than 140 000 gold miners have lost their jobs since 1987.

Frankel Max Pollak's Mike Brown says the country needs both capital-intensive and labour-intensive development projects to improve the economy's ability to create wealth and jobs.

Projects such as Alusaf and Columbus will protect the balance of payments during the upcoming growth phase, while increasing the flow of capital to development projects will create jobs and distribute wealth among low income groups.

Since the mid-80s, SA's fixed investment levels fell from the IMF recommended target of 25% of GDP for developing countries to 16% this year. SA's investment rate, net of depreciation and after inflation, is currently 1,5% of GDP, says the PFI.

This should rise to about 5%. Another minerals beneficiation project under consideration is a R4,2-billion alu-

mina, magnesia and potash production plant by the IDC. It could generate export sales of R1,6-billion a year, making SA self-sufficient in its use of these minerals and a significant exporter of magnesia and magnesia metals.

The IDC is currently constructing a demonstration plant for R100-million. If successful, a full-scale plant would come on stream in 1997.

Viability

The IDC and Iscor are working on a project to convert iron ore to steel using the low-cost Corex process. The steel mill would cost about R3,3-billion, generating export sales of about R1,1-billion a year, with commissioning in 1997.

The IDC, Engen and Sen-trachem are investigating the feasibility of downstream processing of Mossgas fuel with a projected capital cost of R12-billion.

This would improve the viability of the state-subsidised Mossgas plant and improve the country's foreign trade balance by about R2,5-billion, according to Malcolm Macdonald, senior general manager at IDC, in a presentation to the Euromoney Conference in London earlier this year.

Sasol has obtained Section 37(E) tax approval for several large projects from the Department of Trade and Industry.

Accounting shake-up for public entities

STAR 14/12/92

Finance Staff

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A major shake-up is on the way for hundreds of public entities which, unlike their private sector counterparts, escape full accounting disclosure and are under no obligation to prove that they offer value for money.

According to Andrew Ray of Deloitte and Touche Management Consultants, the Reporting by Public Entities Act, which comes into effect next year, will affect a wide range of organisations owned, funded or otherwise guaranteed by

the government

These organisations include the SABC, water boards, universities and research bodies, such as the HSRC and CSIR. Also included are all local authorities, but government departments and provincial authorities are excluded.

The act has three major requirements:

- Proper GAAP accounts must be published in the same way as for private companies, with the director's report setting out the organisation's objectives, and stating how effectively

and efficiently these have been met

- An internal audit department must be set up.

- The organisation must undergo value-for-money audits to prove that it has made the best possible use of tax or rate-payers' money

"Many of the larger public entities, such as Eskom and Transnet, are already complying with the bulk of the legislation, but for the majority of organisations within the public sector the new rules are likely to provide many a headache," said Ray.

MEDIA SPOT

No 'innovator' chosen for 1992

B/D/DAJ 15/12/92

SA CONSUMERS were being bombarded with more than 1 200 messages a day, double the number of 15 years ago, Media Director's Circle (MDC) chairman John Montgomery said last week.

Although this indicated that new ways had to be found to reach consumers, no one had risen to the challenge, he said. Because of this, MDC had not chosen a media owner or individual for the Media Innovator of 1992 award.

This was unfortunate, as innovation was the life blood of the industry, he said. "In our opinion there has never been a better opportunity for creative media thinking than in this past year."

One of the reasons for the lack of innovation was that most media types were dominated by monopolies, making media "more expensive, less targeted, less flexible and more complacent".

The industry had to "continue to demand free enterprise in media... and encourage competitors to enter media environments dominated by too few contractors", Montgomery said.

The National Association of Broadcasters had made proposals to lead broadcasting regulations "out of the

Reports by
MARCIA KLEIN

dark ages", but these had not progressed because of political inertia. Free enterprise and commercial broadcasting principles were in everyone's interest, particularly that of marketers who funded 80% of broadcasting.

Agencies also had a role to play, as conventional media strategies had become inadequate.

Promise

(260)

Montgomery said CCV, which had the ideal opportunity to position itself as the television station of the future SA, had not capitalised on the new political climate.

In addition, TVI's promise of better, brighter programming and innovative sales packages had not materialised.

"Instead, we are faced with a fall in prime time and total white, coloured and Asian TV viewership."

Recently announced programme, channel and rate structures had moved radio backwards, Montgomery said, and outdoor, cinema and print groups had also not provided enough new media opportunities.

NEWS IN BRIEF

Ad of the month

Ogilvy & Mather RST & M. Cape has won the Association of Advertising Agencies' (AAA's) October ad of the month award for radio for its Prince Charles ad for Car Magazine, and in the outdoor category for its Crash Test ad for VW SA.

Cape-based agency The White House won in the magazine category for its No Files ad for Opel, and it won the AAA and Newspaper Press Union's newspaper award for its You're Looking at Them ad for Woolworths. Hunt Las-cars TBWA won the TV ad of the month for its Fuji ad for the SA Optometric Association.

Reckitt account

DARCY, Masius, Benton & Bowles has been appointed to handle a substantial part of the Reckitt's Household account. This year the agency won the Plascon, Tabletop, Schwepes, TVI and Reckitt accounts.

Partnership

PARTNERSHIP has been appointed to

Eurospace Africa's billings hit R140m

MEDIA company Eurospace Africa has been awarded the handling of media planning and buying for Smith and Nephew's Atrix and Labello brands, bringing its billings to nearly R140m since it opened its doors two months ago.

Eurospace Africa is a joint venture by local directors Franco Barocas and Lyndall Campher and Eurospace International, a partnership of TBWA and French company Carat.

Eurospace Africa deputy MD Campher said that in addition to the original R100m in billings acquired from Hunt Lascaris TBWA, the company had acquired more than R35m of media planning, buying and co-

ordination, including a deal with Media Graphics.

She said the first year's target of R200m would be met ahead of expectations. Barocas said the company was the fourth largest media spender in SA.

But he added that "panic and hysteria" in SA over the entry of French company Carat was groundless. In France, Carat could buy media space in bulk at discounted prices and then sell it to advertisers. But this was not the case in SA.

Campher said the joint venture gave the local company access to Carat's research and its international buying muscle, which was useful for SA businesses looking for international media deals.

ROOIBERG TIN LIMITED

DIVIDEND ANNOUNCEMENT

Owing to the present financial position of the company, it has been decided not to declare a final dividend in respect of the year ending 31 December 1992.

75 Fox Street
Johannesburg
2001

By order of the board
GOLD FIELDS
OFSOUTH AFRICA LIMITED
Secretaries

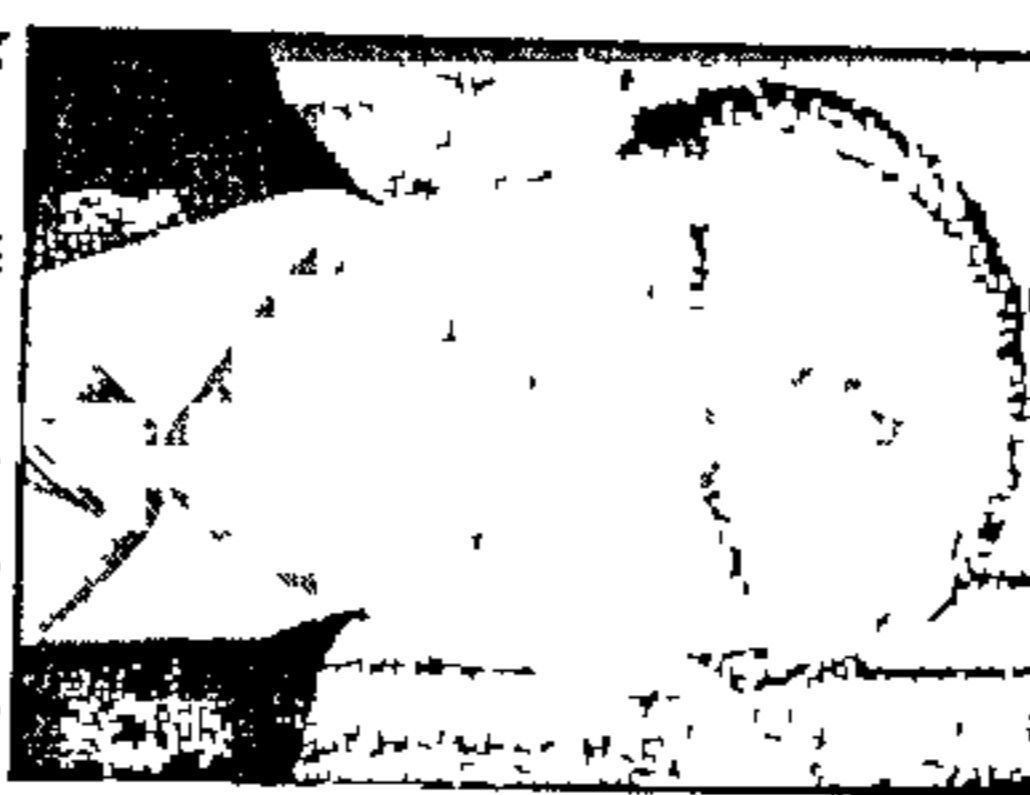
Task force appointed to formulate code of practice for business

By Des Parker

DURBAN — Frame group executive chairman and former supreme court judge Mervyn King is to head a task force to make recommendations aimed at raising standards of accountability in the private and public sectors.

The group is being formed at a time when the Office for Serious Economic Offences (Oseo) is understood to be investigating business scams involving more than R1 billion and when companies are failing at a higher rate than at almost any time this century.

Institute of Directors (IOD) executive director Richard Wilkinson said yesterday the force had the support of numerous professional bodies and similar organisations, such as the Institute of Chartered Accountants, the SA Institute of Business Ethics, the JSE the Association



Mervyn King heads task force

of Law Societies and the SA Chamber of Business (Sacob). Other like-minded organisations and prominent people would be asked to take part on the 12-person committee. "Corporate governance is very high on the agenda in a

number of countries, including the UK, US, Australia and Canada," said Wilkinson.

"The IOD believes that in the light of recent business failures, this issue should become a priority in SA as well. For some time the institute has considered a code of ethics for directors of business and recently amended its mission and adopted a credo and code of ethics."

One of the documents the force would draw most heavily on was Britain's Cadbury Committee Draft Report on the Financial Aspects of Corporate Governance (1992), which contained a "code of best practice" designed to achieve high standards of business behaviour.

From next June, companies listing on the London Stock Exchange would have to comply with this code. "At the heart of the task force's efforts is an endeavour to find a balance between the free spirit of entrepreneurship and the constraints of effective accountability," said Wilkinson.

"This goes to the heart of companies and SA's competitive position, and it is in the interest of commerce, industry and Government that some code of practice be established without delay."

Recommendations could include amendments to legislation, particularly in fields such as financial reporting and directors' responsibilities.

Meanwhile, the Institute of Chartered Accountants (Saca) and the Public Accountants' Auditors' Board (Paab) have warned that copies of their registration certificates have been forged.

The organisations said in a statement "Members of the public are asked to be aware of the possible fraudulent use of these certificates. If they have any doubt about the authenticity of a certificate, they are invited to contact Rene Pheffer, at (011) 622-6655 in respect of Saca certificates and Jane O'Connor at (011) 622-6665 in respect of Paab certificates."

Producer price rises still slowing down

By Sven Lumsche

Price increases at the producer level continued to slow down in October on the back of a noticeable deceleration in agricultural food prices.

Central Statistical Services said yesterday the year-on-year increase in the producer price index (PPI) in October fell to 7,8 percent from 8,3 percent in September.

On a monthly basis — from September to October — it increased by an encouragingly low 0,5 percent.

Lower rates of increases were reported for both imported goods and locally produced commodities.

The annual rise in the PPI for imported commodities fell from 7,1 percent in September to 4,3 percent in October, aided by the firmer trade-weighted level of the rand.

Locally produced goods rose by a year-on-year 8,7 percent in October (9,2 percent in September).

While the drought was only effectively broken last month, there were already indications in October that agricultural food price rises were slowing down.

CSS says agricultural food prices were 20 percent up on an annual basis in October (22,8 percent the previous month).

Food prices at the manufacturing level have decelerated more markedly and maintained September's annual rate of 7,3 percent in October.

IBM to lay off 25 000

NEW YORK — IBM said yesterday it would reduce its workforce by about 25 000 in 1993 and further trim global manufacturing capacity as part of another round of cost-cutting.

The latest moves would result in a charge of about \$6 billion in the current fourth quarter, the company said.

That's on top of \$5,4 billion in charges against earnings the computer maker earlier said it would take this year.

IBM issued its strongest warning yet that it might have to end its historic practice of getting rid of excess staff through voluntary means and move to forced layoffs.

Chairman John F. Akers said that if business conditions did not improve significantly, "it is likely that some business units will be unable to maintain full employment in 1993."

Full employment is IBM's term for not having layoffs.

IBM said the reductions in manufacturing capacity would be concentrated in the company's computer chip, mainframe computer and computer data-storage products businesses.

IBM further said it would cut spending on product development by about \$1 billion in 1993.

The company also said it would take steps to further increase the autonomy of its business units — Sapa-AP.

Last fling from master of controversy

LONDON — It is 31 years since Roland "Tim" Rowland was recruited by Angus Ogilvy, then an executive of Harley Drayton's 117 Old Broad Street group, while on a visit to Rio-de-janeira to sort out the troubles of



Rowland over, but was repulsed by a 93-page Lenthro document which alleged that the Bond Corporation was financially unsound. Indeed, Bond later went bankrupt.

Bibby takes

Mystery deepens over Rowland's sale of shares

STAFF 16/12/92

Jan Smuts gets world's biggest lifts

610PM 17/12/92
THE world's biggest passenger lifts had been installed at Jan Smuts Airport at a cost of R1,6m, the Public Works Department said this week.

Installation of the four lifts was part of the upgrading programme aimed at relieving bottlenecks in the international departure and arrival halls, a spokesman said.

The existing lifts had been in use

since 1972 and were inadequate.

Costing about R400 000 each, the new lifts were rated to carry a maximum of 34 people. Two similar lifts were planned for the parking area, three lifts rated for 26 passengers for the domestic hall and two for 28 passengers for the bus terminal.

STEPHANE BOTHMA

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Big slide in stock rates reversed

BTPM 17/12/92

SHARON WOOD

THE release of a favourable producer inflation figure on Tuesday reversed a marked slide in capital market paper earlier in the day.

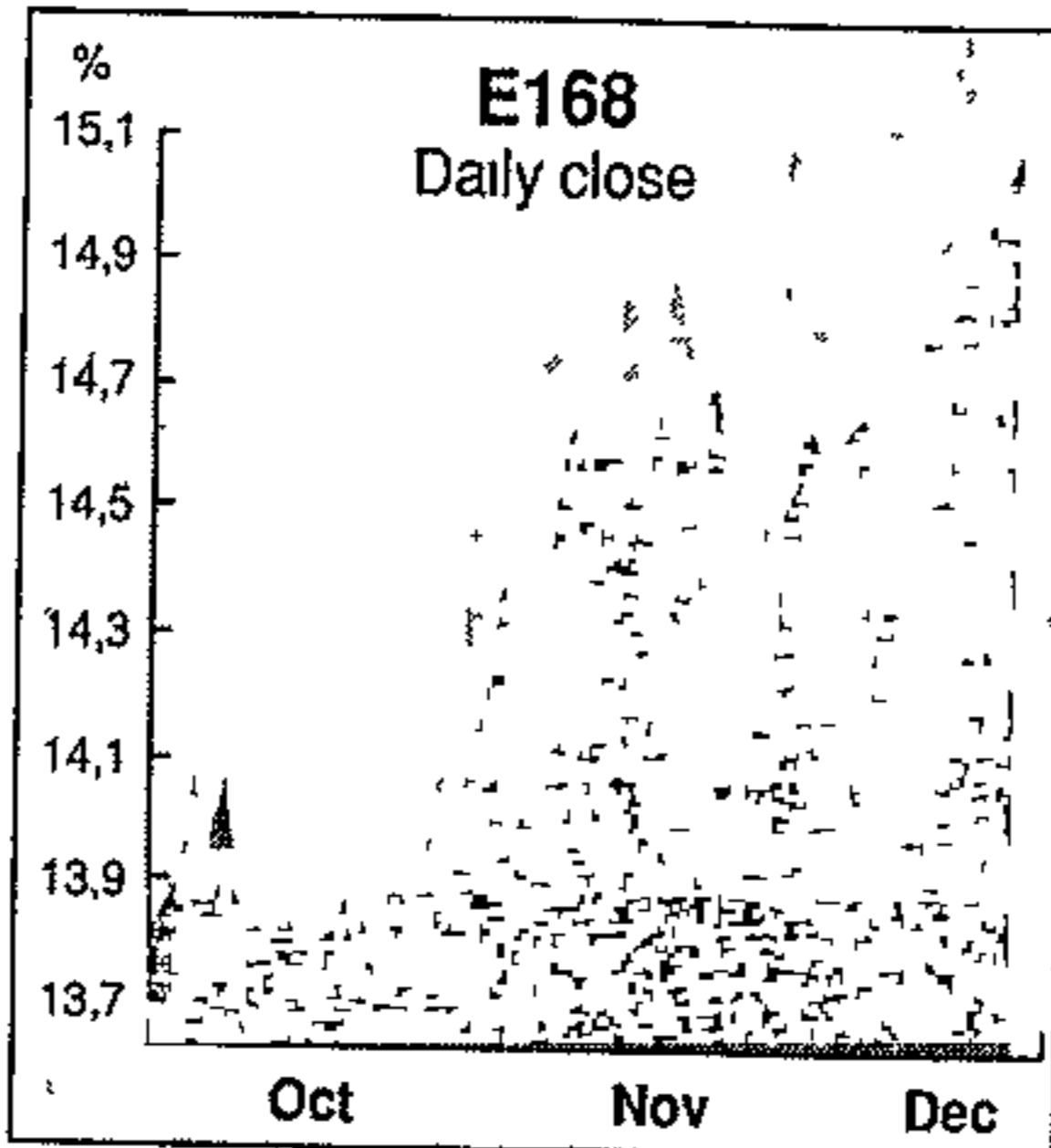
Dealers said the market was concerned about government's ability to fund next year's budget deficit and as a result the rate on government R150 stock rose by 10 points to 15,13% in the morning from the Monday's close of 15,03% (260)

Medium-dated stock was worst hit by negative market sentiment and the R147 plunged by almost 20 points to 14,42% from the previous close of 14,25%

News that producer price inflation had broken below the 8% level prompted a revival in the rates later in the day, with the Eskom E168 stock ending at 15,065% and the R150 closing at 15,07%. The E147 closed 14 points down at 14,39%.

There was little institutional activity in the market ahead of the public holiday

One dealer expected the negative sentiment in the market to prevail. However, he



Graphic RUBY GAY MARTIN Source I NET

said the long-dated stock was holding up well. The yield curve was flattening as medium-term rates were falling faster than long-term rates.

The market was expected to remain directionless. A dealer said the market had moved into a trading band and was unlikely to move out of it until New Year.

Women 'iron out' differences with Eskom

A GROUP of Vosloorus women, fed up with an electricity switch-off in the East Rand township, invaded the local Eskom headquarters with their electric appliances this week. After plugging them into the office power supply, the women reportedly got on with their cooking and ironing.

Eskom customer services manager Laetitia van Staaden said the demonstrators had asked Eskom to switch their electricity back on, but had been told they would have to deal with their town council as the service provider and Eskom client.

"Some of them were doing their ironing

WILSON ZWANE
and LLOYD COUTTS

They said their electricity had been cut off and they had to do their ironing. It was all very peaceful and we said we had no objection to it, but we had to point out to them that they had to talk to the council."

Van Staaden said Eskom had proposed to the council that it lease Vosloorus's electricity distribution system to the utility at a nominal rental in return for supply rights. In terms of the proposal, Eskom would hold off its claim for about R30m

owed by the council for services

However, negotiations were on hold as the council was in recess and the agreement could therefore not be signed before January 7. As a result, Eskom would continue its legal action against the council.

"Setting aside (the debt) does not mean we are writing it off, but we do not want the outstanding debt to stand in the way of at least a temporary solution."

Vosloorus has been without electricity for the past two weeks because, the council says, less than 10% of residents have been paying their accounts.

BIDM 17/12/12

260



COMPANIES

Eskom set to scrap Elci paper

HILARY GUSH

ESKOM would scrap its Equity Linked Cash Instrument (Elci), and the issue maturing in March next year would be its last, the electricity utility said yesterday.

The decision to terminate Elci was "due to the unqualified success of the Eskom Commercial Paper Bills (CPBs)" which — with a larger market and greater appeal — would easily absorb the existing Elci market

This year CPB turnover had reached about R30bn, against the R3bn raised by Elcis.

Market sources said the stock — which was designed to be a short-term equivalent of Transnet's Equity Linked Fixed Interest (Elfi) bonds, but which did not carry a coupon — had never been a success.

"As the issuer, Eskom did not want equity exposure and was not prepared to make a market in the individual bull and bear tranches of the instrument, trade in Elcis

never took off," said one dealer, adding that Elcis had not found favour with the market and were never actively traded

One dealer labelled the launch of Elcis a "stillborn birth" which had attracted poor investor interest

Apart from satisfying some of Eskom's short-term funding requirements, the stock had achieved little, he said

The Elci concept was good, but as it did not suit Eskom to extend the tenure of the asset, the launch was a "roaring failure".

Elcis were issued in terms of a market-making system with Eskom appointing various market makers to actively maintain a market

The original purpose of the Elci issue was to facilitate short-term funding needs to supplement CPBs

BIDAY 18/12/92

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Sell shares to everyone and defy the ANC



Eamonn Butler is director of London's Adam Smith Institute, a free-market think tank that strongly influenced many of the Thatcher reforms, especially in the area of privatisation and deregulation. He was in SA this month to address a conference.

FM: Is SA doing the right thing commercialising and not privatising State entities?

Butler: SA seems to be doing many of the right things. However, I am concerned with the perception that commercialising State entities (the route taken with the Post Office, Telkom, Transnet and Denel) without changing ownership is sufficient

Of course, people tend to talk about the pain of privatisation — for example, job cuts. But what they fail to realise is that this pain is made inevitable by years of nationalisation and bureaucratic blundering — not privatisation

Why is commercialisation not enough?

If commercialisation means that nothing changes — no change in ownership, no rationalisation, no incentives — the whole exercise is rather futile. Even if changes do take place, commercialised entities often continue to be managed politically rather than commercially. This means that goals tend to remain political

SA needs to move into privatisation rapidly, particularly to raise money to make change less painful. This cannot be done through commercialisation. The situation is similar for the former Iron Curtain countries, where privatisation needs to take place rapidly to show that there are advantages to

making these changes. In both instances, speed is essential as one might not get another opportunity to make these reforms

How can privatisation be made less painful?

People will support privatisation willingly if they have something to look forward to. In the UK, when a State entity is privatised, around 10% of the value of the company is given to workers in shares and often held in trust for a few years. The rest is sold to the public but share prices are kept low to enable ordinary people to own a stake. Thus, though there is pain involved in adjusting to privatisation, workers become more willing to make the adjustment

Are there other lessons to be learnt?

Obviously, cutting jobs is a sensitive issue. Attractive severance packages can help. With the privatisation of British Airways, experts estimated that about 20 000 people had to be retrenched because they had nothing to do. But no-one was fired because employees were offered large severance packages, financed from the privatisation of British Telecom. The trick is to use the proceeds of one privatisation to finance the privatisation of other entities

Privatisation has stopped here because of the ANC. The ANC promises to nationalise, without compensation, any entity privatised by the present government.

Renationalising a privatised entity would be easy if, when privatising, you sell only to large corporations. But if privatisation results in widespread ownership, renationalisation becomes less plausible. To spread ownership widely, it may, however, be necessary to sell shares below their value. The result is that ownership of wealth will have been transferred to ordinary people who, given a stake in the economy, are less likely to become disruptive forces

The ANC wants to continue exchange control and institute an investment code. Will this repeat the mistakes the Nats made?

These policies are geared to keep out international competition and usually have the support of local big businessmen, who often help draft these regulations. For the small entrepreneur, these policies are a nightmare

One of the best things the UK ever did was to abolish exchange control. The objection was that such a move would see money flow out of the UK. This didn't happen

In Argentina, exchange control was abolished and the Argentinian currency was linked to the dollar. A host of other reforms was announced. The result: Argentinians with Swiss accounts started bringing their money back home

Keeping these regulations in place merely turns people into criminals. They move money out illegally. Exchange control is an evil that seeks to restrict people and their money to a particular place. Open and good government needs to be competitive

How should we spur economic growth here?

Economic growth will emerge from new businesses rather than old. Government needs to encourage the growth of the small and informal business sectors, largely by keeping out of their way. Further deregulation and low, simple taxes will help

What are your predictions for SA?

I am filled with optimism, especially since I see a lot of challenging debate taking place. It would, however, be a great pity if SA did not become part of the international movement embracing privatisation and liberal economic reforms. These policies have become popular in places such as the Far East and the Eastern bloc where other systems have not worked. They know economic liberalisation will spread wealth to workers

Iscor defends charges of import protection

STIMES (BUS) 20/12/92

ISCOR says it does not need import protection "under normal trading conditions". But critics charge that it prices its steel artificially high, thanks to generous import protection.

Steel tariffs are likely to come under review as South Africa moves closer to signing the General Agreement on Tariffs and Trade (GATT). Iscor customers say they are able to land steel in SA at 20% to 30% less than Iscor charges.

The fact that Iscor is the world's most profitable steel company appears to be lost on shareholders, who traded the share down to 68c from its 1990 high of 285c.

Market capitalisation is a slender R1.5-billion, nearly one-third of its 1990 peak of R3.7-billion, while total assets are a hefty R10.6-billion. In theory this makes it an ideal takeover target — but Iscor's multi-tiered pricing system is the subject of intense controversy in the industry. Local consumers pay between 90% and 60% more for steel than overseas competitors, who are charged rock-bottom prices on the international market.

This impairs the competitiveness of local manufacturing, where steel is a major cost component and fields inflation, say the critics.

Advantage

The motor and appliance industries are particularly prejudiced because of higher formula duties awarded 18 months ago by the Board on Tariffs and Trade to Iscor on galvalume and cold rolled steel.

Mr Bosworth says Iscor needs no tariff protection because of the natural advantage it enjoys over competitors who must ship steel to SA, adding 20% to 30% to the cost of steel.

"What does Iscor mean by dumping? Does it mean anyone who imports at below Iscor's domestic price, which is anything up to 60% above international prices? Nobody seems to be able to answer this question."

Dumping

The ratings are unlikely to have altered much because all steel producers are faced with similar market conditions.

Deputy managing director Nols Olivier says Iscor only needs protection against dumping Iscor's critics charge that Iscor is selling dumping steel — selling below cost — on the world market.

Iscor has effective anti-dumping measures in place," says Nols Olivier, chairman of the Independent Wire Converters Association, "so why doesn't it ask for the formula

By GIBRAN RYAN



NOLS OLIVIER 'Local manufacturers are not disadvantaged because of Iscor's pricing policy'

Iscor is exporting 53% of its output, compared with 37% in 1989, because of declining local demand.

Margins on exported steel are water-tight compared to local sales but they make an important contribution to fixed overhead recovery.

Iscor's increasing dependence on export sales explains the 45% decline in earnings per share for the year to June.

The group will continue to find export markets to take up the slack in domestic demand, says general manager, finance and business services, Louis van Niekerk.

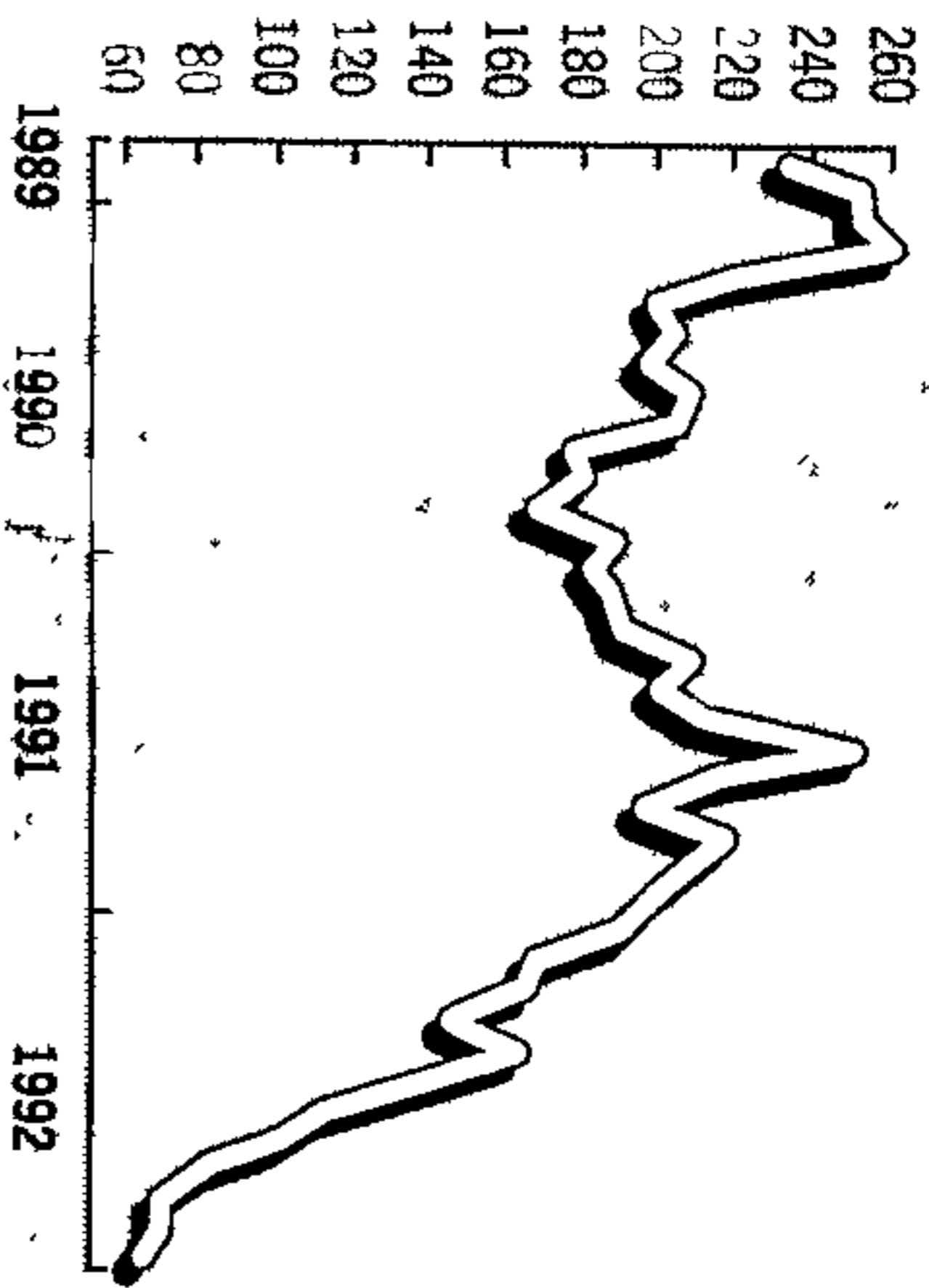
"But we certainly do not wish to export at these prices for ever."

Iscor says it offers discounts of between 28% and 42% on published list prices to manufacturers who add value and export the finished product. Discounts also apply where Iscor is forced to compete against imports and substitute products.

"Exports of locally-produced value-added products are viable and can compete successfully in the international market, therefore local manufacturers are not disadvantaged because of Iscor's pricing policy," says Mr Olivier.

"On our export sales we recover all our cash costs and make some contribution to indirect costs, such as head office overheads and depreciation."

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Graphic RUBY-GAY MARTIN Source HNET

Forecasts are spot on

By JULIE WALKER

CITY NEWS, the investment newsletter edited by experienced portfolio managers Tim May and Peter Pittendrigh, paints a gloomy story for oil and gold but advocates heavy or social weighting of portfolios into the financial and industrial sectors of the JSE.

I received a copy of CITY NEWS soon after it has been circulated to its clients. Its mid-November forecasts of a lower oil price and its push-off effect on gold were spot on.

The logic is that, as oil importers bills fall, their economies benefit, company profits improve and stock markets rise.

But unless economies boom so much that demand for jewellery grows dramatically, gold at best will stay static, or even fall.

Looking to good times

By CHERILYN INETON

"selected commodities" — this despite the costly lessons from Rand Mines's platinum and gold ventures and the draining effect that Middle-Steel had on performance.

Mr Cooper says the exposure to commodities will ensure the group shares in cyclical upturns characteristic of these types of businesses without being unduly affected by downturns.

Although fixed investment has been dismal over the past, Barlow's management believes that when the economy picks up and funds start flowing in, there will be a demand for capital goods, which will benefit divisions like Barlow's Equipment.

Export earnings will give the group an added dimension.

Poised

Still a main facet of the conglomerate's future strategy is the belief that urbanisation will lead to strong growth in branded consumer products. The group is poised to take advantage of social upliftment in areas like housing, health care and education.

Warnings

The strategic positioning is designed to see the group into the second half of the decade and will have little contribution to make to profits in the current year.

In fact, chairman Warren Clewlow warns that it will be hard to show earnings growth in 1993, given that there is little hope of any significant economic improvement.

Mr Clewlow says that South Africa's outlook is also linked to those of many

Reduced

Iscor has come to the end of a capital expansion programme but still needs to spend R50-million a year to keep its plant operational. It spent nearly R2.5-billion in 1990 and 1991 to modernise plant and improve technology.

No large-scale projects will be contemplated until gearing is reduced from its current 30% to 20%, says Mr van Niekerk. Finance accounts for 6% of manufacturing costs and this is unacceptable.

Iscor is not implicated in allegations of price collusion involving steel merchants. The big three merchants are Matsiel, Balduwys and Thebes. Iscor indirectly owns 9% of Dorbyl, which owns Matsiel.

Iscor says less than 50% of its steel exports are handled by Leo Raphael, a subsidiary of Matsiel.

"The Competition Board's investigations must take their proper course and action must be taken against the guilty if price collusion is found to occur," says Mr van Niekerk.



Mlungo Majola at the PAC West WV area. Picture ROBERT BOTHA

Kriel shocked by attack

MINISTER of Law and Order Hernus Kriel has reacted "with shock" to Saturday's attack on the occupants of a bakkie on the road between Queenstown and Dordrecht.

Five people were admitted to hospitals in the eastern Cape after a running gun battle between people on the two bakkies on Saturday afternoon.

"It is evident that a situation is developing in Transkei that makes moving there dangerous", Kriel appealed to non-Transkeians not to visit the homeland unnecessarily until such time as the situation had improved.

He said government had closed the entrances to Transkei at Queenstown and Dordrecht.

These would remain closed until government was assured of the safe passage of SA citizens.

Police spokesman Lt Christo Coetsee said between 4,30pm and 5pm a red Toyota bakkie with five occupants, all from Dordrecht, was fired on from another bakkie travelling in the same direction near Agnes Crest, in Transkei.

Coetsee said a passenger on the back of the vehicle opened fire with an automatic weapon and the red bakkie was hit 12 times. All but one of the occupants was injured.

A 52-year-old man, a passenger on the back of the red bakkie, returned fire. During the firing the driver of another vehicle, a lorry and trailer, was hit in the throat and admitted to hospital. — Sapa

Eskom offers free power to Vosloorus

IN A gesture of goodwill, Eskom has offered to supply electricity to the East Rand township of Vosloorus free of charge until January 7.

But the local town council, which controls the power supply, is refusing to switch on the lights. It will only do this if residents guarantee they will continue to pay for other services, such as water and refuse removal.

The council cut electricity supplies three weeks ago because, it said, fewer than 10% of township residents were paying their accounts.

Vosloorus Civic Association spokesman Jabulani Dumani said at the weekend Eskom had written a letter to the council on Thursday requesting it to reconnect the electricity supply until January 7, the day on which Eskom and the council are expected to sign an agreement enabling the utility to take over the supply of electricity from the council.

Dumani said Eskom had undertaken not to charge the council for electricity consumed between December 15 and the January 7 date Eskom had set.

□ Eskom official Jan de Beer said the utility's offer to the council was a genuine attempt to alleviate the plight of residents during the festive season.

Comment could not be obtained from the Vosloorus Town Council.

In another development, the Boksburg

WILSON ZWANE

Chamber of Commerce has warned that unless the crisis in Vosloorus is resolved, several Boksburg businesses will go under because of the consumer boycott called to protest against power cuts and other issues.

Chamber vice-president Sandra Morris said at the weekend the chamber had written to the Vosloorus Civic Association — one of the organisations behind the three-week-old boycott — asking for an urgent meeting to resolve the crisis. No reply had been received yet.

Morris said it was imperative business people and the civic association got together and discussed problems.

The boycott was having a severe effect, with businesses reporting a sharp drop in sales. Unless a solution was found before Christmas, several businesses could collapse, she said.

The consumer boycott was called by the East Rand Civic Association — to which the Vosloorus Civic Association is affiliated — to put pressure on the Boksburg City Council to intervene to restore the electricity supply and persuade the Vosloorus council to stop attaching properties of rent defaulters.

The Boksburg City Council has repeatedly said it could not issue orders to Vosloorus, an autonomous municipality.

Endangered rhino offered to hunters

BDDM 21/12/92 (260) 28

Sasol accused of using subsidies to boost exports

SA COAL executives have criticised Sasol over the possibility of it using government fuel subsidies to aid its coal exports, the latest Financial Times International Coal Report said

The report quoted a major exporter's executive director as saying the economic viability of Sasol's exports would make a mockery of working cost calculations

He said Sasol intended exporting coal "come hell or high water". It annoyed him Sasol might use his tax money to do so

However, the report quoted Sasol Mines GM Chris Cloete as saying the Sasol coal business was managed as a "profit centre" based on market-related transfer pricing of coal "Our oil-from-coal business has nothing to do with our coal export business," he said

Sasol and a number of other smaller producers want to build a 10-million ton a year terminal at Richards Bay and have formed a consortium, the South Dunes Coal Joint Venture (Coalex) However, they are

JONO WATERS

being criticised by the larger producers who say increased exports would further depress international coal prices

Coalex has appointed US consultants Soros & Associates to carry out a feasibility study for the proposed terminal Sources said Coalex was looking at spending about R400m

A Sasol spokesman said at the weekend the results were expected by June There could be a report in the interim

Richards Bay Coal Terminal (RBCT) chairman Allen Sealey was quoted by the report as saying there was no justification for building a terminal that would cost between R600m-R700m with coal prices unlikely to rise in real terms for the next five years.

Randcoal CEO Allen Cook added that RBCT's reputation for reliability could be destroyed if Coalex was to build an "el cheapo terminal"

news in brief

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Eskom supports residents

ESKOM has given its support for residents of Vosloorus in the ongoing electricity crisis in the township. *Sowetan 23/12/92*

At a Press conference at their Braamfontein offices yesterday, Eskom officials denounced the actions of the Vosloorus Council and said the council was punishing innocent people by indiscriminately cutting off electricity supplies to the East Rand township.

Eskom reaffirmed its commitment to help solve the problem, but stressed that the dispute was essentially between the residents and the council.

Meanwhile, the Vosloorus Council announced yesterday that the electricity supply to the township had been reconnected subject to residents paying R100 for service charges by December 28.

Makena was sacked - TTA

Sowetan 23/12/92
THE Transvaal Taxi Association said yesterday Mr Enos Makena was expelled from the TTA's executive and did not resign as he had claimed. *(222)*

Makena said on Tuesday he was resigning from the SA Black Taxi Association because Sabta's executive was merely a rubber stamp body. However, the TTA said Makena was expelled by the disciplinary committee after he had refused to distance himself from newspaper reports ascribed to him which brought the TTA into disrepute. His expulsion from the TTA also affected his position on the Sabta executive committee.

TV viewers bombarded with ads

TV ADVERTISEMENTS are being beamed at viewers at an unprecedented rate as marketers rush to increase sales and gain market share over the critical Christmas period

Recently released figures show that in anticipation of a cut-throat Christmas trading period, retailers, manufacturers, financial groups and car dealers have taken to the TV screens at levels not experienced before

Constant Watch figures show that about R108m was spent on advertising on TV1, CCV, M-Net and Bop TV during November. Of this, R54,5m was spent on 2 618 minutes of advertising on TV1. These commercials, which were spread over 4 741 advertising spots, were the highest recorded during one month in TV1's history

The figures showed TV1 viewers were

(260) MARCIA KLEIN

subjected to a hefty 30,6% more advertising minutes than in November last year.

On CCV, advertisers spent R24,9m on 1 286 advertising minutes (excluding the half-hour Nguni/Sotho programmes). On M-Net, R23,5m worth of adspend saw 1 408 minutes flighted during November. This amounted to 23% more advertising minutes than the previous November

Although figures for December were not available, market sources said this would also be another record month.

The number of advertising spots flighted during the Million Dollar Golf on the Saturday and Sunday of the tournament — screened for only a few hours — was equivalent to the number of spots screened over two full days during March, a source said.



Eskom's team at yesterday's media conference included, from left, corporate communications manager Bongani Khumalo, Johannesburg distribution manager John Bradbury, East Rand sales and customer service manager Laetitia van Staden and national electrification negotiations manager Martin Opperman.

Rush for fuel as pumps run dry in Bulawayo

MICHAEL HARTNACK

HARARE — Filling stations in Bulawayo were yesterday desperately seeking fresh supplies of petrol and diesel after the state-run national oil company failed to make deliveries to local depots of major commercial oil companies.

As word spread of pumps running dry, there was a rush by motorists, reminiscent of the nationwide 1982 crisis when overnight queues formed at garages. Despite recent heavy rains breaking the worst drought in decades, there is still a water shortage in Zimbabwe's second city, with households rationed to 400l a day.

Meanwhile, hungry villagers surviving on the government's monthly 5kg maize meal handouts have braved armed police guards to attack maize shipments from SA near Mwenzezi.

Hordes of villagers recently swarmed onto a train 140km south of Masvingo and made off with considerable amounts of the estimated 1 000 tons cargo.

Local Zanu (PF) leader Joel Machava blamed erratic delivery of government drought relief for the upsurge in theft from trains.

Sapa-Reuter reports that police in Harare confirmed the incident.

Council resists takeover bid

THEO RAWANA and STEPHEN COPLAN

ESKOM yesterday told the Vosloorus Town Council to hand over the running of electricity services to the utility before January 7, or face court action over the R40m it owed.

The council refused to restore the electricity supply to residents even after Eskom had offered to supply it free to the East Rand township until January 7 as a gesture of goodwill.

Eskom's Johannesburg sales and customer service manager John Bradbury told a news conference in Johannesburg yesterday the Vosloorus Civic Association members, who were staging sit-ins and threatening hunger strikes at Eskom's Germiston offices, were targeting the wrong people.

The council was to blame for the crisis, Bradbury said. At another news conference, Vosloorus councillor Sidwell Motokeng

said his council had decided to restore electricity and services to the township for 10 days only.

The takeover issue was raised two years ago when it had become clear that the council was unable to pay Eskom. But up to now, the council had refused to sign the agreement, Bradbury said.

Eskom corporate communications manager Bongani Khumalo said: "Once the council signs the agreement, the legal action will be rescinded and the R40m debt put aside."

Sapa reports that Vosloorus Civic Association president Ali Maziyza said it was unlikely that residents would pay the R100 service charge required as they had decided in November to pay only R20.

He said most residents had paid their electricity charges in accordance with a 1991 agreement between the civic association and the council.

He claimed the council cut off electricity supplies three weeks ago to force residents to pay for other services such as water and refuse removal.

Residents refused to be blackmailed by electricity cuts into paying for these services. They demanded the establishment of a commission of inquiry to investigate claims of corruption and maladministration in the council, Maziyza said.

Vosloorus residents will picket the council's offices today, demanding the council sign an agreement allowing Eskom to supply electricity directly to residents and the immediate resignation of all councillors.

Eskom seals Congo deal

PETER DELMAR

ESKOM said yesterday it had concluded a co-operation and technical assistance agreement with the government of Congo, the 17th African state to open its doors to the utility.

Eskom also announced that its CE Ian McRae would hold talks early next year with Uganda and Egypt.

In terms of an agreement to be signed early next year, Eskom and the Congolese government and its Societe Nationale d'Electricite (SNE) will co-operate in a number of fields. These include training and development of staff, a technical study on the Congo's power systems, improving the reliability of SNE's power supply, assistance with protection against lightning, and rural and urban electrification.

Eskom said McRae had "expressed satisfaction with the latest milestone achieved in the establishment of an economically robust and socially stable southern Africa and indeed Africa, supported by effective and inexpensive electrical energy."

Eskom recently signed a similar co-operation agreement with Tanzania. It has started talks on co-operation with each of the 12 SADC states and has formal co-operation agreements with Zambia and the Ivory Coast.

COLUMBUS

Sizing up the funding burden

Finer financial details of the Columbus project underline the essential funding role of the Industrial Development Corp (IDC) — and the fact that the expected annual real rate of return is unimpressive

Gencor and Samancor chairman Brian Gilbertson tells the *FM* the forecast real rate of return on Columbus is 5,8% "That's not as high as we would like but there are not many projects around that offer even this rate of return and Columbus is extremely sensitive to export prices. A slight rise in stainless steel prices pushes the real rate of return rapidly to 8%"

Gilbertson also reveals the IDC paid R240m to buy its one-third stake in the existing Columbus venture — formerly Middeburg Steel & Alloys (MSA). That values Columbus at R720m, compared with the R500m Highveld Steel & Vanadium (Hiveld) and Samancor paid a year ago to buy the relevant MS&A assets from Barlow Rand

The IDC revenue will be split equally between Hiveld and Samancor. One third of the original purchase price is R167m. The IDC has paid a premium over this because the new owners have restored Columbus to profitability and completed the final feasibility work on the expansion programme

Gilbertson, along with other Samancor, Columbus and Hiveld executives, had declined to provide this information when Columbus received its official go-ahead on December 8. This lack of disclosure disturbed a number of JSE analysts because the information is essential in assessing the impact of Columbus on Hiveld and Samancor. The amount paid by the IDC for its stake directly affects the ability of Hiveld and Samancor to fund their commitments

Each of the three partners will have to kick in R730m over the next three years as their share of the overall cost of the project after tax allowances. One key question is whether Hiveld and Samancor will be able to do this without having to hold a rights issue. Both have been through two tough years of sharply declining earnings, with the prospect of a third to come

Initial assessment is that Samancor is in a more difficult position than Hiveld, particularly with the continuing crunch in the ferrochrome business. Prices in some markets have slumped to the mid-US\$0,30/lb range because of dumped material from producers in the CIS and the former Yugoslavia

At those prices everybody is losing money, but profitability appears secondary to the need of the CIS to obtain hard currency. The SA ferrochrome suppliers are the world's cheapest producers but their breakeven price is around \$0,45/lb



Hiveld's Boyd no forced rights issue

Hiveld at end-December 1991 had R447,3m cash on hand while Samancor at end-June had net available cash resources of R269,7m. Hiveld chairman Leslie Boyd comments that, given no unforeseen circumstances, his group will not be forced to hold a rights issue to fund its share of the Columbus expansion

Samancor GM finance and administration, Chris Norval, says Samancor has enough cash reserves to fund its commitments for the next 18 months. "We therefore do not have to make funding decisions at this stage and have no specific views on whether a rights issue will be necessary," he says.

Some analysts point out the forecast real rate of return for Columbus is below the "hurdle rate" of about 7% which mining houses have traditionally set as the minimum acceptable return on proposed projects

The Alusaf project is also borderline on this rule of thumb, with a forecast real rate of return of 6,5% at an aluminium price of \$1 650/t, but rising to 8% at \$1 650/t. The analysts comment that the partners have gone ahead with Columbus taking a long-term view and bearing in mind that commodity prices are presumably at the bottom of the market cycle

"The forecast rate of return is not great but is acceptable. If we cannot make stainless steel at a profit, then who can? SA has all the ingredients needed — nickel, ferrochrome, iron and cheap electricity," comments one analyst.

Barring a dramatic recovery in ferrochrome and manganese prices, which seems unlikely during the next year, it seems Samancor will be forced to hold a rights issue or increase borrowings. The latter is more likely because Samancor is almost totally ungeared with long-term loans at end-June of just

R10,5m. The debt would be swiftly paid off when commodity markets return to normal — even if Samancor does not quite generate the kind of cash flows seen in 1990, when pre-interest income amounted to R779m on turnover of R2bn

Brendan Ryan

ABACUS/IGI FM 25/12/92 Providing support

Saddled with debt and without too many suitors knocking at its door, Abacus has again turned to main shareholder IGI for assistance, and thankfully received a positive response

IGI, offering minorities 14c a share, can hardly be called Scrooge. Abacus, formerly Interboard, has two operating divisions, Bruply Doors and Tempest Radio & Hi-Fi. The share last traded at 7c. Its NAV, about 20c a share at end-September, is shrinking at a rate of more than 1c a month because of high interest payments. Borrowings totalled R53,3m at the March year-end, but by end-September had risen a further R5,4m and gearing had climbed to 332%

The proposal is not without sacrifice for Abacus. It will lose its JSE listing (in the Electronics sector), and become a wholly owned subsidiary of IGI. This will be subject to approval by the JSE, Securities Regulation Panel and the exchange control board

HCI GM Rory O'Donnell puts the total cost of the salvage operation at well above the R6m that might be raised by a rights issue, assuming that were possible, but hesitates to venture an exact figure. Since an equity injection of several times current market capitalisation of about R6m is needed, a normal rights issue is impractical

O'Donnell says funding will come from within the broader HCI group's internal resources and borrowings if necessary. The only obvious solution to the Abacus problem is a restructuring of debt as equity. Sometimes, he adds, it pays to keep a company such as Abacus in business

IGI unwillingly inherited its 75% interest in Abacus through a complicated process. The Reserve Bank held under attachment 130m shares which were converted into redeemable prefs and redeemed at par. IGI became the major shareholder following Abacus's purchase of Audiocor, the sale of its 61% share of Audiobuild, and a distribution of the acquisition value of Audiocor to Audiobuild shareholders (other than Abacus)

A rights issue last year raised R16m, with IGI contributing most of the funds

The nature of Abacus's business hardly

Eskom moots new power structure

Blom 28/12/92
ESKOM favours the establishment of five to 15 utilities, devoted solely to power distribution, taking over from the more than 500 suppliers currently operating

GM Jan de Beer said SA could no longer afford duplication of distributors. Eskom would press this viewpoint at the national electricity forum which it is hoped would be established in the new year.

De Beer, who is also an Eskom delegate to the forum, said the body's interim management committee was continuing to meet and would do so again this week.

Eskom is a major player in the multi-party forum which will probe the future of the country's electricity supply industry.

De Beer said Eskom believed the supply of electricity should be regionalised. This could be affected by some of the larger municipalities getting together.

At the beginning of the year, Eskom had about 200 000 customers, fewer than the municipalities of Durban and Johannesburg. By taking over supply to households in Soweto and other black municipalities, Eskom now had about 500 000 customers, making it the largest single distributor.

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PETER DELMAR

De Beer said it was not true that Eskom was eager to get rid of its distribution role. It was likely that it would at least continue to play an important role in rural areas. The ideal would be for the electricity distributors to be dedicated energy suppliers and not to be involved in other services.

But it was unlikely that a single model would fit all situations in the country. A mix of business and domestic consumers and for some measure of cross-subsidisation to occur between these groups was likely.

The future structure of the distribution industry would evolve and be the result of negotiations, he said.

Successfully restructuring distribution would probably help rationalise the household electrification drive, which De Beer said was not happening fast enough, despite Eskom having electrified a record 30 000 houses last month. Eskom estimates there are some 2,4-million households without power, but it has access to only 900 000 of these.

Ailing equities market sparked bull run on gilts

B/D/M 28/12/92

HILARY GUSH

FOR most of 1992, an ailing equities market spurred the move away from shares towards gilts, leading to a prolonged bull run in that market which was reversed only in late October.

Looking back over the year, dealers said the capital market had been a hive of activity with high average daily turnovers.

In its latest quarterly bulletin the Reserve Bank said that, while activity in the secondary capital markets had been buoyant in the first three quarters of 1992, underlying market conditions had changed in the last quarter.

Worse than expected corporate financial results and a weakening in the share prices of certain blue chips on international equity markets saw institutional investors shift from equities to gilts.

Transactions in public sector stock hit a record monthly high of R79,3bn in July. This was followed by a moderately lower average monthly level of R69,5bn in August and September. The bulletin said this was significantly higher than the R37,4bn average monthly level in the second quarter of 1992.

From a 17,2% peak in October last year, the monthly average yield on long-term government stock eased to 16,9% in February before falling sharply to 13,9% in October 1992. The bulletin said the decrease in long rates reflected "a softening in short rates, expected lower inflation rates, a weaker than expected real economy and the lowering of Bank rate".

After the prolonged bull run, bears came to the fore towards the end of October with foreign and local selling pushing yields higher.

The outlook for next year is one of uncertainty.

One dealer said that, because of the unstable political environment, many promised investments had not materialised this year and large corporations would soon discover they would need more funding than they had budgeted for. Rates could therefore be expected to rise next year. They added, however, that above 15% yields on long-dated stock still represented good value.

Some portfolio managers predicted a

sharp correction in rates in the new year as government would come to the market "in a big way" to fund the ballooning Budget deficit. After good market reception to SA's first corporate bond issue — the R1bn seven-year SA Breweries S001 bond — players expected further issues in 1993, even as early as January.

But they warned that bears had not taken over for good and that rates on long-dated stock could still fall to around 14,3%.

By definition, capital market instruments have outstanding maturities of more than three years. As against going into long-dated stock, some players are opting for the short-end of the gilts market or the money market. They say with another cut in the Bank rate looming, rates are set to fall further.

Yields on shorter dated stocks — which react more to conditions in the money market — will then come down.

~~Redemption~~ Redemption 260

Despite the fact that about R1,3bn Transnet stock is maturing next year, the transport parastatal is not expected to issue new bonds — besides an Elfi issue — on the capital market next year.

Transnet treasury head Johan van Schoor said there would not be a new bond issue next year to replace the R600m in maturing T002 stock. He said the October 1991 issue of the T13 bond — maturing in October 1995 — was made in anticipation of the redemption of T002 stock next year.

"To a large extent the T13 stock was put in place to replace T002 which matures next year," he said.

However, only about R242m was issued in T13 stock as against the R600m issue of the T002 bond.

Van Schoor said negotiations concerning the Elfi 5 issue — planned for April — were under way with the authorities and he was confident Transnet would receive the necessary approval.

But he cautioned: "With four months to go until the issue it is too premature to guess how large it will be."

Eskom sees (260) benefits in STAL rationalising 29/12/92

Eskom confirmed yesterday it supported the rationalisation of the electricity supply structure.

Whittling down the over 500 suppliers to between five and fifteen distributors of electricity would avoid unnecessary costs arising from duplication and inefficiency, Eskom general manager Jan de Beer said.

There could also be significant advantages for the electricity user if a region's power needs were co-ordinated and bought from a single supplier.

In an area which had little industry and where the demand peaks for power were high in the morning and evening, but slack the rest of the day, it was more expensive to buy bulk electricity.

Mr de Beer said if a region could ensure that the maximum demand and average demand peaks were close together, it was much cheaper to buy electricity.

There needed to be an optimal combination of industrial and residential power utilisation in a region to bring the maximum and average demand peaks closer.

Mr de Beer said Eskom was putting forward these ideas at the fledgling national electricity forum.

Negotiations and research are underway in the forum's interim management committee and working groups.

The forum is expected to hold its next national meeting within the first three months of next year.

It is seeking to make electricity more widely available. Eskom estimates there are currently over two million households without power. — Sapa

SABC nominees asked

THE government has invited political parties and interest groups to submit the names of prospective members for a new SABC board, it was reported yesterday.

The term of the present board expires on March 31.

Minister of Home Affairs Mr Louis Pienaar said it had been decided at Codesa to devise a way of selecting an acceptable board.

This was also in anticipation of a resumption of multi-party negotiations. CT 29/12/92

Names should be submitted before January 18, after which talks would be held to appoint the new board by March 8.

Negotiations would also be held to secure a new mandate and code of conduct for the SABC. — Sapa

Lower inflation figures put life into gilts market

BIDM 30/12/92

GRETA STEYN

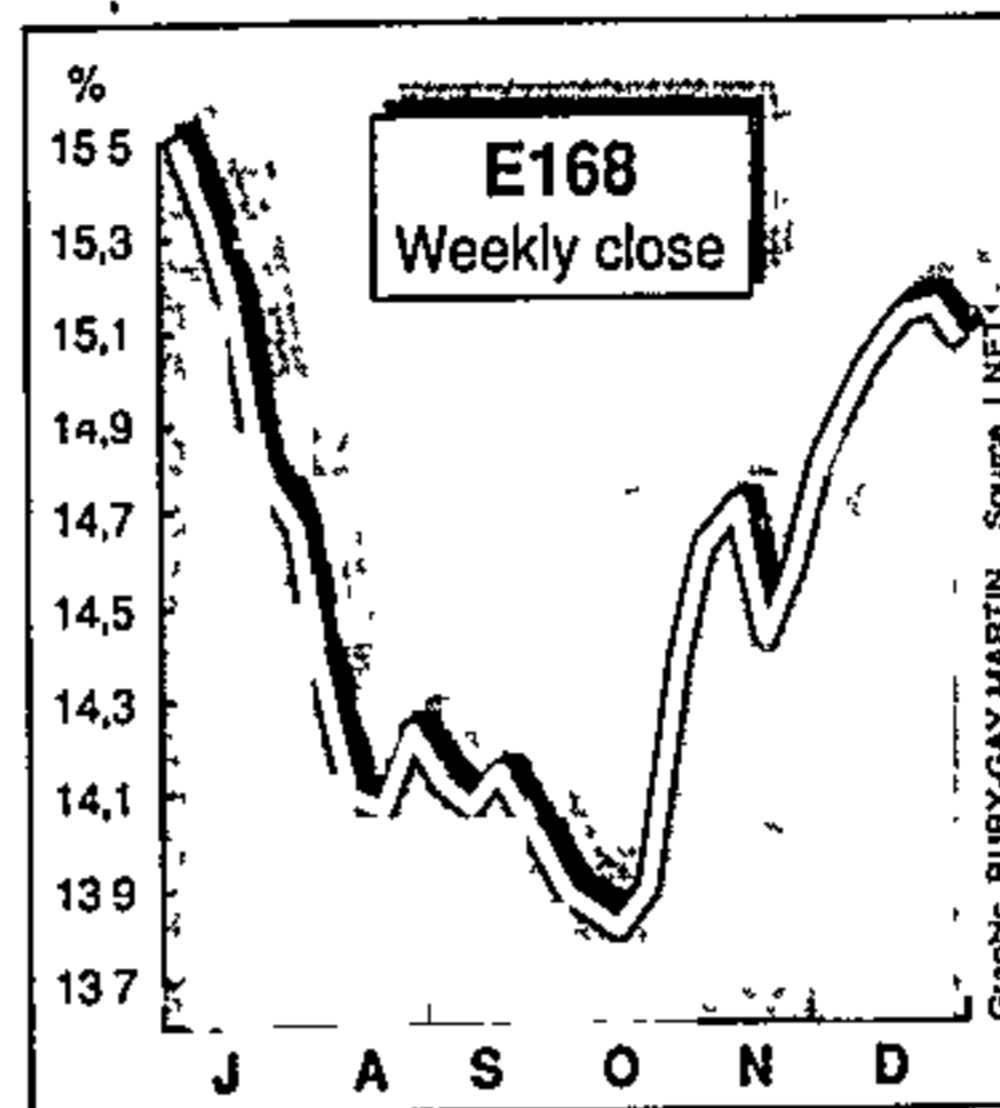
BETTER than expected inflation figures breathed some life into a moribund gilts market yesterday, sparking a seven-point fall in key long-term interest rates.

Bulls took a break from watching cricket, playing backgammon and other festive season activities to buy Eskom's Loan E168 down to 15,08% from Monday's close of 15,15%. There was a similar movement on government's Loan R150

Dealers said if there had been more players in the market, the reaction would have been more marked

"The market was caught off guard by the inflation figures. This has certainly put the skids on the upward move in rates," a trader said

With inflation expected to fall further in coming months, bulls believed gilts would increasingly be seen as



"good value" representing a high real rate of return. The bears emphasised fears of a huge deficit next year, and the fence-sitters believed it better to wait for the Budget before taking a strong view.

There was, however, a growing belief among jobbers that institutional

cash flows were enough to finance the deficit without putting much upward pressure on interest rates, a trader said. The recent bearish tone in the market reflected a lack of institutional buying amid uncertainty rather than a clear trend.

A further bullish factor for the gilts market could be a reduction in Bank rate. While some dealers expect Reserve Bank Governor Chris Stals to react to positive developments on the inflation front early in the year, others are sticking to the Budget as the key determinant of whether and when short-term rates will be cut.

In the money market, conditions were yesterday described as "comfortable for this time of year". December is usually a tight month.

Call rates had increased by 25-50 points, in line with expectations. The liquidity situation is expected to tighten as the month-end nears.

Bid to name SABC board under fire

HOME Affairs Minister Louis Pienaar came under fire yesterday for attempting to "resort to the old discredited method" of government appointing a new SABC board while giving the illusion of negotiating a restructured body.

DP broadcasting spokesman Peter Soal and Campaign for an Open Media chairman Raymond Louw criticised the Minister for pre-empting negotiations by calling for nominations for the board, to be appointed by April.

Louw said the call was a breach of an agreement reached between the Minister and the Campaign for Independent Broadcasting (CIB) on December 9. "The Minister's action is a crude attempt to pre-empt the desired process of appointing a new board independently of government or of the influence of political parties."

He said Pienaar and CIB, of which Louw is co-chairman, had decided to set up a

BILLY PADDOCK

working committee of officials and representatives of CIB to consider CIB proposals to institute a process to ensure independent appointments. The first meeting was scheduled for January 6.

Calling for nominations now meant the Minister was "resorting to the old discredited method of making board appointments via nominations through a government department," he said.

He said Pienaar's implication that Codesa gave his department a mandate to take unilateral action in appointing a new board was devoid of truth.

He threatened that if the Minister continued on this path, the programme of action against the SABC by bodies determined to see a non-politically appointed board would be intensified.

To Page 2

SABC

Soal warned Pienaar not to pre-empt multiparty decisions. "He must be very careful not to just go ahead and appoint a board born in controversy. The DP have insisted for some time now that the appointment of the board should be subject to public scrutiny and public hearings."

The CIB proposal — supported by, among others, the ANC, Cosatu and the DP — called for a group of eminent persons selected by the Codesa chairmen to conduct public hearings of board candidates.

In his statement Pienaar also called for proposals for selecting the board and its code of conduct. As soon as multiparty

negotiations were resumed, this would be handed to that forum, but in anticipation of the talks starting soon his department had taken steps to develop a selection and nomination process.

He set a January 18 deadline for proposals so that discussions could take place with other parties and "sufficient consensus" could be reached before March 8.

Home Affairs spokesman Jack van der Merwe yesterday said the CIB was only one of the interest groups. He rejected allegations that Pienaar was trying to pre-empt the process, saying time was running out for appointing a new board.

From Page 1

SABC board call slammed

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CT 30/12/92
Own Correspondent

JOHANNESBURG. — Home Affairs Minister Mr Louis Pienaar yesterday came under fire for attempting to "resort to the old discredited method" of appointing a new SABC board while giving the illusion of negotiating a restructured body Campaign for an Open Media Chairman Mr Raymond Louw yesterday criticised the minister for pre-empting negotiations by calling for nominations for the board and reneging on agreements

Mr Louw said Mr Pienaar and the Campaign for Independent Broadcasting, of which Mr Louw is co-chairman, decided at a meeting to set up a working committee of officials and representatives of CIB to consider CIB proposals for independent appointments of board members open to public hearings. The first meeting was scheduled for January 6.

"By calling now, in advance of those discussions, for nominations for a new board to be sent to his office the minister is ignoring that agreement and he is resorting to the old discredited method of making board appointments via nominations through a government department," Mr Louw said.

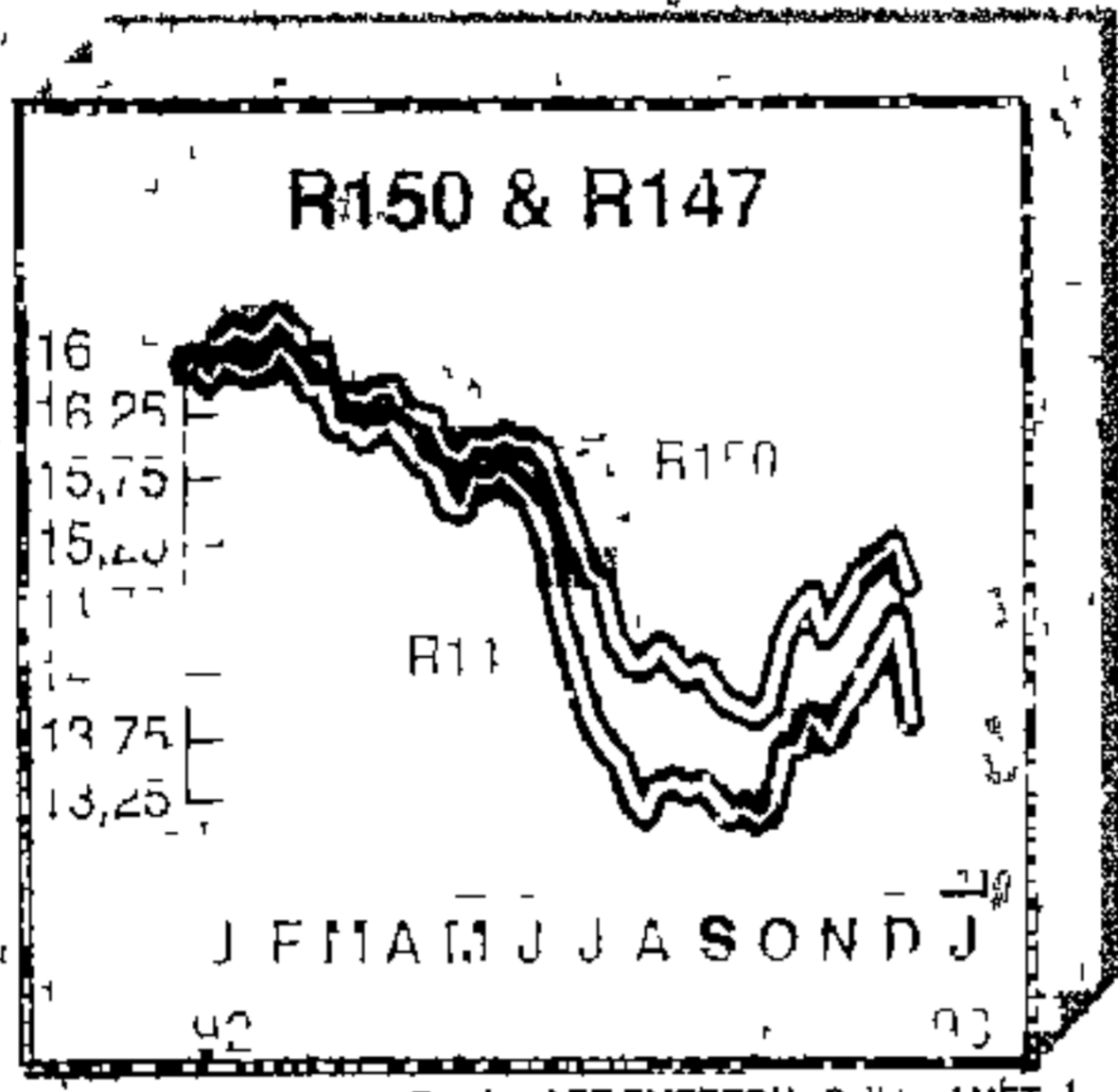
PUBLIC SECTOR-GOVT. - STATE ENTERPRISE

1993

~~1~~ JANUARY — MARCH .

Market fights back after dive

PROFIT-TAKING after last week's plunge in rates pushed yields on capital market instruments higher yesterday. After coming off sharply last week on the back of a lower than expected Novem-



Graphic LEE EMERTON Solitice INET

ber consumer inflation figure, the rate on government's R147 stock moved up more than 20 points to finish at 13.98% from Thursday's 13.76% close. The yield on Eskom's bellwether stock — the E168 — climbed 16 points to end at 14.97% from a previous 14.81%. Government's R150 bond finished at 14.93% from 14.80%.

Welcoming yesterday's correction, dealers said in thin-volume, option-driven trade, rates had come down too quickly last week in a move which had been exaggerated as most players had been away on holiday. Some suggested that certain fund managers had window-dressed their portfolios for year-end.

They noted that yields were lower yesterday than they had been before last week's dip.

Despite profit-taking, rates have not

To Page 2

Market

moved back up to where they had come from," one dealer said. He added that this did not signal the end of the mildly bullish trend in the market as Reserve Bank Governor Chris Stals had broken the back of inflation and therefore "we may soon revisit the lows seen last year."

Traders said institutional interest could be expected to pick up during the week.

The differential between SA Breweries corporate bond — in which there had been

no trade yesterday — and government's similar-dated R147 stock has narrowed to around 59 points from the 100 point differential at the time of the S001's placement. On Thursday the S001 closed at 14.57%.

Dealers attributed the narrower differential to more marked movement in the government stock with slower trade in the SAB bond. At a rate of between 30 and 50 points above the R147, the S001 still offered fair value, they said.

51 AM 8/1/73
**Iscor share price
staging recovery**

By Derek Tommey (260)

A ray of sunshine has broken through the gloom for the tens of thousands who saw their Iscor shares drop last year from 200c to 62c

In the past few days the shares have risen 15c, or 24 percent, to reach 77c yesterday on fairly heavy trading. A broker reported that in recent weeks a German citizen had bought one percent of Iscor's shares.

Brokers feel people have been too pessimistic about Iscor's prospects.

Broker David Meades says the rand has weakened more than 10 percent against the dollar since April, which could lift Iscor's export earnings.

The recent improvement in the US economy is also a positive factor, which could encourage Iscor to go ahead with the proposed steel semis plant at Sishen or Saldanha Bay. Iscor's interim figures are due next month.

Alumina recovery project beginning to take shape

The Industrial Development Corporation (IDC) expects the first phase of a project to recover alumina, magnesia and potash from phlogopite in Phalaborwa to be completed by the middle of this year.

A pilot project in the northeastern Transvaal town is being conducted to establish the commercial viability of treating phlogopite and could lead to the establishment of a full-scale plant.

IDC projects and technical general manager Ted Droste said yesterday that recovered alumina would be supplied almost entirely to the Alusaf smelter in Richards Bay.

The magnesia would be exported because the expected high grade of the beneficiated mineral was not in substantial demand domestically.

Star 6/11/93
The recovered potash, used in producing fertilisers, would make SA self-sufficient.

Irish Menell and Rosenberg mining analyst Dave Russell said the supply of alumina to Alusaf would be significant if it could be produced more cheaply than it was by international suppliers.

Once the magnesia and potash was sold it would create production cost benefits for the alumina.

However, Russell said it was still too early to comment on whether a full-scale project would be commercially viable.

Phlogopite, a mineral of the mica family, is a waste product produced in large quantities by Foskor in its phosphate processing operation.

Droste said the proposed full-scale phlogopite plant would treat

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1500A
1,5 million tons of waste producing 350 000 tons of alumina, which would be able to supply about a third of Alusaf's needs.

He would not elaborate on the cost of producing the alumina, but said it was sufficiently competitive.

Alusaf is expected to receive most of its alumina from Alcoa Australia and Shell Oil's Billiton at a price linked to the aluminium price on the London Metal Exchange.

The total cost of the entire phlogopite project could reach R3,9 billion if the pilot commercial project indicates it is viable.

Droste said the treatment of the phlogopite to recover alumina, magnesia and potash was financially viable and would ensure a good return on the capital — Sapa.

IS ISCOR BECOMING ATTRACTIVE?

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One of the more spectacular events on the JSE last year was the precipitous slide in Iscor's share price. After starting the year slightly above the November 1989 listing price of R2, the share tumbled to a low of just 61c on December 31.

This week it recovered marginally to trade at 63c, where the market capitalisation was R1,18bn. At this level R2,56bn has been wiped off the market valuation of R3,74bn at the listing price. Compared with the record high of 285c set during a brief flurry of optimism in early 1990, the fall has been even greater: market cap has dropped by R4,15bn, from a peak of R5,33bn.

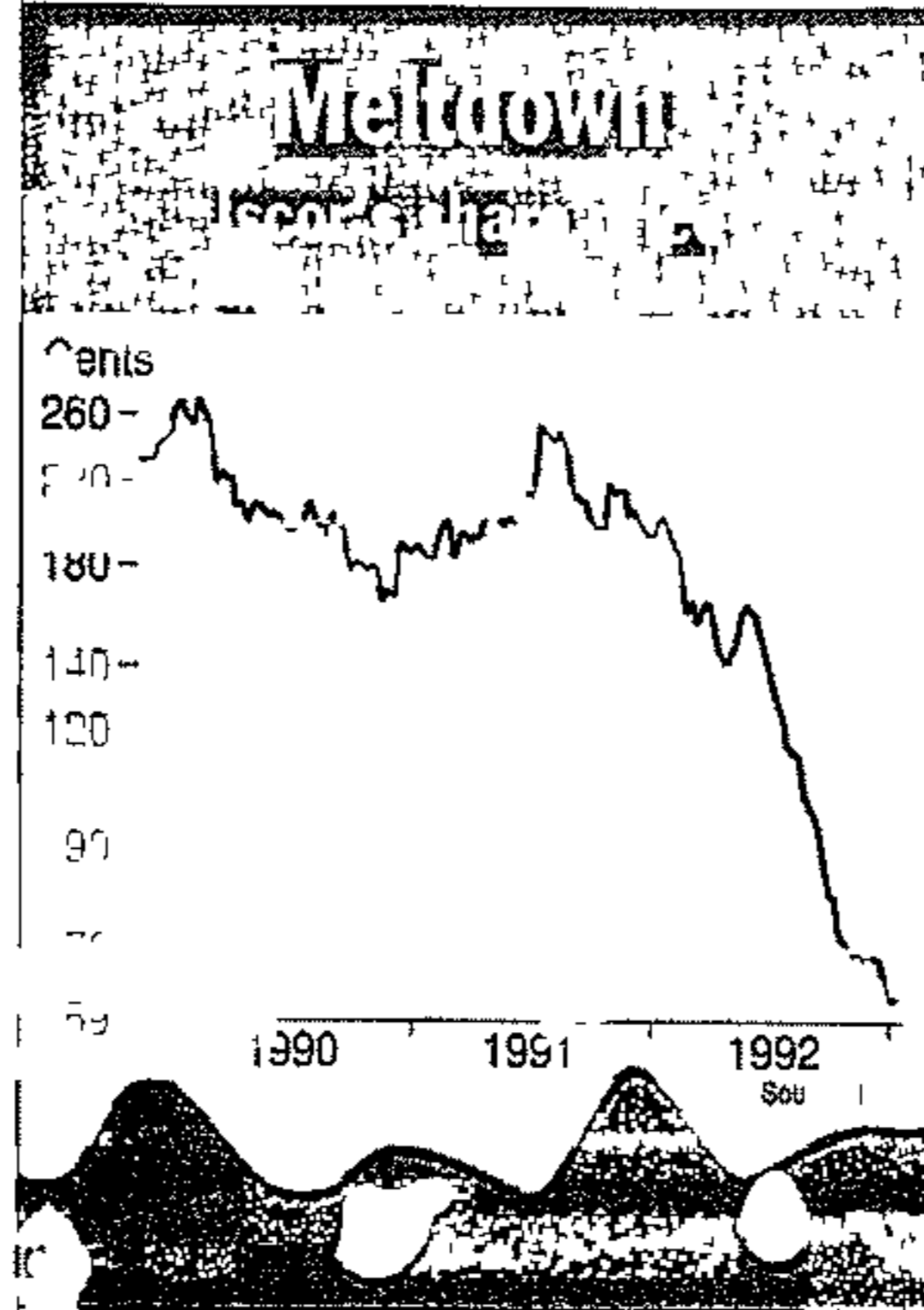
For investors who are attracted by a discount to asset value, the share must be becoming more interesting all the time. At 63c, the price is a mere 17% of the NAV of 361,5c at June 30, the last year-end. The balance sheet then stated fixed assets at R6,42bn, a figure which has been boosted partly by an ambitious capital spending programme.

In the past five financial years, Iscor poured R4,3bn into net capital spending, including replacement and expansion of capital assets. That may well say something for the size and the quality of much of the assets. Unfortunately, the spending splurge is also part of the problem.

Though the capex programme has largely been completed, spending continued even after profitability had withered along with domestic demand and international commodity markets. At end-June,

FM 8/11/93
borrowings had climbed to R2,35bn — on the face of it, not unduly high for a company with Iscor's asset base but excessive for the current profitability. Interest payments were covered 10,3 times by profit in 1990 but only 1,9 times in 1992.

If the market was shocked by the 1992



results, when EPS fell 44,6% to 18,5c and the dividend was cut from 11c to 6c a share, bearish sentiment was worsened by the extended strike in the local engineering industry during the third quarter of 1992. This further reduced Iscor's sales volumes and also lost the high margin it

would have made on those domestic sales.

Last year *Fortune* rated Iscor one of the world's most profitable steel producers, but right now that is not saying much. Many of Iscor's international competitors are making large losses and are shedding jobs. Most are battling with over-capacity, and there are fears of an international steel trade war. A few weeks ago the US imposed temporary tariffs as high as 59% on various steel goods. International steel profits are unlikely to turn around before next year.

Fergusson Bros Hall Stewart analyst Steve Rubenstein expects a further decline in Iscor's earnings this year and, probably, another cut in the dividend, as the board will want to maintain the three times cover. However, he believes the 1993 financial year will be the low point of Iscor's profit cycle, with the figures for the first half falling more steeply than the full year's.

Given the higher margins attained locally, profitability is highly geared to recovery in domestic offtake. Earnings could well be improving in 1994, which could make the share a good buy on, say, an 18-month view. But there is still a huge international surplus of steel capacity — and the share has been a dismal disappointment for institutions and private investors. A full-blooded price recovery would require a reversal of the heavily negative sentiment in the market. That does not seem to be imminent.

Andrew McNulty

Fm 8/1/93

BOND MARKET

Short on sweetener

The yield gap between the three-year stock, issued recently on behalf of Transkei, Ciskei and Venda, and comparable Eskom stock reflects lower tradeability rather than higher risk

Like all homeland issues, the stock is guaranteed by the SA government, but no one is to make a market in it — meaning the paper will not be quoted on trading screens with a two-way price.

Despite a yield to maturity of 13,55%, favourable when measured against the yield of around 12,77% for comparable Eskom stock, the three-year stock was R20m under-subscribed, raising only R140m. The size of the issue was too small to attract major investors. Gilt players say R1bn is the minimum needed to create an active screen-based market because institutions prefer to hold large blocks of securities.

Trading in stocks which meet this minimum has become more active since the lifting of legislation requiring institutions to hold prescribed assets. Where previously they bought bonds and held them to meet these requirements, they now buy mainly for trading purposes. To take advantage of this buying interest, the State consolidated over 50 issues into four mega issues — RSA 144, RSA 147, RSA 150 and RSA 153 — to make them more tradeable. The largest is the RSA 150 with a nominal value of R31bn, while the benchmark Eskom 168 has a nominal value of R16bn.

Only issues in Eskom, Transnet, Telkom, the Land Bank, the Development Bank, the SA Housing Trust and the Umgeni Water Board are actively traded with these institutions themselves making markets in their issues

The homeland states will not be in a position to do the same, though they have moved into the capital and money markets, replacing maturing commercial bank overdraft with short- and long-term paper guaranteed by the government. Transkei, Ciskei and Venda combined issued R630m in securities, which included nine-month bearer bonds, which raised R320m, and 18-month zero-coupon bonds which raised R170m, as part of a new programme to convert the homelands' overdraft debt. The issue has been privately placed.

Public Investment Commissioner (PIC) chief Wessel Badenhorst says total homeland overdrafts presently stand at R3,4bn but a further R2,5bn may be required in the current fiscal year. A further R810m in three-, four-, five- and six-month paper was issued last week.

Badenhorst says the PIC is addressing the overdraft problem as part of a new strategy to take over the management of homeland short-term debt. The overdrafts resulted from homeland administrations spending more than the funds allocated to them by the SA central government. ■

SABC boosts surplus: loses on CCV, sport

Spine 9/11/93: 260

THE SABC has doubled its surplus in its last financial year, provisionally recording a surplus of R64 million compared to R35 million last year.

This is despite the fact that almost every business unit — in existence since October 1991 — lost money (before adding income allocated from licence fees).

New style

Only the commercial radio services (including Radio 5, Radio Highveld and Radio Metro) made money.

"We are spot-on with our budget, which says a lot for the new management style," SABC board chairman Christo Viljoen said of the provisional figures.

"The business units are tried to bottom-line performance but obviously some services cannot be expected to make a profit.

Employee numbers

MANDY JEAN WOODS

dropped from around 7 200 a few years ago to 5 400. A leaner organisation, in which management operated on sound business principles, was the reason the SABC was able to report a surplus,

Viljoen said. The R283 million from licence fees made it possible to broadcast certain programmes.

Home Affairs Minister Louis Pienaar said he could not discuss the specifics of the SABC budget. But a modest increase of R10 from R134 to R144 or 7,5 percent had been approved. The State treasury made no contribution to the budget.

An increase could possibly have been avoided if all users had paid their licences.

It is reliably learnt CCV was the big loser — a R130 million loss (before licence fee allocations) on

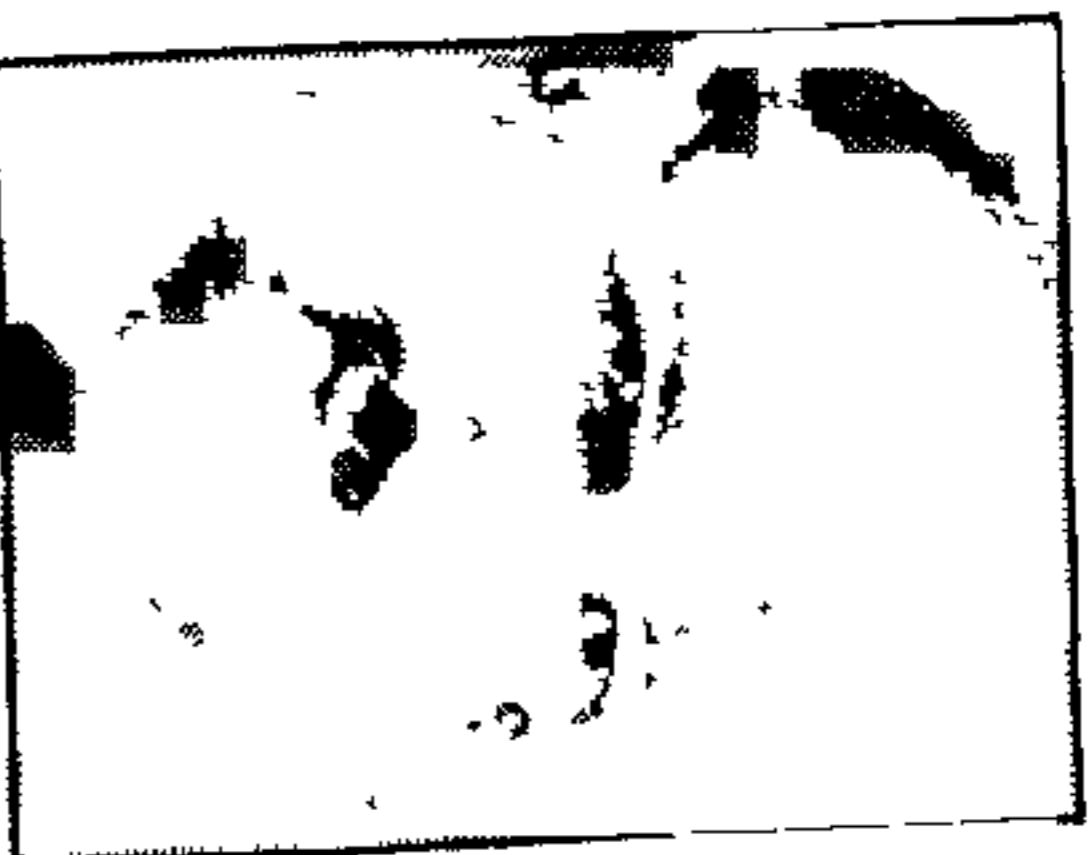
a R179 million turnover (which includes Radio South Africa/Radio Suid-Afrika) lost R64 million before licence fee allocations on turnover of R35 million.

Olympics

TopSport reported a loss of R26 million. The Olympic Games lost R8 million and the rugby World Cup R8 million. And there were local and international cricket and rugby tours.

TSS, a "spare" channel which has been granted an extension to its temporary licence to broadcast to the end of this year, swallowed up R6 million while Sentech (signal distribution — 95 percent of its income comes from servicing internal clients) recorded a R28 million surplus.

Expenditure was up 14 percent and included retrenchment packages of



SPOT ON: Policy paid off, says SABC chairman Christo Viljoen.

around R10 million paid to almost 250 people.

In total the SABC gets about 70 percent of its revenue from advertising and around 25 percent from licence fees, with 5 percent from other sources, Viljoen said.

There was an unacceptable dependence on advertising for a public broadcaster, he added. The BBC was funded from licence fees and the Australian Broadcasting Corporation's entire income was from the exchange.

The SABC's total expenditure for the financial year was just more than R1 billion.

Top of the DIRT classes

Art 9/11/92

■ Khayelitsha's Luhlaza High School again stood out as a shining example after achieving a 93.4 percentage matric pass rate amid poor results in Department of Education and Training schools. Weekend Argus Reporter **VUYO BAVUMA** found out what made the school so successful.

DISCIPLINE and strong commitment from teachers and pupils are the main ingredients in the success story of Khayelitsha's Luhlaza High School which topped the Department of Education and Training (DET) matric results for the fourth year in a row.

Last year, 127 of the 136 Luhlaza High matriculants passed, with 63 getting exemptions. This feat surpassed all the DET schools in the Western Cape.

The institute's success secret, according to principal Mr. Eric Siyengo, is that it is run democratically by a parent-teacher-student association.

At least twice a year, parents are called in to discuss "purely academic matters" involving their children.

The dedication of the teachers and the Students' Representative Council (SRC) also play an important role in the affairs of the school as well as motivating pupils to concentrate on education.

There are two pupil organisations at the school — the Congress of South African Students (Cosas) and the PAC-aligned Pan Africanist Students' Organisation (Pasos) — which organise their programmes through the SRC.

The rule of thumb at Luhlaza High is that any political activities are held after classes so that the academic programme is not disturbed.

The school, set up in 1987 during turbulent times in black education, was originally seen as "conservative" because it was not involved in mainstream township politics.

Unlike many other township schools, Luhlaza High has enjoyed a stable history, except in 1990 when pupils called for the removal of the principal, Mr. CW van der Vyver.

He left the same year, and Mr. Eric Siyengo, former lecturer at the Good Hope Teachers' College, became principal in 1991.

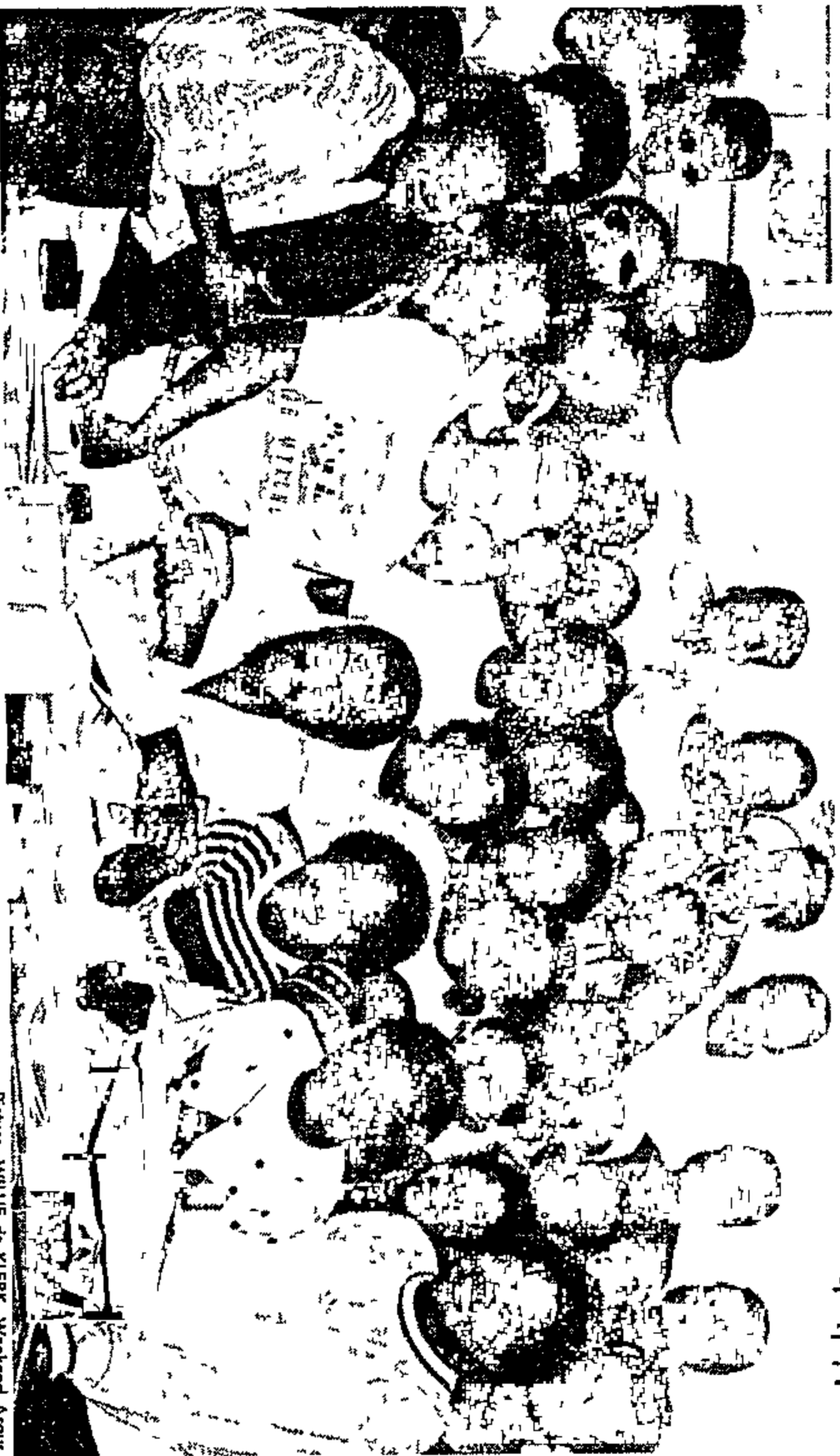
Because of the school's achievements in matric exams — an 84 percent pass in 1989, 76.7 percent in 1990, 82 percent in 1991 and last year 93.4 percent — the school has become a beacon of hope.

This week, Mr. Siyengo told Weekend Argus he was unfazed about the publicity surrounding his school.

He believes the accolades heaped on Luhlaza High are "not so great if you compare the pass rate with top white schools like Westford High."

Mr. Siyengo says "When I arrived at Luhlaza, there was a strong system of management between teachers, parents and pupils in running the school. "I did not change anything because we already had a winning formula. I simply added motivation."

Luhlaza High's results are all the more impressive when one considers that it faces the same problems as other town-



Picture: WILLIE de KLERK, Weekend Argus

TOP SCHOOL: Luhlaza High School principal Mr. Eric Siyengo and pupils

ship schools.

Last year, they had 1 700 pupils with only 46 teachers and it was "pantful" to work in such an environment, according to Mr. Siyengo.

"Some of our children received their textbooks only in July. Our laboratory facilities, although fairly well stocked, were not up to scratch if you compared them with other schools' departments."

"But, we always tell the pupils it is useless to moan. Let's

use what we have to make the best of things, and not lose sight of the goal of educating the children."

Luhlaza High staff also encourage pupils to believe in themselves and work hard to achieve success.

Consistent hard work is encouraged by introducing monthly tests and emphasising the importance of the June and September exams.

Mr. Siyengo says "We en-

couraged the Standard 10 pupils to set up study groups of five pupils each so that they could co-operate in tackling their work."

Mr. Siyengo says "We believe matric starts in Standard Eight and pupils need to be groomed from there on."

Besides its academic success, Luhlaza High tasted victory in sports when its soccer and netball teams won local tournaments in 1991 and again last year.

Several Luhlaza High pupils also represented Western Cape schools in national athletics contests.

SABC doubles surplus under new managers

MANDY JEAN WOODS, Weekend Argus Correspondent

Public service radio (which includes Radio South Africa/Radio Suid-Afrika) lost R64 million before licence fee allocations on turnover of R35 million.

TopSport reported a loss of R26 million. The Olympic Games and rugby World Cup each lost R8 million. And there were local and international cricket and rugby tours.

"SABC has doubled its surplus in the past financial year. The provisional record at R64 million, compared to R35 million last year."

This is despite almost every business unit — in existence since October 1991 — losing money before adding income allocated from licence fees.

Only the commercial radio services (including Radio 5, Radio Highveld and Radio Metro) made money.

"We are spot on with our budget, which says a lot for the new management style," SABC board chairman Christo Viljoen said of the provisional figures.

"The business units are tied to bottom-line performance but obviously some services cannot be expected to make a profit."

Employee numbers dropped from around 7 200 a few years ago to 5 400. A leaner organisation, in which management operated on sound business principles, was the reason the SABC was able to report a surplus, Mr. Viljoen said.

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Expenditure was up 14 percent and included retrenchment packages of around R10 million paid to almost 250 people.

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Deaths

Deaths

Deaths

Deaths

Deaths

Deaths

Deaths

Deaths

Deaths

Mega projects viable says IDC

STimes (BUS) 10/11/93. (260) (456)

INVESTMENT and job creation in many labour-intensive industries in SA is constrained by a lack of international competitiveness, says the Industrial Development Corporation (IDC).

"It will take a long time for them to progress to an acceptable level of competitiveness," says managing director Carel van der Merwe.

Mr van der Merwe was responding to criticism by the IMF in its annual review of State support for highly capital-intensive projects.

The IMF criticised government support for Alusaf and Columbus, saying this was inappropriate for a country with massive unemployment and a substantial budget deficit problem.

Mr van der Merwe says the staff on the IMF may be skating on thin ice in suggesting that the R7,2-billion Alusaf and R3,2-billion Columbus projects are not economically viable.

He says the promoters of the Alusaf and Columbus projects consider them to be economically viable and were able to convince investors on this score.

"Advancing about one-third of the capital needed for these projects is in line with the IDC's norm for financing large or smaller ventures.

"The IDC's involvement in any venture can hardly be regarded as State support as no funds are flowing from the fiscus through to these projects."

State support through the Section 37E tax concession is reportedly R700-million and R710-million for the Alusaf and Columbus projects respectively.

Alusaf will create 1 800 jobs

By KEVIN DAVIE

while Columbus adds only 100 to SA's job market.

Mr van der Merwe says growth in local demand, on which investment and job creation depend, remains slack. This may improve to some extent because investment in the larger projects could stimulate the demand in engineering and construction and ultimately consumer goods.

He says the IDC's financing of large ventures sometimes obscures its continuous support for smaller and medium-sized manufacturing concerns. "In 1991/2 IDC authorised R320-million for small and medium-sized independent manufacturing concerns.

"Three major projects under consideration are expected to earn R3,8-billion a year in foreign exchange in today's values.

"This is equal to all the manufactured and more labour-intensive exports in final product form achieved by the whole of SA industry in 1991."

Mr van der Merwe says supports for exports of manufactured goods amounts to 19% of export value. "This represents a substantially higher degree of State support than the Section 37E concession."

Finance Minister Derek Keys says to qualify for the 37E benefit (the IMF expects projects valued at between



CAREL VAN DER MERWE ... not State support

R10-billion and R20-billion to be approved before September), projects have to be internationally robust. They will not require protective tariffs or export subsidies to be viable.

He says 37E has two features taxpayers get normal wear and tear allowances when they spend the capital and may transfer the deductions to other taxpayers to the

extent that they do not have a tax base themselves.

The IMF criticises this aspect of 37E saying it will contribute to SA's deficit burden.

Mr Keys says government is, by international norms, underspending on public sector capex — the aim of which should be to facilitate private sector development — and "the budgetary effect of 37E fills this gap rather neatly."

Sasol rejects AA claims on subsidies and protection

STimes (BUS) 10/11/93 260

By KEVIN DAVIE

SASOL does not receive any subsidies from government, the petrochemical giant says in response to an AA report which finds it benefits from several subsidies.

The AA report into the SA oil industry, released late last year, refers to the "diseconomies of Sasol", saying it is dependent on heavy State subsidies for its profitability.

The report also says that Sasol benefits from a rail subsidy which artificially boosts inland prices, that its subsidies are carried by the economy and that the SA oil industry is a cartel chaired by government.

The AA report follows the release of an IMF report

which says that the cosseted and concentrated SA industry should be deregulated.

The report calls for the deregulation of SA's oil industry. It says the diseconomies of Sasol should be addressed independently and that where subsidies are involved they should be clearly defined as such as a cost of a strategic industry.

The AA says Sasol would be unlikely to agree to be treated as if it were a crude oil refinery (in a deregulated market) as it will in all probability encounter problems with its profitability.

The report also says that oil companies are prohibited by law from moving their own products for distances further than 300km.

Sasol says in a statement to Business Times that this limitation does not give Sasol a monopoly "but provides some protection to Transnet against road hauliers".

"With the growth of the market more and more products are supplied to inland markets from the coastal refineries. By and large these products are supplied by pipeline or rail tank cars which is much cheaper than road transport.

"Sasol has a commercial agreement with the oil companies whereby Sasol supplies petroleum products in the inland markets surrounding its factories."

But Sasol does say "we believe certain forms of deregulation could be feasible".

It says the present regulatory mechanisms render

prices to the consumer both pre- and post-tax which compare favourably with international prices.

Sasol says it does not receive any subsidies from government, but "enjoys, like most other local industries, tariff protection on its liquid fuels produced from indigenous feedstocks".

The average value of this protection was 11,4% higher than the comparable price received by local refineries since 1979, says Sasol.

"The cost of Sasol's moderate protection is carried by the economy in the same way as all other industries that enjoy protection."

The AA says: "Selling prices in any area should be based on the real cost of delivering fuels and exclude Sasol subsidies and Transnet financing through their pipeline."

Sasol replies: "As far as we know Transnet is well aware that it competes with alternative means of transport and that its tariffs have to be set at realistic levels to remain competitive."

It lists several benefits which it brings to the economy, including R4-billion in new wealth created during its last financial year. It employs nearly 30 000 people (2,1% of the formal economy) and is responsible for 130 000 job opportunities if indirect employment is considered.

Sasol saved R4-billion last year in foreign exchange and consumes about 25% of the country's coal production.

Approved capital projects exceed R3,5-billion, with a further R2-billion under consideration.

New Sasol plant will boost exports

EDWARD WEST

THE construction of Sasol's R370m alpha olefins plant should boost the group's annual exports, currently about R600m, by about 50% after it comes on stream in February 1994.

MD of Sasol's newly established Alpha Olefins division, Harry Hyatt, said the plant, which would have a capacity of 100 000 tons a year in its first phase, would export 90% of its production valued at between R200m and R300m.

The remainder would be consumed locally.

Sasol had 450 000 tons a year available, but initially a capacity of only 100 000 tons a year would be used at the plants' two purification and separation units to produce the C5 and C6 alpha olefins, pentene and hexene.

These are used in the production of polyethylene plastics, and for a plasticiser to make PVC products more flexible.

Hyatt said C6 olefins were freely available worldwide at between \$1 000 and \$1 500 dollars a ton, while the C5 olefins were so costly to make that prices were more than \$3000 a ton. Only Sasol could produce olefins cost effectively for the polyethylene market.

The marketing thrust of its C6 alpha olefins would be aimed at the Pacific Rim countries, where there were a number of new polyethylene plants and more plants were being constructed.

Sasol would be the closest supplier to these markets.

C5 olefins would be distributed worldwide, but Sasol would have to



● HYATT ... marketing Sasol products to the world. Picture: ROBERT BOTHA

convince polyethylene producers that C5 olefins would enhance the quality of their plastics products.

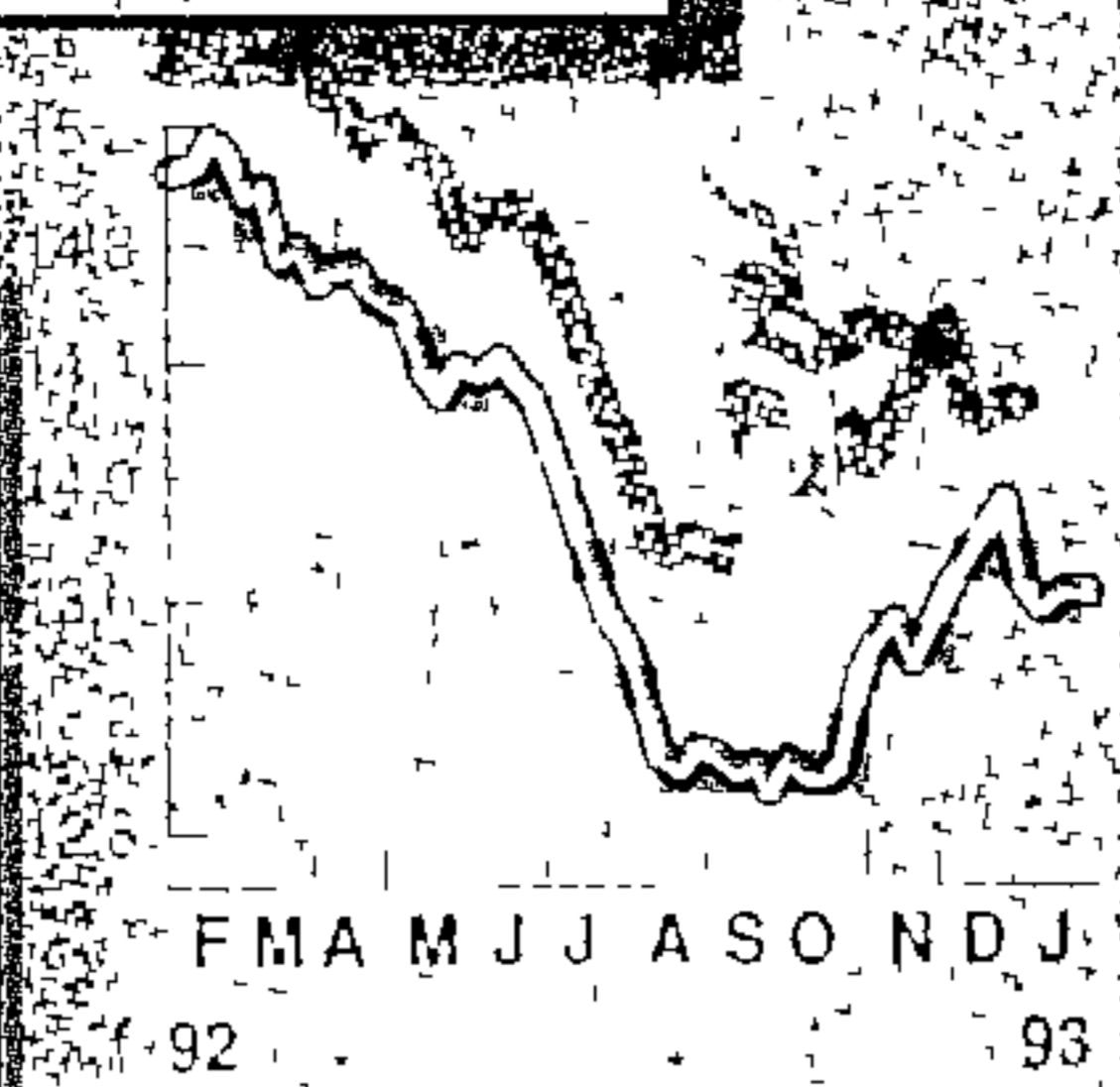
C5 olefins had not been used before because of cost considerations, said Hyatt.

A major marketing advantage was that Sasol could produce olefins cheaper than most other international producers as they were a natural product of the synfuels process.

Also the commissioning of the plant was timed to coincide with an expected improvement in the world's major economies, Hyatt said.

All bond yield

Weekly close



Graphic LEE EMERTON Source I NET

Bonds shrug off light profit-taking

TIM MARSLAND (26)

THE capital market corrected itself yesterday, as light profit-taking set in after the sharp gains of the past few weeks, dealers said. *BIDM 13/1/93*

Activity centred on medium-dated bonds, while the overall trend remained bullish, a dealer said.

Eskom's long-dated 168 bond yielded 14,620% at the close compared with 14,640% previously. Government's R150 bond yielded 14,590% from 14,600%.

With bonds, higher yields mean the capital value of the bond decreases. In the case of the RSA 150, the value decreases by R501 for every 0,01% rise in the yield.

A dealer said bonds rose in the morning on reports that government had completed its borrowing for the present financial year, but had drifted upwards in the afternoon on profit-taking. He said the Public Investment Commissioner had bought the medium-dated government R147, which helped other yields to fall in that area.

One dealer noted increased foreign interest in the market. As a result of that demand and interest in the equities market, the finrand ended stronger at R4,8192 from R4,8500. The commercial rand ended marginally firmer against the dollar, at R3,0663 from R3,0670.

Eskom faces crunch over debt rollover

ESKOM, facing a foreign debt bill of R2,5bn for the year, will be unable to roll over a substantial portion of the debt

Assistant treasury manager Johan van den Berg said yesterday that R600m in maturing bonds and notes would probably not be refinanced "for the first time in years".

He said Eskom was prepared to pay a maximum interest premium of 150 points above the German "Bund" rate, but this premium had widened to 300 points on political violence and looked set to remain at that level for the time being.

GRETA STEYN

260

Treasury manager Willem Kok said if the situation improved, Eskom would try to secure rollovers. If this was not possible, the utility might be unable to repay its debt inside the net by the end of the year. Eskom was budgeting to repay 25% of the affected debt by the end of 1993, or R300m.

However, Van den Berg added that repayments of standstill debt might be affected by the political situation. An interim government and access to IMF funds could

□ To Page 2

Eskom debt

provide some relief.

The foreign exchange reserves would be affected by Eskom's inability to roll over bearer bonds and notes

However, Eskom's decision to sell its dollar deposits with the Reserve Bank would not affect the reserves, Kok said. About R700m in dollars would slowly be sold into the market

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□ From Page 1

Eskom's budget assumptions assumed an inflation rate of 11,5% on average for 1993 — revised downwards from 12,8%. The inflation forecast assumed a three percentage point rise in VAT and a 10% increase in the fuel price. Further assumptions were that Bank rate would be cut in March, after the Budget

● See Page 3

Foreigners hold 52% of Eskom bonds

TIM MARSLAND

ESKOM traded more than R150bn in its own bonds during 1992, with foreigners holding about 52% of the stock, the utility said yesterday

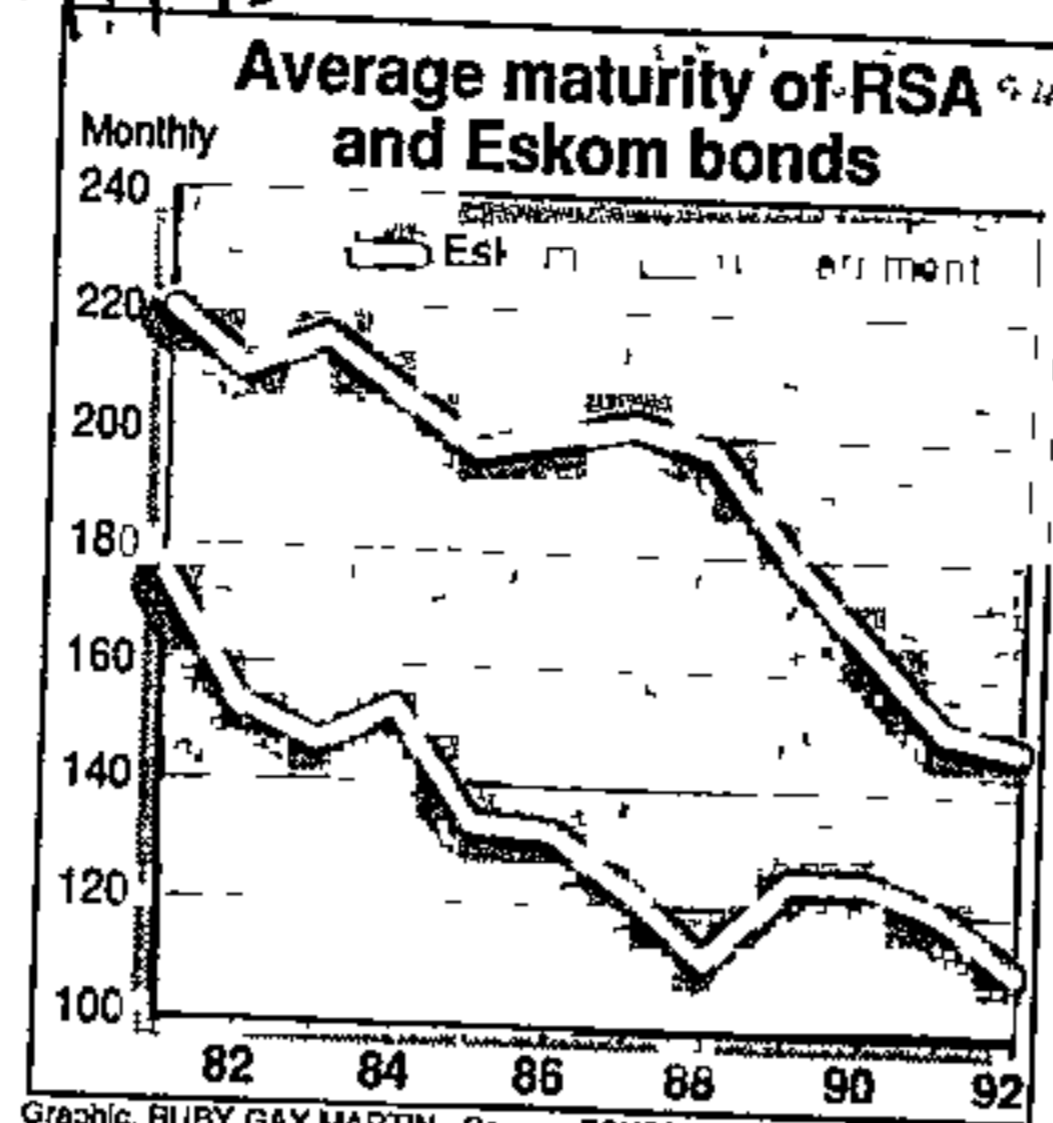
Treasury manager Willem Kok said that Eskom expected its trade to top R200bn this year

Eskom buys and sells its own bonds to increase their marketability, which lowers its borrowing costs

JSE figures show that about R1,750bn in Eskom bonds mature in 1993, which Kok said would be repaid rather than rolled over. The lion's share is the R1,250bn owing on the Eskom 166 bond

Assistant treasury manager Johan van den Berg said it was becoming increasingly difficult to borrow at the long end of the market as investors wanted to lend for shorter terms

The average maturity of SA bonds had now fallen to 12,5 years.



Van den Berg said bond issuers preferred to borrow for long periods to reduce the number of issues they had to make.

He hoped the trend would reverse as the political situation improved.

Kok said foreigners held 52% of Eskom stocks

Local firms held 7%, the personal

sector 12%, pension funds 14%, insurers 10% and financial institutions 2%. The Public Investment Commissioners held 3%

He predicted an average yield of 14,50% for the Eskom 168 long bond for 1993

A dealer expressed concern at the widening differential between government's R150 bond, the key Eskom 168.

The R150 was at 14,475% yesterday from a previous close of 14,580% while the E168 was at 14,580% from 14,640%. A narrower differential means cheaper borrowing costs for Eskom.

An Eskom spokesman said the utility had no plans to buy stock to narrow the differential. Funding needs were light and it would allow the market to set the rate. The dealer said the utility had been a consistent player in the market and would always be a prime issuer in SA

New CCV jobs spark row

w/m ail 15/1-21/1/93

THE alleged sidelining of a senior black journalist at the SABC has provoked a furore and underscored tensions at the corporation as it moves towards a new broadcasting order. CCV staffers are outraged, seeing the move as political manipulation. Both the Media Workers Association of South Africa (Mwasa) and the African National Congress have stepped in to take up their cause.

At the root of the conflict is the appointment of economics journalist Leslie Mashokwe as senior editor of *Newsline*, CCV's little sibling of *Agenda*, and the alleged sidelining of *Newsline*'s executive producer Pekwane "Mash" Mashalwane, who has been sent off to report from parliament. Adding fuel to the flames is the appointment of Mandla Msibi, a news producer, to a newly created position in charge of all CCV news and current affairs programming.

Johan Pretorius, editor-in-chief of TNP, the SABC "production company" which controls actuality programming on both CCV and TV1, claims that their promotions were "based entirely on merit" and that Mashalwane's new post "is in no way a sidelining". But the entire staff of *Newsline*, along with Mwasa and the ANC, disagree.

"The bottom line," says a *Newsline* senior producer, "is that the white managers of TNP felt that they were unable to control CCV news and particularly *Newsline*, which was seen as being far too accommodating of the liberation

A reshuffle of the CCV news department has led to allegations, from SABC staffers themselves, that baasskap is alive and kicking at Auckland Park.
By **MARK GEVISSER**

movements." (260)

ANC spokesman Gill Marcus adds "In our meetings with senior TNP officials it was raised as a point of concern that CCV journalists were showing their partisanship. It seems they were doing their job reflecting the experiences of black South Africans. What seems to have happened is a reshuffle that smacks of fundamental restructuring — which is against the spirit of our ongoing discussions with the SABC."

Pretorius acknowledges that there is a crisis Mwasa — of which all but one of the *Newsline* staffers are members — will be holding an emergency meeting with TNP management today. The union is investigating the possibility of an unfair labour practice.

Last week, all 12 *Newsline* staffers sent a petition to TNP executive editor Christo Kritzinger protesting against Mashokwe's appointment. "Whatever his merits as a journalist," says the *Newsline* producer, "Mashokwe has a terrible record as a manager, and is extremely unpopular. The situation is untenable. What

made it worse was the way Kritzinger dealt with us. Previously, we have had a say. But this time we were just told to like it or leave it."

Why, he asks, is there this new hardline attitude? "I can only assume that the guys at the top are getting jumpy. They know their days are numbered."

CCV employees add that Msibi and his deputy, Mike Nxasala, are known Inkatha Freedom Party supporters, citing as evidence the fact both used to work for the kwaZulu government. Both are said to have demonstrated "an unbelievable reverence for any image or utterance of Buthelezi."

Nxasala rejects these allegations: "My first job was as a clerk in Ulundi, and I seem to have been tainted by this and by the fact that I am an Nguni speaker. It's nonsense. I am not a member of the IFP and that can be verified."

But one CCV journalist counters. "These guys have senior positions precisely because of their antipathy to the liberation movements." Pretorius dismisses this: "Anyone who knows Mashokwe knows that he is completely independent."

The conflict has highlighted a core problem in the structure of the SABC: that, as Marcus puts it, "CCV is in no way independent. We have discovered, for example, that the only way we can have contact with CCV's black journalists is through their white supervisors."

"This is an opinion shared by those in the CCV news and current affairs departments."

Big plus for small business

S Times (BSS) 17/1/93. (260)

THE clamour for more money to be channelled into small business is fast becoming a crescendo.

The Reserve Bank, Sanlam's Platform for Investment scenario, the Development Bank, the World Bank, the Small Business Development Corporation (SBDC), a study sponsored by the life industry — all say that growth in small and medium enterprises (SMEs) is the way forward.

"SMEs are the light cavalry of the economy," says the SBDC's Ben Vosloo. "This is the worldwide experience."

The argument is that job creation in this sector should be put at the top of development priorities.

The housing kickstart popularised by the Nedcor-Old Mutual scenario is still bogged down in the political process.

It is also better to create a

Small business creates jobs. Yet little state money goes this route while billions flow into big projects.
Comment by KEVIN DAVIE.

job for a man so that he can buy his own home rather than put him in a house at great cost to the taxpayer. It would be nice for every South African to be given a home, but resources simply do not stretch that far.

The Nedcor-Old Mutual team also wanted a gear change whereby SA would sell value-added exports in foreign markets.

The gear change is well under way. The state-owned Industrial Development Corporation (IDC) is pouring billions into projects such as Alusaf and Columbus which will benefit imported and local minerals.

Many favour a two-pronged approach where

both labour- and capital-intensive industries are supported, but while the big projects are fully financed, small business is still waiting for the begging bowl to be filled.

The SBDC, which has created 300 000 jobs since 1986 at a cost of R5 000 a job and a 83% success rate, received no support from the Budget this year.

It has curtailed its activities, turning down seven good prospects for every two which are accepted. Inquiries meanwhile are flowing in at a rate of 1:100 a working day.

The SBDC last year examined its growth prospects and decided it needed R1-billion. Newspaper headlines report-

ed negotiations between the SBDC and 50% shareholder, the State in the form of the IDC, whereby the SBDC unsuccessfully tried to source finance from the IDC.

The IDC agreed to make funds available only if it could increase its say on the SBDC board where the private sector owns 50% of the shares but has 75% of the vote.

State funds of R1-billion controlled by the IDC will be invested in Columbus to create just 33 new jobs. The SBDC could create 100 000 jobs with this money.

The huge disparity illustrates SA's economic policy options very neatly.

For me the choice is simple. I would put the R1-billion into SMEs.

Tens of thousands of people would be able to use bricks to build homes rather than to throw at one another.

By QUINTON RHODES

BY the end of March this year, when State President FW de Klerk officially appoints a new control board for the SABC, a process will have been set in motion which will in the long run at least turn "His Master's Voice" into the "People's Broadcaster".

At long last the stranglehold of the National Party government over the broadcasting corporation will have been broken, and a new era of independence from the apparatus of the State ushered in. De Klerk has promised that it will reflect more than the government's own political perspectives for the first time in its history. And with the ANC having targeted the government's continuing control of the SABC as an obstacle to negotiations, there is little reason to doubt that De Klerk will make significant changes in this regard. This, for the vast majority of South Africans is the good news. The bad news comes in a number of different instalments.

There are indications that, despite its stated intention to democratise the SABC, the government is continuing to find other ways of clinging to control over the corporation.

The SABC itself is busy making structural changes apparently aimed at entrenching the power of the current regime over the broadcast media at least until after



It Shall Broadcast!

BROADCAST BLUES... The SABC's monopoly over television in this country is again under the spotlight as SA moves towards its first-ever general election.

in their areas from national broadcast networks like TV1 and CCV, is more likely, at least in the short term.

More concrete are smaller scale moves apparently aimed at entrenching the status quo. A dispute is brewing between media union Mwasa and the management of the SABC over a series of black promotions recently effected in the CCV channel.

One such appointment was that of Mandla Msibi, who was placed in effective on-line control of the channel's news department. Formerly deputy to news editor Mike Mafane, Msibi was recently promoted above his former boss. But Msibi, like at least two of the other recent promotions, resists the union.

Another similar case is that of *Newsline* producer Lesley Mashokwe, who is believed to be closely connected to the government of Bophuthatwana, via his wife who serves as a public relations official for the Mangope regime.

Mashokwe, formerly a relatively junior economics reporter, recently reappeared as senior producer on CCV's *Newsline*, promoted over far more experienced candidates like former senior producer Mesh Masi-loane.

Despite the promotions, the real control of CCV's news and actuality departments continues to be exerted by whites. For instance Freek Robinson as editor general of *Agenda* continues to have the final say in the program-

FW talks about a new SABC, but is there a: . . .

CPress

(260)

HIDDEN AGENDA AT DITHERING HEIGHTS

Allegations have been made that SABC personnel are busy selling off equipment in private transactions. Such sales could leave a seriously depleted organisation for the new controlling authority to take over.

A series of apparently "political" appointments have been made seemingly with a view to ensuring that the corporation's current pro-Nat position will be maintained well into the future.

The saga of democratisation at the level of the SABC control board goes back to December of last year when representatives of the government and the SABC met with members of the Campaign for Independent Broadcast- ing (CIB) - an affiliation of opposition groups with Cosatu and the Campaign for Open Media at the forefront. The meet-

ing was called in response to CIB criticisms that procedures governing the appointment of the SABC board - a new board was scheduled to be announced in terms of the Broadcast Act on March 31 - were "wholly inadequate" for the purpose of creating an independent broadcasting authority such as De Klerk had promised

Particularly at issue was the central role played by the State President. In terms of the Broadcast Act he is solely responsible for who is appointed to the board and also has the power to summarily dismiss members at his own discretion

In the past this mechanism has been used to ensure that the board - which decides SABC policy and is responsible for appointing a director-general - is heavily load-

ed with members of the Broederbond and remains sympathetic to the government.

In rare cases like that of Stellenbosch academic Sammie Terreblanche, who fell out of favour with the government, that person has simply been axed.

At the December meeting the CIB proposal that the business of appointing the new board be effectively taken out of the hands of the State President and instead handled by a panel of independent "eminent persons" was in principle accepted. To this end a Technical Committee was appointed which would meet on January 6 in order to thrash out the details and a date was set in March for finalising the process. However, on December 28, before the Technical Committee so much as

met, the Home Affairs Minister pre-empted the process by putting out a press statement calling for nominations - by January 18 - to the SABC board

It was in the view of the CIB and the ANC a clear attempt to hijack and control the process of democratisation. In the event it proved an unsuccessful one. With opposition mounting, the government was forced to back down and the January 6 meeting did in fact go ahead as planned, again reaffirming in principle the notion of appointing the new board by a panel of eminent non-party-political persons

But opponents fear the government will continue to stall for as long as possible, thereby retaining effective control over the flow of information during the run-up to elec-

tions.

With more than half of the country's population still unable to read and with radio - still all but monopolised by the SABC - alone among the media in reaching into all corners of the society, broadcasting remains the single most important way of reaching and persuading potential voters

The SABC issue is due to be discussed again during the course of the next ANC/government bosberaad on January 25. City Press understands that the ANC will be putting pressure on the government to accept the CIB proposals, and will be arguing that negotiations cannot move forward until the broadcast media have effectively been taken out of the hands of the Nats. Meanwhile the SABC has been engaged over the

past two years in a radical restructuring of its operations - supposedly to streamline the corporation. These changes make it more difficult for a new controlling authority to bend the broadcaster to its own will

Where once the structure of the SABC was rigidly top-down, it has now been divided into four divisions under which there are a number of separate "business units", each of which functions more or less independently

While director-general Wynand Harmse insists there are no plans to privatise or sell off any of these units it is clear that if it chose to do so, the structures are already in place.

A partial privatisation of national television channels where regional interest groups buy time

the final control of news production is still the preserve of executive editor Christo Kritzinger, second-in-command of the TNP network. Kritzinger was exposed by former SADF propaganda agent Nico Basson as a member of Military Intelligence's Salti outfit - a co-opted civilian force unit.

At the same time as these moves are being made, there is allegedly another kind of restructuring going on. According to an informant with a history of dealings with the corporation, he has been offered various items of equipment by members of the SABC in recent months - for only a fraction of their worth

He was for instance recently told that he could acquire an Outside Broadcast Unit valued at around R6-million - for only R1-million

Eskom faces up to taxes ⁽²⁶⁰⁾

By **CHERYLYN IRETON**

LIKE Queen Elizabeth, power utility Eskom has begun preparing for the day when it may be called on to pay tax. ^{(S Times (Buss))}

"Eskom foresees itself as a taxpayer," treasury manager Willem Kok said this week.

For that reason, Dr. Kok says the group will maintain its efficient financial approach and will strive to maintain a healthy financial profile for its shareholders — who are essentially its consumers and lenders.

Eskom posted net income of R988-million in 1991. If the flat corporate rate of 48% were applied, R474-million could have been collared by the Receiver of Revenue.

Even if it is eventually registered as a taxpayer, Eskom is unlikely to pay tax for five or six years — and then at a lower rate because of benefits from its massive capital expenditure bill. 17/1/93

Fuller disclosure will be required

New law puts the screws on parastatals

260
B10/11/93

PRETORIA — The accounts of between 500 and 1 000 parastatal organisations are to be scrutinised by the auditor-general in a major drive to improve public accountability and disclosure of public monies

Many organisations, including universities, agricultural boards, SA Transport Services, Eskom, Iscor, Telkom and Denel may have to improve their disclosure, according to regulations being drawn up by the State Expenditure Department

This is the first indication of the extent of the new initiative, provided for by legislation passed last year. It will be phased in, focusing initially on larger organisations

In cases where the auditor-general is not satisfied with disclosure, he may take this up with the organisations concerned

Reporting should include "relevant performance information regarding the efficient and effective application of resources," as well as stating the "extent to which the entity has achieved its set objectives for the financial year concerned"

According to the legislation, not only parastatal organisations fall under the Act. Any organisation in which the state has a "material financial interest" could be subject to scrutiny

This could include organisations, such as Eskom and Telkom, that have a monopoly by virtue of legislative decree.

Government is analysing a host of organisations to determine the state's level of financial interest

If it is considered to be a substantial interest, the organisation could be declared a "public entity" and would then be added to the auditing list

TIM COHEN and
ADRIAN HADLAND

The list of "public entities" is likely to be announced shortly after April 1 and will focus on a limited number of the more important entities.

There are estimated to be between 500 and 1 000 "public entities".

Some organisations have already objected, but new Auditor-General Henri Kluever said "If they resent the new role, (of the auditor-general's office) bad luck"

"It was a very general perception that these parastatals outside our ambit can report what they wish. If you really want accountability you have to organise reporting so you get accountability," Kluever said.

"In the new SA one must accept that one is going to have a thorough mix of the First and Third World

"I think one area where it is particularly important to maintain First World standards is the financial area."

The new responsibilities and autonomy of the auditor-general's office stem from legislation introduced last year.

Kluever said the biggest challenge would be thorough implementation of the legislation, which makes the office an organ of Parliament rather than of the executive

His office, which employed about 1 000 people on a budget of R125m, had to audit departments which spend R150bn

Asked about the tradition of independence set by predecessor Peter Wronsley, Kluever said his style might be less combative, but he intended maintaining the independent quality of reporting

'Radio active'
APR 19 11 1963 (260)

EAST LONDON The South African Union of Journalists has slammed the suspensions of Radio Ciskei announcers, Mrs Xoliswa Swart and Mrs Zoliswa Sigabi. The suspensions apparently resulted from a broadcast of reaction from the ANC and Transkei to military ruler Brigadier Oupa Gqozo's claims of an ANC-Apla-Transkei Defence Force violence conspiracy.

SA, Russia space link reports ²⁶⁰

baffle firm

By Anita Allen
Science Writer

Denel, the only company in South Africa involved in a space industry, is mystified by reports of a Russian initiative to link the two countries' space industries.

Paul Holtzhausen, group executive of corporate communications at Denel, told The Star yesterday that there had been no contact, either formal or informal, between his company and any Russian officials on possible co-operation.

Asked to comment on reports that the Russian Space Agency was poised to invite South African officials to Moscow for formal talks on supplying rocket launchers for satellites, Holtzhausen said Denel knew nothing about the matter.

"Up to now what Denel knows of the Russian offer is what we have read in the newspapers," he said.

"The commercial space industry is highly developed. Anyone in the field has to have a lot of experience. We know nothing about the Russians' experience or what they are offering, and therefore we cannot comment."

He confirmed that Denel was still investigating the financial viability of its space industry. It was a vast and comprehensive exercise, he said.

Because the venture was capital intensive, Denel was in the process of negotiating with interested parties overseas.

He could not at this stage name the parties concerned but said there had been no contact with any Russian officials.

Asked to comment on any possible involvement by Armscor in commercial space ventures, Holtzhausen said that the Armaments Act 86 of 1980 prevented Armscor from becoming involved in commercial activities.

Secret deal on SABC alleged

20/1/03
PRETORIA — The Conservative Party has confidential information that the National Party and the ANC are secretly entering into unilateral agreements on restructuring the SABC board, CP MP Dr Pieter Mulder said yesterday.

He said any attempt by the government to constitute the SABC board without other parties, such as the CP, having a say would be doomed to failure — Sapa (260)

Overtures made over SA-Russian space deals

57 MAR 21 11 93

260
287
By Anita Allen
Science Writer

Denel, the South African company involved in the space industry, confirmed yesterday that it had now received a letter from the Bonn office of the SA Foundation detailing informal talks with representatives of the Russian Space Agency about possible joint ventures.

This follows newspaper reports this week that Russia was poised to invite South African officials to visit Moscow for formal talks on supplying converted SS-20 intermediate-range missile systems to launch satellites being developed in South Africa by Denel's Aerospace Division.

"Denel would like to treat the letter from the SA Foundation's Bonn representative, Dr Rudolf Gruber, which has reached our office as a matter of confidentiality," said Paul Holtzhausen, group executive of

corporate communications at Denel. "We are now conducting further communications with Dr Gruber in Bonn.

"We would like to stress, however, that no offer on our request was received from any Russian authorities or organisations," Holtzhausen said. "Our knowledge of the Russian offer is based on what the SA Foundation has made known."

In a telephone interview from Bonn yesterday, Gruber told The Star he had visited Russia last year to investigate various military and technology developments now available for civilian applications which might be of use to South African companies.

One person he contacted during the visit was the designer of the Russian SS-20 medium-range missile system, who explained that it could be adapted for use as a launcher for satellites being developed in South

Africa by Denel's Aerospace Division. According to the Russians, their system would be very cost-effective compared with anything else available in the West.

"I must emphasise that I had no brief to make this contact and there is no obligation," Gruber said. "I was trying to be helpful."

He said he had faxed details of the talks to two South African sources — Rusty Evans of the Department of Foreign Affairs and Denel chairman Dr John Maree — on December 18.

A spokesman for the Department of Foreign Affairs said he had no knowledge of any fax from the SA Foundation.

"Denel wants to reconfirm that it is still investigating the financial feasibility of the international space market. Negotiations with possible overseas partners are still ongoing," Holtzhausen said.

The national broadcaster is failing to pass the independence test, argues John Carlin

One Word exposes SABC bias

Star 21/1/93

260

THE word "terrorist" was continually on newscasters' lips during the 11-year reign of P W Botha and before the word disappeared for a time from the broadcasting lexicon after F W de Klerk legalised the African National Congress in February 1990.

It has not resurfaced once in connection with the thousands of black people killed since then in the townships, even though it has become routine for unknown gunmen to open fire on defenceless people inside their homes.

The South African Broadcasting Corporation has spoken always of these incidents as "black-on-black violence" or "unrest".

But the word did reappear at the end of last year when, in an incident without precedent during De Klerk's three years in office, gunmen opened fire on diners at a golf club, killing two white couples. Thus attack, and others since against white targets like the leaving of a bomb in a restaurant, have been described by the SABC as "terrorist" outrages.

Thus detail is but one of many that could be cited to illustrate the lower value which the SABC

apparently attributes to black life, a habit of mind which in turn reflects lingering attitudes in the white community as a whole. Similarly, while the bias against the ANC is not as crassly manifested as it was under President Botha, it still lingers, if more subtly so.

The institutionalised tendentiousness of SABC television news and current affairs, having been carried over into the De Klerk era, is an issue high up on the political agenda this year, one which the ANC in particular is eager urgently to address with the country's first genuinely "general" elections due within 18 months.

But the ANC is not alone in the belief that the SABC continues to be an instrument of the National Party government.

The Conservative Party denounced the SABC over the manner in which it handled the campaign in March for the whites-only referendum on De Klerk's reform programme.

A member of the SABC news team said this week that the referendum coverage had been explicitly described by his bosses in terms of "a strategy to destabilise the right wing".

In an internal meeting after that "success" had been achieved, the SABC man said, one of the news editors invited journalists present to think up ways in which a similar victory could be achieved in national elections against the ANC widely expected to take place next year.

In a sense, this campaign has already started. The massacre at Boipatong in June last year received extraordinary coverage that night on SABC Half the video footage that night centred on a policeman whose car was set on fire in retaliation for the attack.

No mention was made of dozens of allegations by residents that the police had escorted the Inkatha killers into the township.

The coverage of the Bisho massacre in September would have suggested, to a foreign visitor, that South Africa was a totalitarian dictatorship. Every reporter on the scene saw soldiers open fire on a large crowd of unarmed African National Congress demonstrators, killing 28.

The TV news that evening showed footage of people running and diving for cover. "From the

pictures," the newsreader said, "it is obvious how difficult it was to determine exactly where the shots were coming from."

SABC news coverage has been monitored every night for the last year by an organisation calling itself the Campaign for Open Media. The researcher who did the monitoring, Browynn Keene-Young, said Bisho was the worst case of bias she had encountered.

But she also cited the constant failure of the SABC to delve into the causes of the violence "which is always presented in terms of allegations and counter-allegations".

And above all, she added, "it seems designed to convey the impression that it all boils down to a question of black barbarism".

Hence, she said, the instinct of the SABC on the numerous occasions when other media have dug up evidence of security force orchestration of the killings has been merely to serve up Government denials, "to shield the Government from scandal".

The head of the Campaign for Open Media, former Rand Daily Mail editor Raymond Louw, noted that the SABC had not carried one

programme critical of the Government in 45 years of uninterrupted National Party rule.

"The real problem of the SABC is that they are so established as a Nationalist propaganda organ that they have no concept of independent journalism. Even if they wanted to, they could not be independent," he said.

Johan Pretorius, the SABC's present head of news and a senior political reporter during the Botha years, is viewed by some as a latter-day Goebbels. But he sees himself simply as an ordinary journalist working under trying circumstances.

"The leap from PW to FW was an easy one. It was so frustrating working under the strict parameters they used to give us. I know that even today we are guilty sometimes, but it's not a question of a 'plan' — not at all — it's a question of lack of expertise."

The problems encountered by the SABC, besides, are the problems of the country as whole, he said. "We operate against a backdrop of terrible uncertainty."

On this, Louw would agree. Which is why he is centrally involved in negotiations with the

Government to establish a new SABC board, independent of all party political influence, by April.

Interestingly, the campaign's lawyer David Dixon said this is one area where the Government seems eager to reach a compromise solution.

"There is consensus regarding our position for the simple reason that they do not want to see the SABC under the control of a future ANC government."

Louw fears, however, that the SABC is seeking to pre-empt the planned changes by making appointments now designed to entrench the anti-ANC electoral strategy whose existence Pretorius vigorously denies.

Sources inside the SABC have told him, and The Independent, that the top four posts in "black" news and current affairs were given on January 1 to three members of the Inkatha Freedom Party, the ANC's most bitter political rivals.

The highest job under Pretorius went to a certain Mandla Msibi whom only last year reportedly received an offer from Inkatha to head one of its offices in the United States — The Independent News Service □

German plans hurt local bond market

BIDAY 21/1/93.

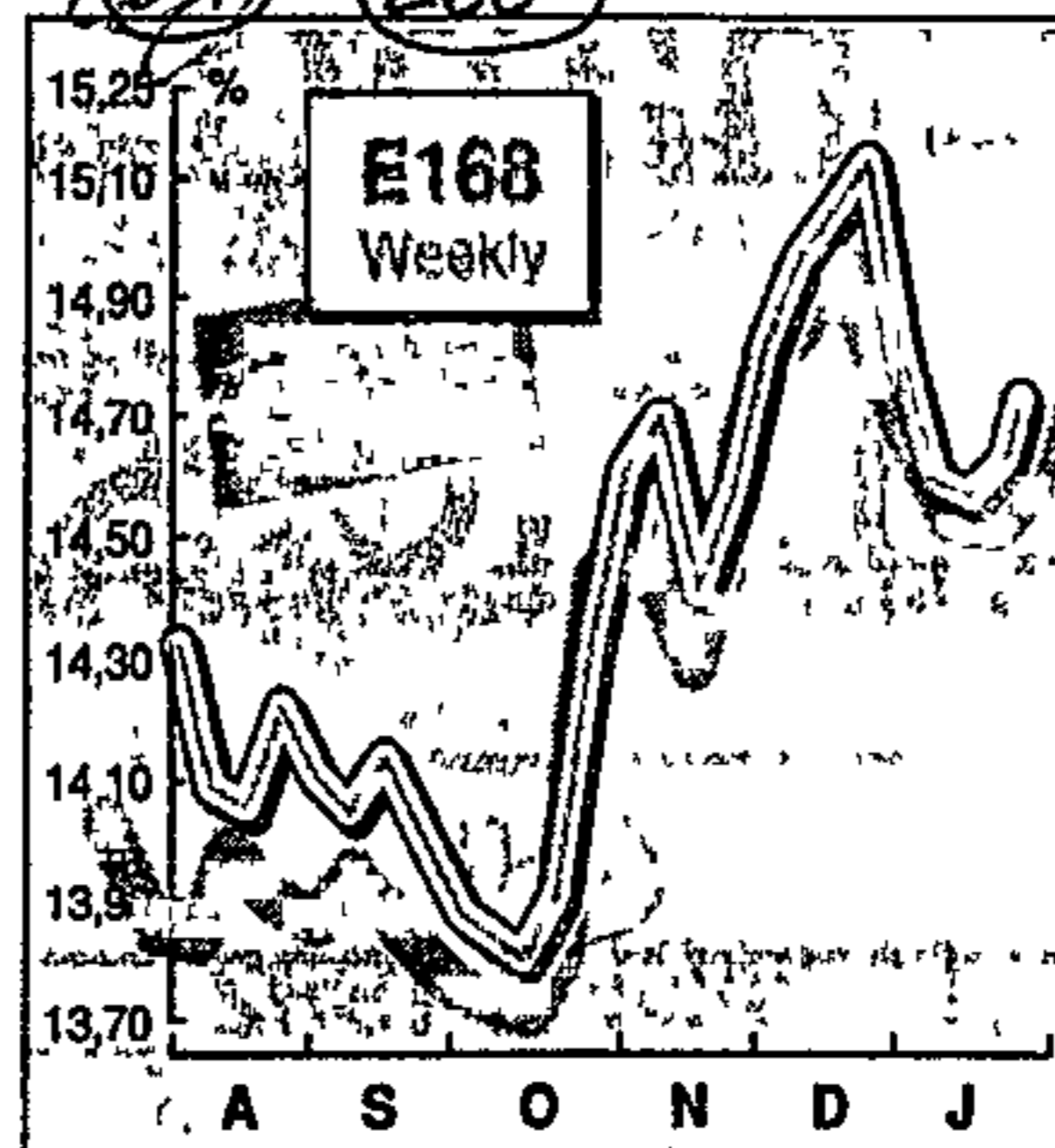
TIM MARSLAND

BOND prices weakened for the fifth consecutive day on the capital market yesterday as news that Germany was planning a withholding tax on interest income from foreign investment funds sent jitters through the local market, dealers said.

Negative sentiment was further fuelled by the call by Public Investment Commissioners, which manages the state's investments, for R1,2bn in tenders to fund TBVC short-term debt, with maturities from six months to three years. The body acts as a trustee for the TBVC states.

A dealer said the TBVC issue would "only temporarily interrupt cash flow" to the bond market. He said medium-dated bonds weakened in active trade on the back of the TBVC issue, which had a short maturity date. Institutions had sold stock in that area to tender for the TBVC issue.

Eskom's E168 long bond yielded 14,750% yesterday compared with its previous 14,650% close. For every 0,01% rise in the E168 yield, bond holders lost R490 on R1m invested. Government's R150 long bond



Graphic: RUBY-GAY MARTIN Source: I NET

ended at 14,690% from 14,570%. The medium-dated government R147 ended at 13,920% from 13,810%.

Another dealer said local investors had sold on news of the German issue. A number of German investors hold SA bonds.

However, the selling was overdone as the withholding tax, if implemented, would only be effective from 1995.

Govt-ANC collusion over new SABC board denied

57 APR 22/1193

By Peter Fabricius
Political Correspondent

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CAPE TOWN — The Government and ANC were looking at the possibility of an independent selection committee to recommend to President de Klerk who should be appointed to the new SABC board in April, Home Affairs Minister Louis Pienaar confirmed yesterday

In an interview in Parliament, Pienaar said this was one of many proposals for reconstituting the board that had been made to his department. No decisions had been taken, and he still intended to consult widely.

He strongly rejected Conservative Party accusations that the Government and the ANC had "cut a deal" to appoint a board that favoured them.

Pienaar confirmed he had held a day-long discussion with

an ANC delegation this week, but had told them their proposal was just one among many.

Both the ANC and the Campaign for Independent Broadcasting had proposed that judges be appointed to choose the selection panel.

Pienaar said he was not aware of any specific nominees who had been submitted for specific positions in a reconstituted board, or in the SABC hierarchy.

He would "hate" the new board to represent just ANC and NP interests, and would like it to be as broadly representative as possible. The board should also represent a broad range of technical expertise rather than political interests.

The Minister said he felt it might be wise to maintain some of the existing board members "for the sake of continuity".

However, he agreed that once a new board had been appointed, it could reconstitute the SABC from top to bottom — and

would have the power to fire everyone from the top down.

But he did not envisage it making major changes to SABC personnel. It would be wrong to hire and fire just for the sake of doing so or for political reasons.

Pienaar said he would have preferred the new board to have been appointed through Codesa, but it was not functioning and the matter was urgent.

"The urgency is that within a year we will be in national elections and there is a perception that the playing field is not level as far as the SABC is concerned. I deny that is so, and the NP and Government have as much cause for complaint about partiality as any other party. But that is the perception and we have to avoid such perceptions."

He confirmed that the move to find a new method of appointing the board had been prompted by the fact that the present board's term of office expired on March 31.

In the present political climate, a one-sided reappointment would have been unacceptable.

It is understood that the deadline for making submissions on procedures for appointing a new board and new board members has been extended from January 18 to January 25 to allow for late submissions.

The question is to be discussed at the bosberaad between the Government and the ANC next week, sources said.

CP media spokesman Dr Pieter Mulder said this week that information had been leaked to the CP from within the SABC that the Government and the ANC were planning behind the scenes how to reconstitute the board.

Democratic Party media spokesman Peter Soal said he believed the CP fears that the NP and ANC would appoint the new board between themselves were "a little exaggerated".

Shortage of entrepreneurs a problem, says IDC chief

STAR 22/1/93.

By David Canning

DURBAN — South Africa suffers from a shortage of entrepreneurs, says Jan de Bruyn, senior general manager at the Industrial Development Corporation (IDC).

Asked in an interview whether the IDC was doing enough to help small-to-medium-sized industry, he said the organisation had financial resources to help "every applicant who can produce an economically viable plan for industry"

No applicants with viable plans had failed to receive help

However, the biggest obstacle was the shortage of entrepreneurs — people with the necessary skills coupled with a willingness to take risks.

The IDC, which recently announced a move towards promoting hotels and tourism, did not have a master plan for allocating funding to different industrial sectors.

It did try to favour small-to-medium-sized industry, although it did not seek to divide its funding according to set parameters, distinguishing between big and small industry.

De Bruyn was asked why it had been necessary for the IDC, as a state-controlled body, to become involved in part funding of huge projects like the Alusaf aluminium smelter and Columbus stainless steel project.

Could the IDC's resources not have been more effectively used for small to medium-sized enterprises?

The IMF has criticised gov-

ernment tax breaks for large South African projects. The IDC is also providing R800 million for Alusaf in the form of subordinated long-term loans.

De Bruyn defended IDC involvement with the Alusaf project as being within the ambit of IDC activities and not involving funds flowing from the state.

He said it was the IDC's brief to promote industrial development, big or small, within SA. Two of its main objectives were the promotion of further beneficiation of the country's natural resources and of exports

The IDC had completed its own viability studies on the Alusaf project and was convinced it was in the national interest.

Natural step

Moreover, the additional investment was a natural step because the IDC had been involved in the first Alusaf scheme.

The IDC, now 52 years old, was formed during the war when SA found its traditional access to Commonwealth-manufactured products limited.

Its governing Act says it must facilitate, promote, guide and assist in financing of new and expanding industries

It also promotes better organisation and modernisation of industry and undertakes special investigations on behalf of Government departments — such as last year's report on SA's import tariffs

While it charges for research projects on behalf of the Government, the IDC has not re-

ceived government funding for many years

In fact, unlike other development agencies in the world — some of which were modelled on the IDC — it pays tax (R99 million last year)

Lending is entirely from its own resources

Asked why the IDC had not been formally privatised — its directors are still appointed by the Government — De Bruyn said such a proposal was looked at a couple of years ago

As with other state-owned organisations, the issue had not proceeded for political reasons. There were feelings among some parties that such sales would be tantamount to "selling the crown jewels".

De Bruyn, who is also a director of the Small Business Development Corporation (SBDC) — which is 50 percent-owned by the IDC — said there was little overlap between the organisations.

Unlike the IDC, the SBDC set upper limits for businesses it was prepared to help and it was also involved in "after-care" services.

The IDC estimates that projects with which it is involved will make total capital investments of R10 billion in the next four years. Its own investment is R3 billion.

Last year it increased loan approvals to industrialists by R712 million to R1,97 billion and its total assets rose to R6,6 billion.

It said in its 50th anniversary report in 1990 that 67 percent of its projects involved firms with total assets then worth less than R10 million.

Gripe is withdrawn

■ Members said Mashokwe was a bully:

By Mathatha Tsedu

~~143~~ 260

THE MEDIA Workers Association of South Africa on Tuesday withdrew its objection to the appointment of Mr Leslie Mashokoe as head of CCV's *Newsline*.

Mwasa secretary general Mr Sthembele Khala said they had decided that the objections be addressed between its members and Mashokwe directly.

Mwasa members at *Newsline* had signed a petition alleging that Mashokwe was a bully.

The matter was handled through the grievance procedures contained in the recognition agreement between the SABC and Mwasa.

A relieved Mashokwe said "I am only human, with many faults, and if there are things I do that are wrong it is only fair that they be pointed out."

Mashokwe was promoted from deputy editor of *Business* to head of *Newsline* above former head Mr Pekwane Mashilwane. *See Page 7

Sowetan 22/1/93

Top-level talks on new SABC structure

RRG-22/1/93

(25)

The Argus Correspondent

PRETORIA — The Department of Home Affairs is negotiating with various groups on a new governing structure for the SABC

Nominations for the corporation's new board have been received but will not be made public until negotiations have been concluded

Department of Home Affairs spokesman Mr Jack van der Merwe confirmed today that negotiations could lead to the appointment of an independent panel that would select the new board

This follows reports of advanced plans to instal a dramatically different, independently appointed SABC board at the beginning of April

Among the parties involved in the negotiations are the government, the African National Congress and the Campaign for Independent Broadcasting (CIB), a coalition including representatives from the ANC/Communist Party/Cosatu alliance, the Democratic Party and the Campaign for Open Media

The ANC and other political groups have repeatedly called for the appointment of an independent, representative governing body for the SABC to "level the playing field" in the run-up to elections

Home Affairs Minister Mr Louis Pienaar confirmed that negotiations were taking place, saying they were aimed at removing the impression that the SABC was biased against government opponents

"The urgency is that within a

ANC wants a say on board

Political Staff

HOME Affairs Minister Mr Louis Pienaar confirmed both the government and the ANC are looking at the possibility of an independent selection committee to recommend to President De Klerk who should be appointed to the new SABC board in April.

In an interview in parliament, Mr Pienaar said this was one of many proposals for reconstituting the board that had been made to

year we will be in national elections and there is a perception that the playing field is not level as far as the SABC is concerned

"I deny that is so and the NP and the government have as much cause for complaint about partiality as any other party. But that is the perception and we have to avoid such perceptions"

It is expected that the arrival of the new board will lead to a wide-ranging overhaul of the national broadcasting service, with well-

his department. No decisions had been taken and he still intended to consult widely

He strongly rejected Conservative Party accusations that the government and the ANC had "cut a deal" to appoint a board that favoured them.

Mr Pienaar confirmed he had held a day-long discussion with an ANC delegation this week, but had told it that its proposal was just one among many.

It is understood that the government and the ANC are close to reaching a historic agreement that could lead to

● The Codesa co-chairmen, Mr Justice Ismail Mahomed and Mr Piet Schabert, convening a seven-member panel to recommend a new SABC board of directors, and

● The new board — representative all races — reviewing all personnel at the SABC and making appointments in preparation for the first non-racial elections

The outline of the agreement first came from the CIB, which proposed a phased transition for the SABC

New board soon

SABC set to quit the NP laager

STAR 22/1/93.

260

By Jacques Pauw



Nearly half a century of National Party control over the SABC is set to come to an end two months from now

The Star can disclose that plans are far advanced to install a dramatically different, independently appointed SABC board at the beginning of April.

It is expected that the new board's arrival will lead to a wide-ranging overhaul of the national broadcasting service, with well-known and established SABC supremos being ousted in favour of new — and politically divergent — personalities.

High-ranking SABC sources confirm that rumours about the imminent changes have sent shock waves through the corporation. Top executives say they do not know what to tell their staff.

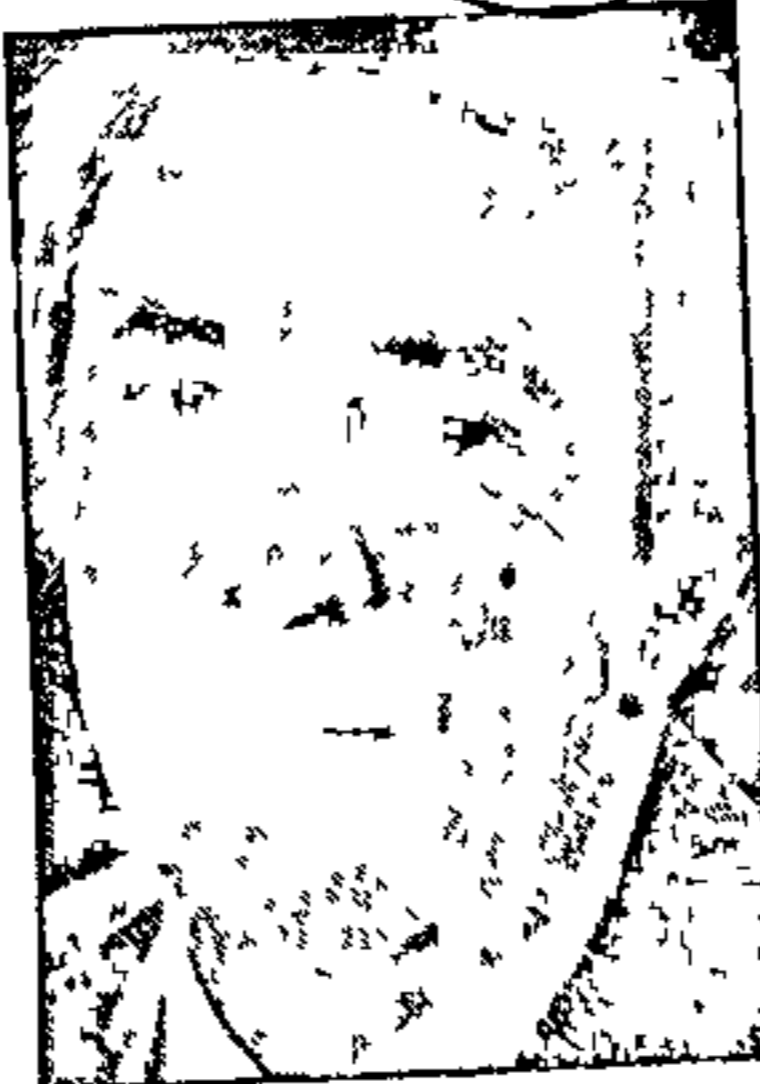
The incumbent board's tenure ends on March 31.

An intensive series of meetings has been taking place in recent weeks, involving primarily the Government, the ANC, and the Campaign for Independent Broadcasting (CIB), a coalition group including representatives from the ANC-SACP-Cosatu alliance, the Democratic Party and the Campaign for Open Media.

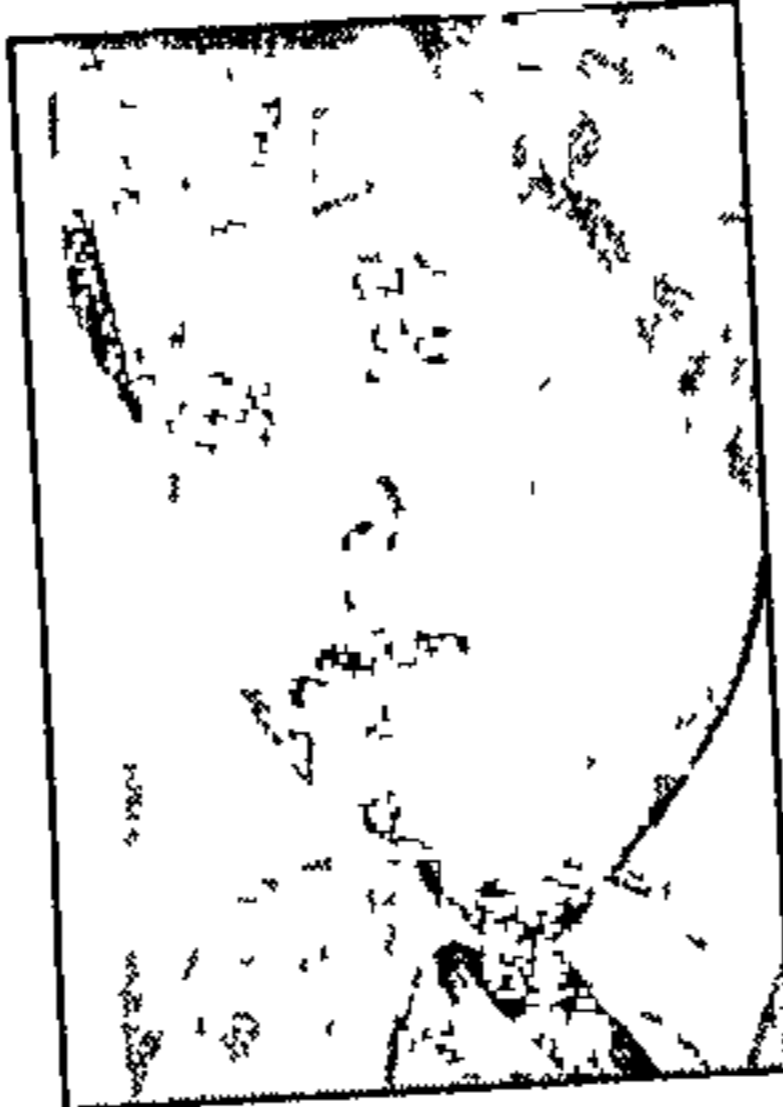
Home Affairs Minister Louis Pienaar, responsible for broadcasting matters, held discussions about the SABC with an ANC delegation this week in Pretoria.

It is understood the Government and ANC are close to reaching an agreement that could lead to

● The Codesa co-chairmen, Mr Justice Ismail Mahomed and Piet Schabert, convening a seven-member panel that would recommend a new SABC board of



Wynand Harmse . . . his post highly sought-after



Johann Pretorius . . . "must be moved"

directors

● The new board — representative of South Africans of all races — reviewing all staff at the SABC and making appointments to "level the playing field" in preparation for coverage of the first nonracial elections

The outline of the agreement first came from the CIB, which proposed a three-phased transition. If it is agreed to, the following sequence of events is likely

● In phase one, President de Klerk would appoint one or more top judges (probably the Codesa co-chairmen, but possibly Chief Justice Michael Corbett), who would then, in turn, be responsible for appointing a panel made

up of seven or nine eminent South Africans — not office-bearers of any party — and representative of the country's overall population. The judge or judges would take nominations for this panel

● In phase two, the panel would take nominations for positions on the new-look SABC board. The Government has reportedly agreed that the nominations it has already received for the board would be referred to the "eminent persons" panel

The panel would then draw up a shortlist of possible members which could be scrutinised at public hearings

● In phase three, the panel would present to De Klerk the list of recommended names, which he in turn would approve in accordance with existing legal requirements. These individuals would then replace the current SABC board, and would have sweeping powers over the structuring and staffing of the corporation

The Star understands that agreement has not yet been reached as to who the judges should be, or on the question of public hearings

The new board, it is believed, would move swiftly to alter radically the image of the SABC in time for the next phases of South Africa's political transition

Although no names have been settled upon — and both the Government and the CIB insist that many more wide-ranging consultations will take place — several key SABC positions are clearly at risk because the incumbents are identified with the SABC's "old regime"

Sources close to the Government-CIB discussions say SABC staffers with proven links to the military would be most vulnerable, and would be unlikely to survive the arrival of the new board

Besides the board members

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Star 22/1/93

P.T.O.

tions and human resources — and changes may come sooner than expected

While it is popularly believed that SABC chairman and P W Botha appointee Christo Viljoen will not be reappointed, some SABC observers feel that his technical and academic expertise should be retained — at least as a board member

In top SABC circles it is felt that government may opt for a retired judge or senior businessman to succeed Viljoen. The name of former opposition leader Frederik Van Zyl Slabbert could also be on a short list.

A new board would obviously consider the position of Wynand Harmse, the CE is the board's most senior appointee. Unlike his predecessor, Riaan Eksteen, who was a P W Botha protégé and is now ambassador in Geneva, Harmse is not a political appointee. He came up through the ranks of the SABC and headed the financial department before Eksteen's sacking by P W Botha elevated Harmse into the hot seat.

At first Harmse seemed to be overshadowed by the outspoken Viljoen. However, during the past four-and-a-half years at the top Harmse has come into his own. It is known in SABC circles that he enjoys the position and has earnestly striven to implement affirmative action programmes, opening up the way for blacks to reach senior positions. Harmse has also had numerous discussions with ANC leaders like Cyril Ramaphosa and Info chief Pallo Jordan.

Some group executive members could survive under a new political dispensation. Men like Neel Smuts (signal distribution), Gert Claassen (broadcasting centre) and Steve Schubach (finance) may be retained for their expert knowledge and to maintain continuity. TV chief Quintin Green may survive but radio chief Carel van der Merwe retires soon and Dan Esterhuyse (human resources) is not expected to continue in the job under a new regime.

Among those who report directly to the CE, Sakkie Burger (GM international affairs) will possibly be axed because of memories of his leading news role when the SABC supported the NP.

A number of senior staff members under Green's TV division may find it hard to overcome their previous connections, whatever their talents and experience. The first name that comes to mind is Johan Pretorius, editor-in-chief TV news, and his deputy, Christo Kritzinger. On the production side Hennie Human, a GM with strong P W Botha connections, and his education expert Gerrit Coetzee, may be vulnerable. The education department can be expected to be restructured, along with Louis Raubenheimer's TSS portfolio.

Group communication manager Theo Vorster once worked for Armscor and has also served with Foreign Affairs, colleague Pieter Cronje, whose responsibility is to liaise with government, also seems to have the wrong credentials.

Harmse is reluctant to comment. He stresses, however, that for the sake of con-

tinuity the SABC hopes to see a board drawn from a range of experts.

Says Harmse "Broadcasting is a complex industry which needs to be managed in an effective manner. It entails many facets like news, sport, education, marketing, finance and a technical side, which calls for a board composed of experts in these areas." ■

BROADCASTING ^{FM} 22/1/93 **Turbulence ahead** (260)

Monday was the last day for nominations for a new SABC board to reach the office of Home Affairs Minister Louis Pienaar, who is responsible for broadcasting services.

While President F W de Klerk still has the final say on the SABC board, the transition towards democratic elections means that there will, sooner or later, be personnel changes in certain key departments. Senior SABC insiders tell the *FM* that the affected areas are expected to include the radio and TV news departments, group communica-

No dividend from Iscor, says analyst

By Stephen Cranston

Iscor is likely to pass its interim dividend, predicts Jacques Pickard, an analyst at Jacques Davis Borkum Hare

Pickard writes in a report that Iscor has a high level of debt, with gearing at 30 percent and interest covered 1.9 times by operating income in the year to June, down from 3.7 in the previous year.

He says that while many international steel companies are in the red, Iscor continues to trade profitably thanks to its low production costs and dominant local market share.

But over a five-year period, profitability has been poor, with a return on total assets of 11.4 percent and a return on shareholders' funds of 12 percent.

Pickard predicts that interim earnings per share will fall from 9c to 5c.

The steel industry is at a low point of the business cycle, and worldwide demand is expected to bottom at 710 to 720 million tons.

Output

Because of overproduction, international prices are forecast to remain weak, though there are signs that international producers are cutting output.

In the Eighties, SA had a below-average GDP growth rate of 1.9 percent. Consequently, domestic steel demand forecasts and resulted in lower profit margins.

Utilisation has been maintained by high export levels — which will account for 58 percent of Iscor's production this year — but exports are sold at lower profit margins.

Iscor has cut back on capital expenditure to R600 million, which R500 million will be spent on the replacement of assets.

Working capital declined in 1992 from 30 percent to 24.4 percent of sales and the group has scope to reduce the figure further.

Pickard predicts that local sales should improve only from mid-1993 onwards and that there will be further declines in Iscor's earnings per share in the six months to June.

But there should be renewed growth in 1994 and 1995, which should see a revival of local economic growth.

The US economy appears to be growing, but both the Japanese and European economies are weak and unlikely to recover in the next year.

Battle for soul of SABC

Sowetan 22/1/93

■ **NEW TURN** Controversy over the appointment of black executives: (260)

By **Mathatha Tsedu**
Investigations Editor

THE BATTLE for the restructuring of the South African Broadcasting Corporation (SABC) has taken a new turn with the recent promotion of black executives

While the Media Workers Association of South Africa (Mwasa) has taken issue with the promotion of Mr Leslie Mashokwe from deputy editor of *Business* to editor of CCV's *Newsline*, the ANC and liberal newspapers have come out in opposition to the entire process

Mwasa members at *Newsline* have sent petitions to management opposing Mashokwe's appointment, saying he was a bully and difficult to work with

They said several workers under Mashokwe at *Business* had to either resign or change jobs to avoid his wrath

Mashokwe has denied this and allegations that he had vowed to "clean up" the department

"I have no intention of cleaning up a clean place. If there is anything that deserves cleaning up, I can assure everyone that I will do so

"But there is no reason to worry as I have no intention of carrying out any vendetta against anyone," Mashokwe said

Mashokwe's appointment is still a matter of discussion between Mwasa and the SABC. The SABC has refused to accede to the demands of the workers, saying Mashokwe is a competent person

Mwasa secretary general Mr Sthembele Khala said should the SABC decide to ride roughshod over the feelings of workers, the union would declare a dispute which could develop into an eventual strike

Mwasa has not taken issue with Mashokwe's alleged political affiliations and is only fighting him on the

basis of his being unacceptable to those who are destined to be his juniors, Khala said

But ANC spokeswoman Miss Gill Marcus said the ANC was opposed to the promotions altogether as these preempted the obvious restructuring that must take place when a new board is appointed by the end of March

Marcus said the ANC was not fighting individual promotions but the principle itself

But inherent in the battle that has now engulfed Mashokwe and two other appointees is the battle for the control of the new board which must replace the present one by end of March

At the centre of this battle is the newly created Campaign for Independent Broadcasting (CIB), the brainchild of the Campaign for Open Media (COM)

The CIB has as its basic aim to replace the National Party-appointed SABC board with a politically non-aligned board appointed by a group of eminent persons who in turn are chosen by two judges

COM has proposed that the two "Codesa judges", Ismail Mohamed and Judge Scharbot, be appointed to choose the panel of eminent persons, COM chairman, Mr Raymond Louw, said

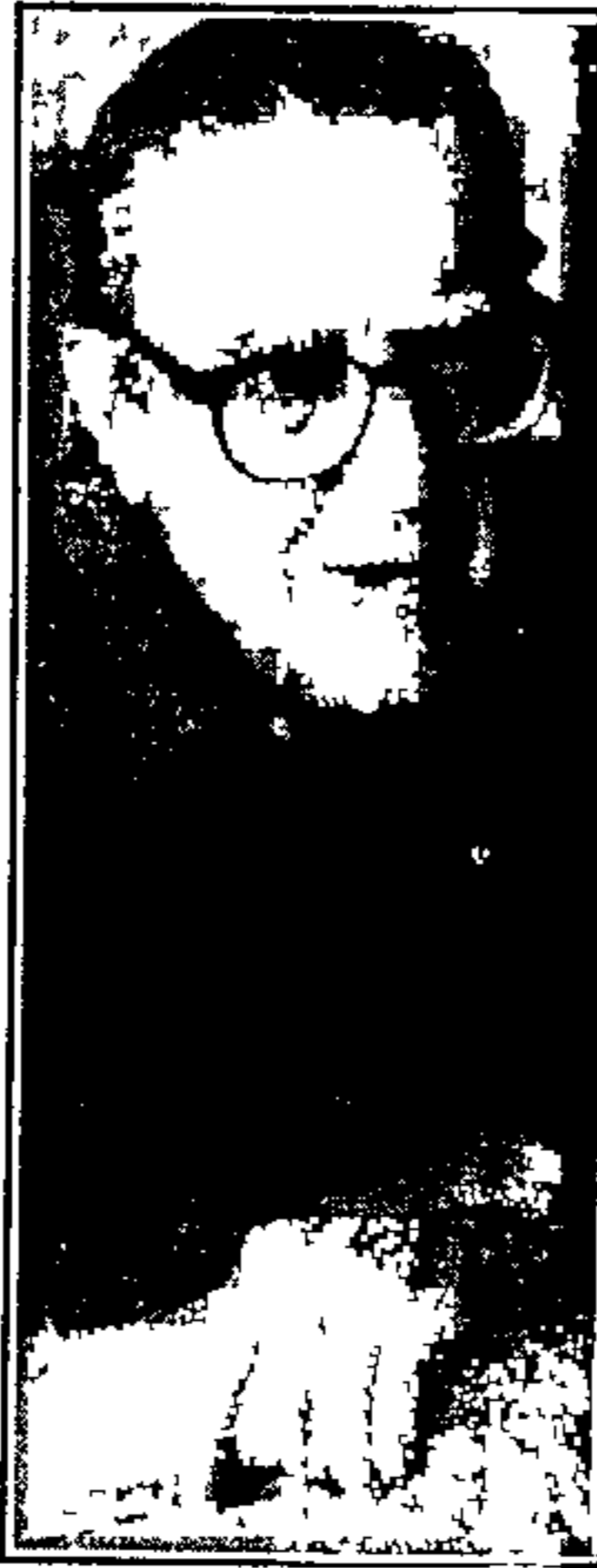
But their involvement in Codesa has alienated them from some segments of the black community, such as the Azanian People's Organisation (Azapo) and the Pan Africanist Congress (PAC), that have shunned the Codesa talk show

Ironically, CIB has appointed well-known ANC activist Barbara Hogan as its co-ordinator, leading to questions of how independent their actions would be

Also, CIB is presently putting together a programme that will cost about R700 000 to train people from outside the SABC for specific senior appointments in various SABC departments after a new government and board takes over

The trainees will be drawn from the

Three of the players



COM chairman Raymond Louw



Mwasa secretary general Sthembele Khala



Leslie Mashokwe, editor of CCV's *Newsline*.

But many are apprehensive that the battle could end up with one set of political appointees replacing another

ANC's ex-Radio Freedom announcers and the print media, a source within CIB confirmed

This has raised objections from Mwasa members at the SABC who feel the CIB trainees would be political appointees and outsiders brought in to lord it over them in the name of restructuring

But Louw said the trainees would merely be "available" and not automatic appointees as the CIB would not appoint

personnel to the SABC staff

Louw denied that Hogan's appointment meant that the CIB was slanted politically and said she was no longer an office bearer of the ANC

"Our preference would be that we have people who do not belong to any organisation but in this country, right now, that is not possible," Louw said

And Mashokwe, a capable and fearless journalist, is now caught in a battle in which Mwasa objects to his appoint-

ment on the basis of his managerial style, while the ANC and liberals blast the promotion for political reasons

There are many who argue that the liberal fringe would like Mashokwe's rival, Mr Pkwane Mashitwane, to be appointed to head *Newsline* simply because he is perceived to be less capable

But many are apprehensive that it may end up as replacing one set of political appointees with another

Panel may structure new board for SABC

26 OCT 23 1993
AN independent selection committee may be set up to decide on the composition of a reconstituted SABC board by April

This is one of the proposals being considered in talks between the Department of Home Affairs and various groupings, including the ANC

The Minister of Home Affairs, Mr Louis Pienaar, said yesterday that no decision had been taken on how the new governing structure for the SABC would be settled but the government intended to consult widely on the matter

Democratic Party media spokesman Mr Peter Soal declined to be drawn on the likely outcome of negotiations, saying much was still a matter of speculation.

CP media spokesman Dr Pieter Mulder said it was debatable whether there would be any sense in parties such as the CP or Inkatha discussing the selection process with Mr Pienaar because of government/ANC "collusion" in the matter

SABC faces ad boycott

Call for urgent Govt

action on new board

STAN 23/11/93

MANDY JEAN WOODS

(260)

AN ADVERTISING boycott of the SABC could begin within a few weeks if Home Affairs Minister Louis Pienaar fails to send out a signal on the timely appointment of a new SABC board.

This was said yesterday by the co-chairman of the Campaign for Independent Broadcasting (CIB), Raymond Louw. He said elements within his organisation had proposed the boycott to ensure an independent broadcasting future.

However, Pienaar, reacting to a report published yesterday outlining a process to select a new board, said the report was "totally without foundation".

"That report constitutes the sum of the ANC and CIB proposals. We couldn't agree to them — I still have to consult a range of political parties," he said.

The CIB, comprising the Congress of South African Trade Unions, the South African Council of Churches, the National Education Crisis Committee and the Campaign for Open Media, among others, will be meeting next Saturday.

Expires

By then, formal decisions will have been taken on the implementation of a campaign — including a possible advertising boycott of the SABC — if there has been no word from Pienaar on what has been decided. "The feeling we are getting is that he is trying to delay the process," Louw said.

Pienaar said, however, he was working "day and night" to try to get resolution on the appointment and mandate of the board before March 31, when the present board's term of office expires.

"I will be meeting various parties over the next 14 days — we are seeing the ANC again next week — to refine the proposals I have received," he added.

The three-point plan published yesterday indicated that President F W de Klerk would appoint a top judge — probably Chief Justice Michael Corbett — to appoint a seven-man panel, possibly headed by Codesa chairman Mr Justice Ismail Mahomed and Mr Justice Piet Schabert.

The panel would be charged with appointing a new SABC board.

De Klerk would then have

to approve the nominations and confirm appointments.

There were points of convergence in the various proposals on procedure received so far, Pienaar said, "especially on the idea of an impartial selection committee of some sort and of a far more representative board whose members have no political affiliations."

"But a lot of clarification still has to be discussed. For example, there is the question of the mandate of the SABC board: will it include the random hiring and firing of staff? And then there is the whole question of a code of conduct to settle, and ensuring the impartiality of news, among other things. But we are not at all close to an agreement on procedure for selecting a new board," he said.

Reacting to yesterday's reports, the Conservative Party MP for Schweizer-Reneke, Pieter Mulder, indicated it was debatable whether the CP and the Inkatha Freedom Party should carry on discussions with Pienaar as "it appears the CP's fear about Government-ANC collusion on the matter is justified".

Appointing judges to select new SABC board members — as proposed by the ANC and CIB — would be no guarantee that the new board would be objective and independent, he said.

"The question is whether the contributions of other parties which, according to listenership and viewer figures have just as big a stake in the SABC, would in any way be considered," Mulder said.

Pienaar also slammed yesterday's report for suggesting that key SABC staffers — such as group chief executive Wynand Harmse and news chief Johan Pretorius — would probably be axed soon after the new board was appointed to make way for more impartial people.

Sapa reported a senior SABC official as saying "The guys in the top posts are going ape. They are doing anything to bolster their credibility and to build up their contacts with the ANC. But junior staffers are not really worried because they do not consider their posts important enough."

Harmse did not respond to press inquiries yesterday. However, SABC board chairman Christo Viljoen noted that it was the job of the new board, not of individuals, to say what would happen to the present management team at the SABC.

NEWS Azapo to review its non-violent stance ● New turn in 10-year-old girl's ordeal

'Keep SABC board above politics'

By Ike Motsapi



Trade unions urged to fight for representation on the board!

Sowetan 25/1/93

THE Azanian Peoples Organisation has called for the restructuring of the South African Broadcasting Corporation but warned that it should not fall under any political party.

Azapo president Professor Iumeleng Mosala said. "It is the prerogative of the nation that is supposed to be served by such public corporations to ensure that fair representation is effected in the appointment of the new board

"This will give them a chance to decide how they are represented in the mooted new board of the corporation."

Azapo also encouraged trade unions to fight for the right of their members who are employed by the SABC to be represented on the new board

Mosala also announced that Azapo is to hold an urgent consultative conference within six weeks to rethink its non-violent approach in pursuance of the liberation of blacks.

The leadership of Azapo said the need to hold such a conference will be to determine "what we have benefited from this approach".

Mosala said the organisation had been non-violent for too long.

He said: "We were forced to review our non-violent stance with regard to the liberation of our people because the Government is betraying their interests."

Asked whether this might mean taking up arms to topple the present Gov-

ernment, Mosala said the conference would decide that.

"I do not want to pre-empt the decisions that might be taken by the conference," Mosala said.

He said the central committee of Azapo, which met in Johannesburg for three days starting last Friday, rejected the employment of white teachers in black schools.

He said reasons for this were:

The practice cannot be allowed to go on while apartheid educational structures still remained,

The disturbing incidence of unemployment among black teachers,

The deliberate under-training of black teachers, or even "no training at

all", which still continued; and

That the fundamental aspirations of black people remain frustrated by the neo-colonial reformist practices of the present Government

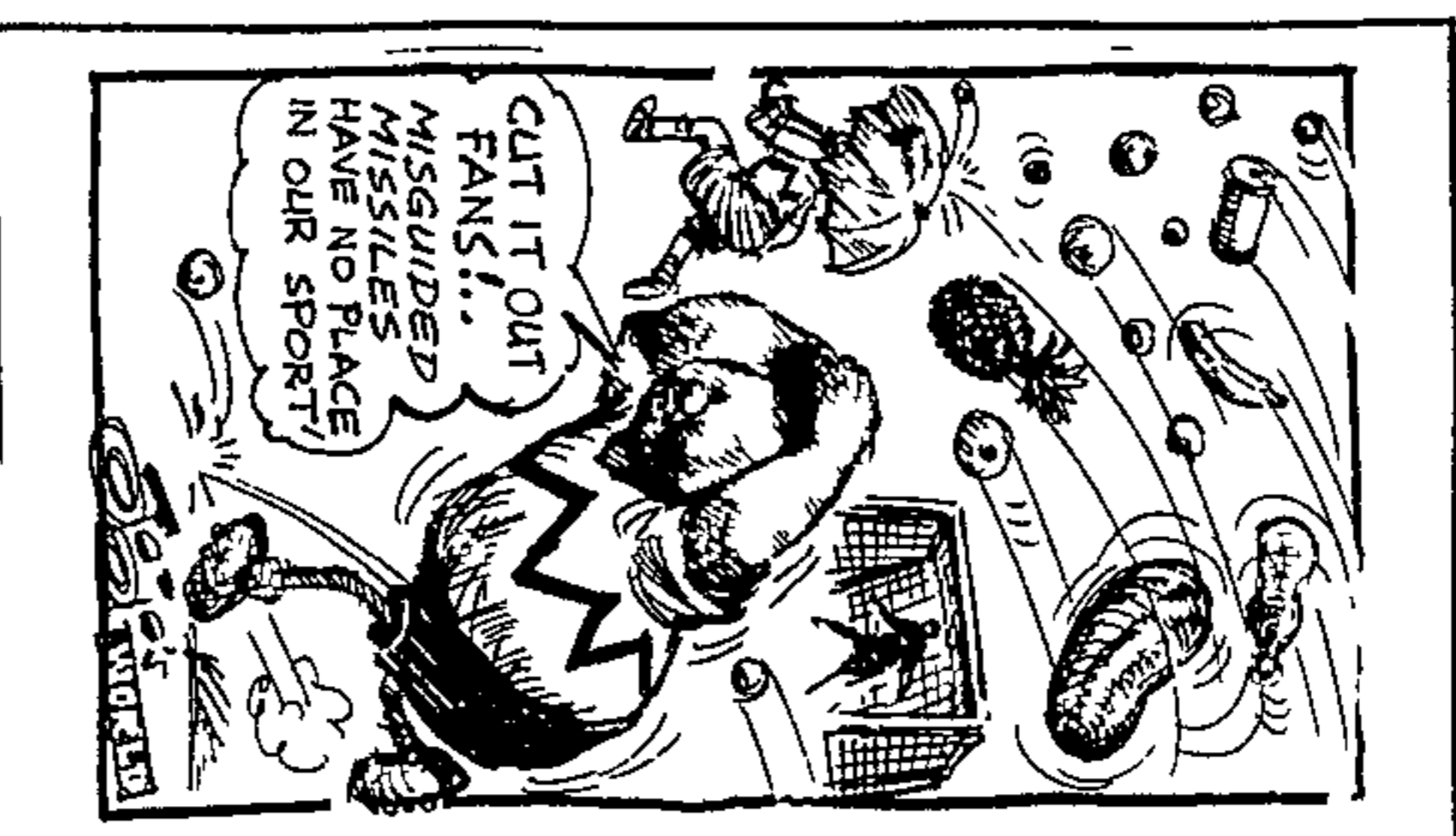
Mosala said Azapo nevertheless encourages black students to refrain from disruptive methods of opposition to the white teachers

He said: "We expect students to behave like those who fought their battle in 1976

"They must continue with their studies while at the same time fighting for the eradication of problems facing them

"Students politics should remain student politics and nothing else," Mosala said

He said education must continue alongside the struggle against unfair practices.



Govt likely to fall back on capital markets for borrowing

THE Public Investment Commissioners may not be government's white knight this year.

For the 1992/93 year, the commissioners would have lent government R16,5bn, which was more or less all the pension fund manager could afford

But for 1993/94, it will have far less cash to throw around. It should sit with about R12,5bn for the year. This will come from R1,5bn in surplus funds from civil servants pensions and stock redemptions of about R2,5bn.

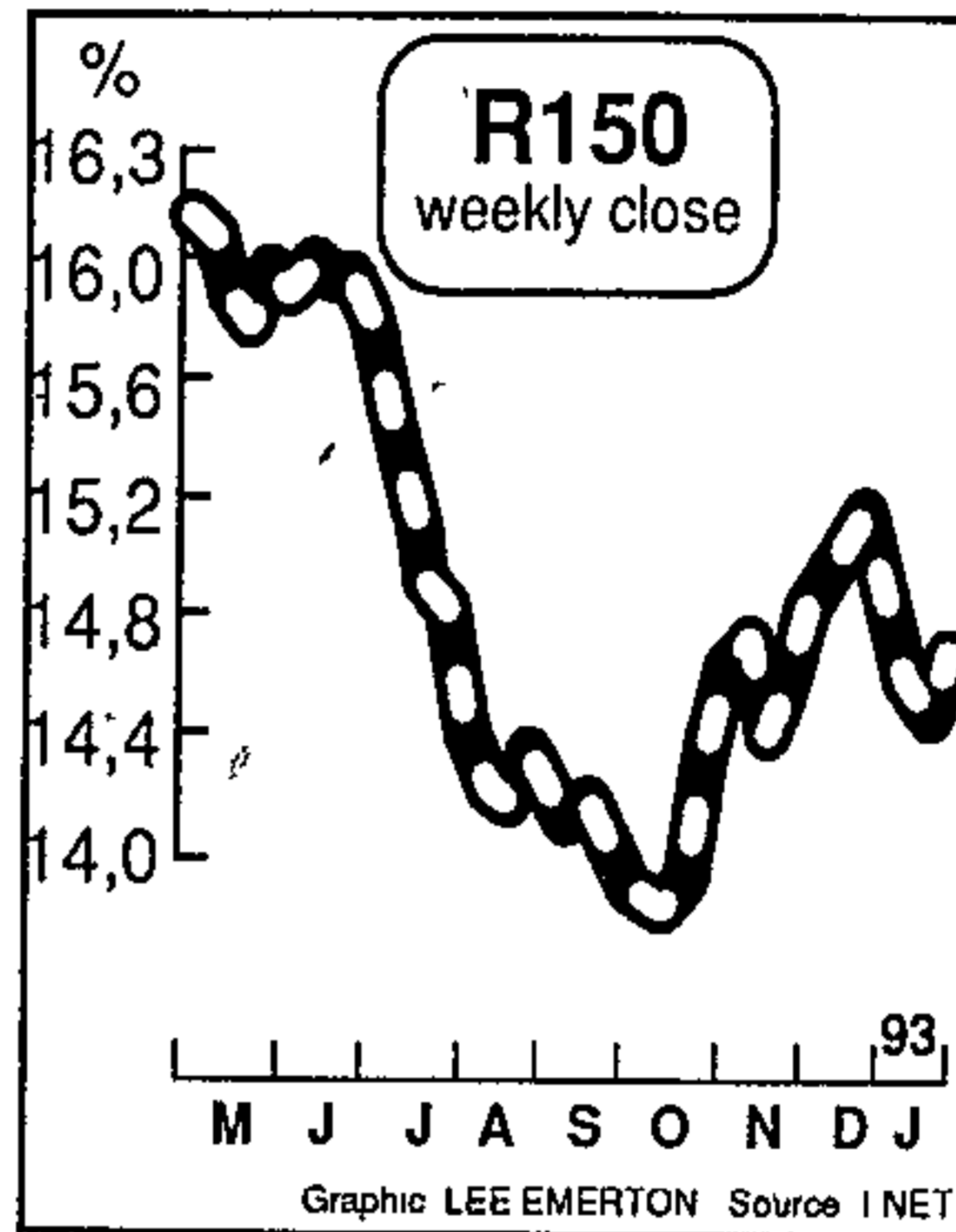
A further R8,5bn will come from coupon payments from government stock PIC holds 48% or about R55bn of government's issued debt of R124bn

It also holds 3% of Eskom's total issue of R58bn and has a number of other investments.

Government is looking at a deficit of around R21bn for 1993/94. This assumes expenditure of R105bn and revenue of R84bn, an increase of 8% and 17% respectively on 1992/93. It also assumes a 3% cut in government's real expenditure. So government will need to borrow far more from the capital market than many believe.

If this proves to be true, hopes for yields of lower than 14% on long bonds appear to be a misplaced dream as supply rapidly outstrips demand.

The tug-of-war between lower inflation and the higher deficit with interest rates in the middle is going to be interesting. The bulls had better watch out



Councils reluctant to let Eskom take over supply

COUNCILS of Vaal Triangle townships are reluctant to grant Eskom direct electricity supply rights, saying this will deprive them of much needed revenue.

Eskom West Rand sales and customer services manager Paul Marais said at the weekend the utility was negotiating with, among others, the authorities of Sebokeng, Sharpeville, Boipatong and Bophelong, as well as the Vaal Civic Association (VCA), with a view to taking over all power supply in the region.

Reef townships which have already ceded their electricity supply rights to Eskom are Soweto, Dobsonville, Diepmeadow, Alexandra, Vosloorus and Tsakane.

Marais said the utility was negotiating with a number of townships, which owed it money for primary

electricity supplies, but could not meet their accounts because of low levels of payment from residents.

Sharpeville and Bophelong administrator Eben Combrinck said he did not like "the idea" of Eskom taking over because it would cripple the town councils.

These councils, Combrinck said, used electricity revenue to pay for other services such as refuse removal and sewerage.

In another development, it was decided that services in the Vaal Triangle townships would not be reduced from today as had been threatened.

Councils in the area warned last week that unless 65% of residents paid their accounts, water supplies would be reduced by 50% and electricity would be supplied only between

8am and 4pm.

Combrinck said the decision to suspend the reduced services strategy was taken after discussions in the recently formed normalisation task team in the area.

The task team comprises representatives of the TPA, the local authorities and the VCA. It was formed in an attempt to restore stability to the unrest-torn region.

Combrinck said the VCA had undertaken to urge residents to step up payments so as to avert reductions in services.

The situation would be monitored closely and should residents not "flock to the offices to pay", services would be reduced next Monday.

The VCA has warned that the reduction in services would spark fresh outbreaks of violence in the "still volatile region".

WILSON ZWANE

B/omy 25/1/93

260

VCA

WZ

W. Marais

...a downward trend in viewership had cost M-Net millions in advertising, and that it was being under-read by as much as 30%.

Last week the foundation released a statement saying that M-Net's Amps reading had declined, and the station had accepted the fact

A spokesman for M-Net said that it was not satisfied with the foundation's statement, as both parties had agreed that there were faults with the system.

Research manager Heather Kennedy said there had been technical problems with the "people-meters", which in some instances had not been installed correctly and only recorded channels other than M-Net.

The foundation had admitted behind closed doors that technical errors were present in the system and the body had undertaken to announce that steps were being taken to rectify the situation, Kennedy said.

DP calls for SABC unbundling

DP MEDIA spokesman Peter Soal yesterday called for the unbundling of the SABC

In a statement, he said the corporation was monolithic in its structure and "all-embracing in its network of contacts and influence throughout SA".

"Entrepreneurs from all sections of the community must be given the opportunity to operate radio and television stations."

"The monopoly the SABC operates, in the form of three TV stations and many radio stations, should be reconsidered."

Soal said government should act as fast as possible on the proposed new SABC board "and act in a manner which will not be seen to serve its own narrow interests".

He said the recent speculation regarding the manner in which the new board was to be appointed highlighted public concern about the matter and underlined the need for government to consult widely and quickly on the issue.

"I have no doubt that while the new board must be politically neutral, in that its members must not be office bearers of any political party or organisation, the selection process must include politicians and citizens from all walks of life"

He said that for the board to enjoy the confidence of all people, it must represent the broad spectrum of SA society.

Business Day Reporter 260

He said it was important that it ensures all SABC broadcasts be as unbiased and impartial as possible

"It would be grossly unfair and totally unacceptable for a political party or organisation to be put at an advantage over its opponents because it has influence or contacts in the SABC newsroom"

"The authoritarian and corrupt practices of the old SA must not be carried forward into the new," he said

Last week the CP said appointing judges to select new SABC board members would be no guarantee that the new board would be objective and independent.

Sapa reports that CP broadcasting spokesman Pieter Mulder said it was debatable whether there was any sense in parties such as the CP or Inkatha discussing the selection process for a new SABC board with Home Affairs Minister Louis Pienaar. It appeared from reports that the CP's fears about government/ANC collusion on the matter were justified, he said.

The CP had warned that, after Codesa's failure, the SAP, SADF and broadcasting would become targets of negotiation strategy, and this was what had happened.

Inquest fails to identify Webster's killer

THE inquest into the 1989 assassination of David Webster ended in the Rand Supreme Court on Friday with Judge M Stegmann finding that the available evidence had failed to establish the identity of the murderer.

He emphasised, however, that although the inquest had not established who was responsible for Webster's murder, his finding was not final and the police docket would remain open.

Stegmann said the seven weeks of evidence presented at the inquest had not established that Webster's murder was planned and executed by the now disbanded CCB.

He said it was clear there had been a conspiracy to murder Webster, but there was no evidence to prove it had been a CCB project.

The evidence had also failed to prove beyond reasonable doubt that

SUSAN RUSSELL

the prime suspect, former CCB operative Ferdi Barnard, was responsible for the murder "Barnard, at this stage, is entitled to the benefit of the doubt," the judge said.

Stegmann also held there was no evidence of military intelligence involvement in the murder.

Stegmann said he was unable to rely on the contradictory evidence implicating Barnard, which was given by former CCB members, Barnard's former employer Willie Smut and a witness, Corrie du Plessis

Barnard's former handler Laffras Lutinh testified that several days after the murder Barnard had confessed to him

CCB MD Joe Verster and operative Dereck Louw also gave evidence implicating Barnard.

Barnard repeatedly denied that he was responsible for the murder or that he had made such a confession to anyone.

Judge Stegmann described the CCB witnesses as people trained and skilled in the art of deception.

"They are, to put it bluntly, professional liars."

The truth about the murder, he said, lay deeply buried.

"I doubt any of the versions given reveals the whole truth."

Referring to the contradictory evidence given by members of the CCB's inner circle, Stegmann said it was quite possible that the court had been presented with conflicting falsehoods.

Verster's evidence had been characterised by "a calculated ambivalence", said the judge

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Toontown, Disneyland's newest attraction designed to rejuvenate the theme park in Anaheim, California, opens today with various animated attractions. Picture AP

Nactu says campaign on SABC 'hijacked'

AN ANC-LED cabal had hijacked the recently formed Campaign for Independent Broadcasting (CIB), union federation Nactu charged yesterday.

Nactu spokesman Mudini Maivha said his organisation was concerned at the growing role political organisations were playing in the campaign aimed at restructuring the SABC. *BIDAY 26/1/93*

Maivha said Nactu, which was a member of the CIB and the Campaign for Open Media, was of the opinion that a key role in a programme to restructure the corporation should be played by the trade unions and civic organisations, rather than by political organisations.

There was "no logic" in having representatives from political organisations in the CIB's co-ordinating committee if the campaign's professed aim was to depoliticise the SABC.

The appointment of members of political organisations to top positions in the CIB was tantamount to importing into the CIB the frictions which existed at present in the communities.

ANC official Barbara Hogan was recently appointed co-ordinator of the CIB.

CIB co-leader Raymond Louw denied any political organisation had hijacked the campaign. In fact, the political organisations in the campaign — the ANC and the DP — had adopted the CIB's proposals on restructuring the SABC.

260
WILSON ZWANE

Of Hogan's appointment, Louw said it had the blessing of the CIB's steering committee. He admitted, however, that there had been unhappiness on the part of Nactu about the Codesa proposals.

He said Nactu should raise its concerns at the CIB's plenary session next Saturday.

Maivha said Nactu would "fearlessly expose" any cabal appointed to run the SABC. Any programme aimed at restructuring the SABC should involve Nactu's affiliate Mwasa.

Mwasa, he said, represented the corporation's workers.

SABC workers had "sacrificed so much for the corporation in terms of low salaries and denial of worker rights and dignity".

Proposals

Maivha said proposals tabled at the CIB's plenary session in November on the restructuring of the SABC were those of one of Codesa's working groups, and Nactu was not in favour of them.

His organisation had believed that the CIB would cater for the interests of people right across the political spectrum.

"It is now proving otherwise, day by day," Maivha said.

No comment could be obtained from the ANC at the time of going to press.

Cabinet perks grounded

Political Correspondent

CABINET ministers are set to have their wings clipped.

One of the favourite ministerial perks — the right to fly free for life to any destination in South Africa — is being scaled down as part of a cost-cutting drive by the state.

Serving ministers will still have the right to jump on a plane, courtesy of the taxpayer, whenever they wish, but

retiring members of the cabinet will no longer enjoy unlimited travel.

A Ministry of Public Enterprises spokesman said yesterday that a ministerial committee in the State President's office would decide how often retiring ministers could fly for free.

The spokesman also confirmed a flight credit card system was to be phased in whereby ministries paid directly for the flights of serving ministers.

(260) CT 271193

Political hijacking' of broadcast campaign

JOHANNESBURG. — An ANC-led cabal had hijacked the recently formed Campaign for Independent Broadcasting (CIB), union federation Nactu charged yesterday.

26 OCT 27 11 93
Nactu spokesman Mr. Mudini Malvha said his organisation was concerned at the growing role political organisations were playing in the campaign. There was "no logic" in having political groups in the CIB's co-ordinating committee if the campaign's aim was to depoliticise the SABC, he said.

CIB co-leader Mr. Raymond Louw denied any political organisation had hijacked the campaign.

SABC 'needs wide support'

THE election of a new SABC Board would require broad support to produce an acceptable result, Home Affairs Minister Mr Louis Pienaar said in Cape Town yesterday.

He said he had spoken to the ANC and would see the DP, IFP, CP and at least 10 other parties.

The Campaign for Independent Broadcasting yesterday threatened a "programme of action" if Mr Pienaar did not respond to its demand for a meeting by the end of the week — Sapa

CT 28/1/93

(260) (F4)

260

Board 'must be acceptable to all'

STP 28/1/93

Low outlined the CIB's draft proposal for the selection process for the board

● President de Klerk would request Mr Justice Mohamed and Mr Justice Schabert to inform political parties and organisations to nominate 10 eminent South Africans to serve on an appointment panel.

● The two judges would then select a seven-member panel by February 15.

● The appointment panel would then receive nominations for the board from the public by February 22.

● By March 1, a shortlist would have been drawn up, whereafter nominees would be interviewed

● The hearings would be completed by March 15 and announced on March 22 for the new board members to begin duties on April 1 — Sapa

CAPE TOWN — The selection of a new SABC board would require broad support to produce an acceptable result, Home Affairs Minister Louis Pienaar said yesterday.

He said in a statement that it was "only just and fair" that consultation should be conducted as widely as possible.

Consequently, after having spoken to the ANC this week, he would be seeing the Democratic Party, Inkatha Freedom Party and Conservative Party today.

"Other consultations with at least 10 other interested parties will follow during the next six days," Pienaar said.

He had no reason to believe that, subject to the co-operation of all parties concerned, it would not be possible to appoint a new board at the end of the present board's term on March



Pienaar wants to talk to as many as possible

STAN 29/1/93

Words over SABC board 260

CAPE TOWN — The Minister of Home Affairs Louis Pienaar yesterday accused the Campaign for Independent Broadcasting (CIB) of presumptuousness, saying it was only one of several interest groups which had to be consulted in appointing the new SABC board.

He said in an interview that he had met the CIB on December 9 and January 6, but had never undertaken to meet the group again on January 18.

The CIB claimed on Wednes-

day that the Minister had unilaterally cancelled a meeting scheduled for January 18.

Pienaar met with representatives of the DP, IFP and CP yesterday.

He said 122 nominations for appointment to the new SABC board had already been received from 16 interest groups which included political, religious, cultural and consumer organisations. At least 10 other interested parties still had to be consulted. — Sapa

TV takes to the trenches

(260) ARG 30/11/93

JOHANNESBURG.— The SABC and M-Net are moving quickly to consolidate their positions in what appears to be an attempt to block new potential broadcasters.

They are trying to ensure their status is unchallenged in a new re-regulated environment, according to Bop-TV executive director Mr Jonathan Procter

In the past six months, both stations have taken steps to entrench (in the case of the SABC) or introduce (in the case of M-Net) new channels

This is despite the fact that the government has promised that no new radio or television station would be established until such time as a new broadcasting policy had been formulated.

M-Net confirmed this month it was broadcasting the BBC World Service on its "spare" transmitter, which is freely available to hundreds of thousands of PWV decoder owners for about 10 hours a day

■ A quiet revolution is taking place among TV stations as a new order dawns.

MANDY JEAN WOODS
Weekend Argus Correspondent

It was given special permission by the government to do this, as its licence allows it to broadcast on only one channel

The SABC is also developing its "spare" transmitters as an unofficial channel in the form of TSS (TV Surplus Sport)

This has also been done with special permission from the government

The SABC's licence allows it to broadcast on only two channels (TV1 and CCV-TV)

TSS station chief Mr Louis Raubenheimer said this week that TSS would in future not carry any repeat sports programmes from TV1 — the reason it was

created in the first place and one of its licence conditions

It would instead focus on sports such as table tennis and surfing which had been deemed to be more desirable for their "specialist, minority, niche" audience, he said

Mr Raubenheimer said TSS had increased its broadcasting times from about five hours a day, when it started, to about eight hours a day

This was expected to increase within the next two or three months when it would begin screening feature films (art movies and others) for the first time — a clear departure from its original licence conditions which allowed it to broadcast only educational programmes and TV1 sport re-runs

Mr Raubenheimer said TSS's annual budget had been increased

"We have also been given permission by the SABC board of directors to employ three more fulltime staffers, including a financial manager, a marketing manager and a programming manager"

SA's TV giants gird up for competition

Star 30/1/93

260

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Raubenheimer said TSS's annual budget had been increased. "We have also been given permission by the SABC board of directors to employ three more fulltime

staffers, including a financial manager, a marketing manager and a programming manager"

He said that because the SABC had extended its transmitter network to include a number of small towns into its broadcast area, TSS had simultaneously increased its reach

When TSS was first mooted, M-Net campaigned vigorously against the Government to prevent the move; but since TSS has expanded, the pay channel has been curiously quiet, choosing instead to follow the same path with its BBC broadcasts.

Procter said he would next week lodge an application with the Government for the installation of "spare" transmitters for Bop-TV. "What is good for the goose is good for the gander," he said.

"The actions by M-Net

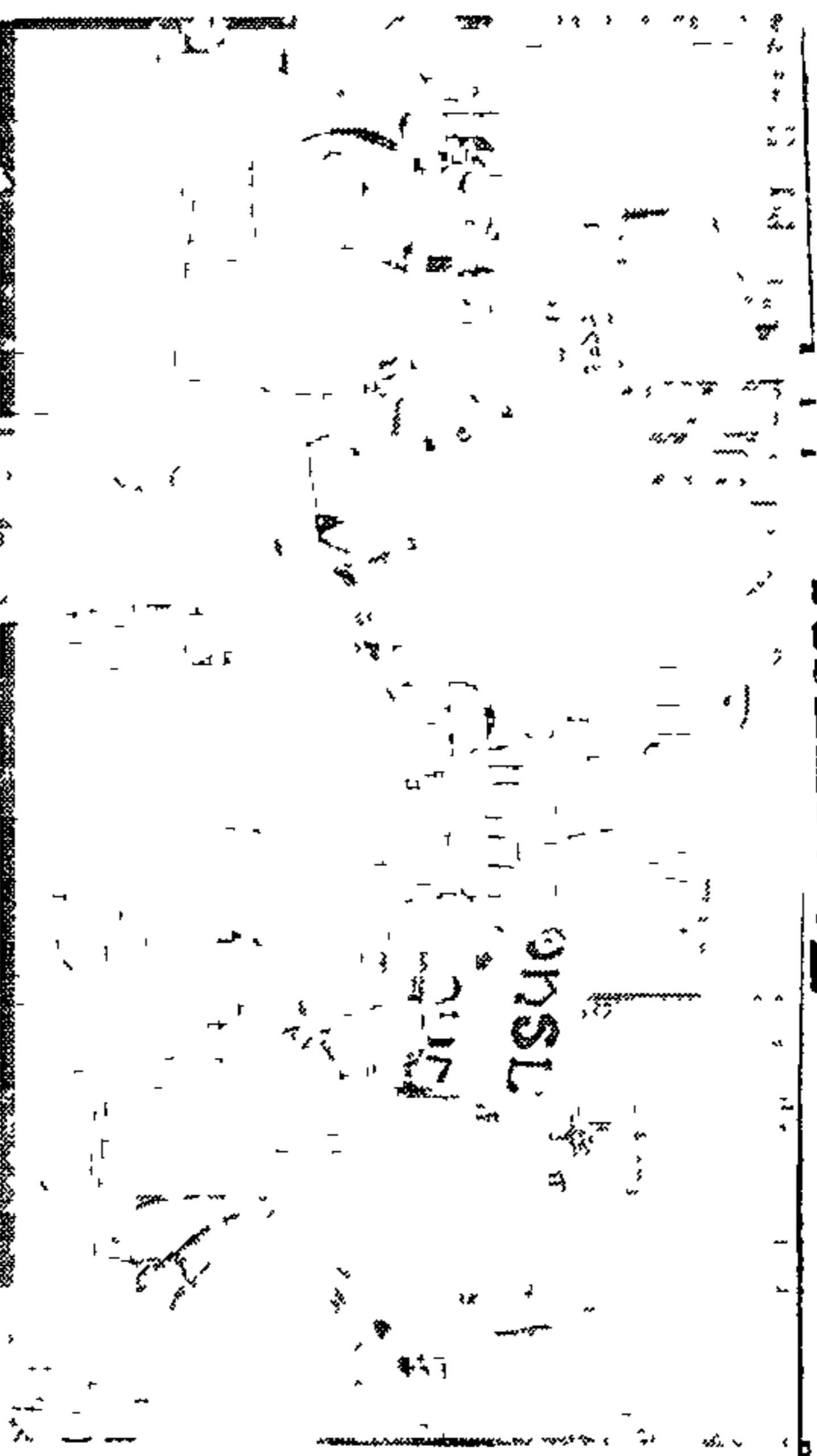
and the SABC are questionable, particularly at a time when it has been agreed by numerous negotiation participants at Codesa that no new television or radio stations would be set up until such time as an independent broadcasting authority had reviewed the situation," he said

Privatised

It is well known in the industry that the SABC would like to see TV1 being privatised, with TSS developing into a public-service channel catering for minorities and interest groups

National Association of Broadcasters chairman Stan Katz said that because of the uncertainty surrounding broadcasting, it was understandable that existing broadcasters would seek to consolidate their positions.

"This points clearly to the need for an independent broadcasting authority to oversee the orderly re-regulation of broadcasting"



Picture LEON MULLER, Weekend Argus

ON THE MARCH:
A group of the placard-carrying marchers on their way to parliament.

Radio opens up

JOHANNESBURG — The SABC's signal distribution company, Sen-tech, says deregulation legislation is expected within months and new broadcasters may take to the airwaves around the country before the end of the year — *Sapa*
2605 ARG 30/1/93

'Give us books, teachers' — cry marchers

LENORE OLIVER, Weekend Argus Reporter
ARG 30/1/93

SEVERAL hundred teachers, principals and parents marched to parliament soon after it opened to demand job security and the scrapping of unilateral restructuring.

The placard-carrying marchers, most of them members of the South African Democratic Teachers Union (Sadtu), handed a memorandum to director-general Dr Johan Garbers, who stood in for National Education Minister Mr Piet Marais

The marchers arrived at parliament about one hour after State President Mr F W de Klerk began his opening address

Police, some with shotguns, lined up opposite the Stalplein gates to parliament as the marchers stood in sweltering heat.

The marchers carried placards which read: "De Klerk give us books"; "Jobs for all teachers" and "Education is a right".

The memorandum was addressed to Mr De Klerk, Mr Marais and Finance Minister Mr Derek Keys

"We want to say to the government that they must immediately appoint substitute teachers for the thousands of unattended children," said Sadtu regional chairman Miss Vivienne Carelse.

"They must stop the unilateral restructuring because it is taking place in a racist nationalist environment," she said

The memorandum demanded an immediate response to Sadtu's demands.

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Where are SA's risk takers?

RAPID industrial development has been described as SA's only real hope of creating enough new jobs to get us out of the present economic quagmire.

The big question is, of course, how to truly get development off the ground.

Our own industrialists are at present more interested in survival than in investing.

It has been stated over and over again that if our own businessmen are not prepared to invest, how can we expect foreigners to risk their money here?

But the problem goes much deeper, points out Jan de Bruyn, senior general manager of the Industrial Development Corporation (IDC)

He said in Durban that while the IDC had sufficient financial resources

■ MONEY TALK

to stimulate industrial development, it was struggling to find enough entrepreneurs

The IDC recently announced plans to promote tourism. This is a tremendous growth area as SA, with its weak rand, is a veritable tourists' paradise. However, we are not going to get those tourists if they only see violent TV scenes from SA

The IDC has been criticised for lending R800-million to Alusaf, the huge aluminium project in Natal. It is also involved in the Columbus stainless steel project

De Bruyn reckons the IDC, as a state-controlled body, had to promote development big or small.

And two of its main objectives are to promote further beneficiation of the country's exports. It is, therefore, in the national interest to back projects such as Alusaf and Columbus.

However, organised business and educationists should consider carefully his remarks about the lack of entrepreneurs.

The answer lies not only in training our people, but also motivating them to take the risks associated with entrepreneurship.

The prospect of high profits is normally the strongest motivating factor and here one can rightly ask whether we are on the right track when the government seems determined to tax all high income earners out of existence.

Govt's machine in for a service

STimes (bus) 3/11/93 (260)

THE ability to redesign the costly government machine is of vital importance, President F W de Klerk said at the opening of Parliament on Friday.

The machine should be redesigned to deliver its present (or even better) benefits with the utilisation of less in the way of scarce resources.

Mr de Klerk says government is implementing a programme to reduce the level of State consumption expenditure. "Belts are being tightened."

"This is essential, both for long-term reasons such as the need to shift resources to higher-yielding applications and for short-term reasons such as the over-large budgetary deficit."

Investments totalling R4-billion have been approved by the Board of Regional Industrial Development during the past 15 months, Mr de Klerk says.

"A total of 332 projects with an investment of R4-bil-

By JEREMY WOODS

lion creating 27 500 job opportunities have been approved by the board.

"Of equally great importance were the substantial investments made by medium and smaller businesses. Although they did not make the headlines, their impact on employment and economic progress is critical," he says.

Mr de Klerk says there are signs the economy has turned and there may be further improvements later this year.

He says SA needs a much greater wave of investment — guided by the country's entrepreneurs — if it is going to be a star performer in the second half of the 1990s.

He attributed the depressed state of the economy to poor commodity prices, in particular gold, while the "worst drought in living memory" turned a recession into a sharp downturn in eco-

nomie activity

"As the world economy recovers, there is good reason, on technical grounds, to hope for a degree of economic growth later in 1993. There is also encouraging news concerning the drop in the rate of inflation."

Old Mutual chief economist David Mohr welcomed Mr de Klerk's speech. "The political timetable is significant and it is reassuring to know that it is on target, while recent news on inflation has been encouraging."

Mr Mohr said the private sector would feel better about future prospects if the economy started to pick up in the second half of the year as Mr de Klerk predicted.

Sanlam chief economist Johan Louw said the financial markets would be encouraged by Mr de Klerk's message. Mr Louw says major investment decisions will probably wait until a new government is established and its policies known.

'SABC unfair' claim probed

CT 1/2/93 (260)

PRETORIA — Complaints that the SABC is engaging in unfair competition at the expense of independent local producers are being investigated by the Competition Board

Competition Board chairman Mr Pierre Brooks said discussions between the SABC, some of the complainants and the board were taking place

"We are looking into allegations of unfair competition by the SABC, but at this stage we have not formulated any ideas," he said

A report on the matter would be passed on to Public Enterprises Minister Dr Dawie de Villiers "in the foreseeable future".

"The complaints have been that the SABC is doing work which the private sector should be doing," Mr Brooks said

An SABC spokesman confirmed that general discussions with the board had taken place, but no specific matters had been considered. The SABC was unaware of any major complaints submitted to the Competitions Board

● The Campaign for Independent Broadcasting (CIB) is to approach President F W de Klerk and demand that he take over the deliberations on the appointment of a new SABC board.

● Professor Christo Viljoen has told the council of the University of Stellenbosch that he will relinquish his post as Chairman of the Board of the SABC at the end of March this year, according to a university statement released at the weekend. — Sapa

Star 112193

Minister 'playing for time over SABC board'

By Helen Grange

Deliberations between the Government and the Campaign for Independent Broadcasting (CIB) over the appointment of a new SABC board hotted up at the weekend when the CIB accused Home Affairs Minister Louis Pienaar of deliberately introducing obstacles to the process.

The life of the present board ends at the end of March, when chairman Professor Christo Viljoen will relinquish his post to become vice-rector of the University of Stellenbosch.

Viljoen announced his new appointment at the weekend.

The CIB has insisted the new board should not be appointed by the State, and decided at its plenary session in Johannesburg on Saturday that it had "no option but to make a direct approach to President FW de Klerk" to settle the matter.

In a statement CIB co-chairmen Raymond Louw and Marcel Golding said yesterday that Pienaar was delaying talks on

the appointment process by seeking consultation which he could have sought earlier, by obfuscating the issues raised with him, and by introducing extraneous matters.

Viljoen, speaking on the television programme *Slabbert on Sunday* last night, denied that Pienaar was stalling. The Minister was simply consulting various parties to negotiate how the board would be appointed to reflect the broadest spectrum of the public.

"The new board also needs definite expertise in a number of broadcasting aspects. You can't just choose people off the street," he said.

In reply, Louw said the CIB wanted the board selection process to be totally divorced from the Government.

It had suggested that two judges convene a panel of "eminent persons" nominated by the various political parties. The nominations for the new board would then be referred to the panel for selection, Louw said.

SABC board feud brews

Political Staff

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AUG 11/2/93

DELIBERATIONS between the government and the Campaign for Independent Broadcasting (CIB) over the appointment of a new SABC board hotted up when the CIB accused Home Affairs Minister Mr Louis Pienaar of intentionally introducing obstacles to the process.

The life of the present board ends at the end of March, when chairman Professor Christo Viljoen will relinquish his post to become a vice-rector at the University of Stellenbosch.

Professor Viljoen disclosed his plans at the weekend.

The CIB has insisted the new board should not be appointed by the state and decided at its plenary session in Johannesburg on Saturday that it had "no option but to make a direct approach to President De Klerk" to settle the issue.

In a statement by CIB co-chairmen Mr Raymond Louw and Mr Marcel Golding yesterday, the CIB said Mr Pienaar was delaying talks on the ap-

pointment process by "seeking consultation which he had every opportunity of doing much earlier, by obfuscating the issues we raised with him and by introducing extraneous matters".

Professor Viljoen, speaking on *Slabbert on Sunday* on a TSS broadcast last night, denied that Mr Pienaar was stalling. He was simply consulting different parties in order to negotiate how the board would be appointed to reflect the broadest spectrum of the public.

"The new board also needs definite expertise in a number of broadcasting aspects. You can't just choose people off the street," he said.

Mr Louw, also on the programme, said the CIB wanted the board selection process to be totally divorced from the government.

It had suggested that two judges convene a panel of "eminent persons" nominated by the political parties. The nominations for the new board then would be referred to the panel for selection, Mr Louw said.

Commercial paper a good bet

COMMERCIAL paper is taking off in SA

Iscor launched its commercial paper a year ago and is "quite satisfied" with it. It is now reaping the benefits of lower interest rates. Iscor's interest rate is linked to the liquid Bankers' Acceptance

Now Telkom has taken up the cudgels and is putting the final touches to its own commercial paper issue. Telkom's paper will have the added advantage of being government-guaranteed. It is looking at various maturities for its paper.

With the liquid BA about to be abolished, the commercial paper market could fill its shoes. Should commercial paper become sufficiently popular, it could fulfil the role of a short-term interest rate for SA.

Commercial paper can be secured or unsecured and is a short-term promissory note with a maturity up to 344 days.

Commercial paper generally results in lower funding costs as the banking system is bypassed. It also allows the issuer flexibility to set the maturity date according to funding requirements.

A potential hindrance to the development of a local commercial paper market is that there are only about 20 blue chip firms that can issue commercial paper, because of their low risk rating. The corporate bond market faces a similar problem.

Smaller firms could also issue commercial paper, but costs resulting from the higher risk could be prohibitive. It would be easier for smaller firms to use funding instruments offered by banks. However, the commercial paper market may yet take off. Transnet's Elfi issue is a case in point. Greeted at first with scepticism, it is now an important part of the debt market.

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BDM 1/2/93

Competition Board investigating SABC

ADRIAN HADLAND

(260)

PRETORIA — Complaints that the SABC was engaging in unfair competition at the expense of independent local producers were being investigated by the Competition Board, board chairman Pierre Brooks confirmed at the weekend.

Brooks said discussions between the SABC, some of the complainants and the board were under way.

"We are looking into allegations of unfair competition by the SABC, but at this stage we have not formulated any ideas."

A report on the matter would be passed on to Public Enterprises Minister Dawie de Vilhiers "in the foreseeable future", he said. "Obviously it is a matter we would like to finalise as soon as possible."

Brooks said while discussions were still in progress, no decisions had been made as to what recommendations would be put to the Minister **BIDAM 1/2/93**.

Isolated complaints had been received by independent local producers about the SABC during the past year.

These had increased after an SABC decision to cut down on subcontracting programmes and documentary work to save on costs. Work which generally would have been passed on to private companies had been undertaken in-house.

"The complaints have been that the SABC is doing work which the private sector should be doing," Brooks said.

An SABC spokesman confirmed that

To Page 2

SABC **BIDAM 1/2/93**

(260)

From Page 1

general discussions with the board had taken place.

He said, however, no specific matters had been considered, while the SABC was unaware of any major complaints submitted to the Competitions Board.

The spokesman said the SABC remained the largest supporter of independent producers in the country and reaffirmed the corporation's commitment to providing producers with work.

Brooks said the number of complaints about parastatal organisations engaging in unfair competitive practices was on the increase.

Ten complaints had been received from

the private sector last year, and this figure was expected to be exceeded during the course of 1993, he said.

Meanwhile, the Campaign for Independent Broadcasting is to approach President F W de Klerk and demand that he takes charge of the deliberations on the appointment of a new SABC board, reports Sapa.

After a plenary meeting in Johannesburg on Saturday, the organisation said Home Affairs Minister Louis Pienaar had left it no option but to make a direct approach to De Klerk, who was legally required to appoint a new board for the SABC.

'NP delaying SABC changes'

By GUY OLIVER

THE Campaign for Independent Broadcasting (CIB) accused the government of delaying the transition of the SABC to an independent broadcasting body to squeeze out the last ounce of National Party propaganda.

The SABC board, chaired by Professor Christo Viljoen, is scheduled to be reconstituted on April 1 in a non-partisan image,

after the present three-year tenure of the board expires on March 31

(260)

CIB co-chairman Mr Raymond Louw, former Rand Daily Mail editor, said Home Affairs Minister Mr Louis Pienaar had "messed us around" as he wanted to postpone the formation of an independent board for "as long as possible"

With a possible election looming, the NP would want to take advantage of the SABC's partisan standpoint, he said

However, CIB steering committee member Ms Jeanette Minnie said the Department of Home Affairs was using CIB proposals to attain the goal of an independently minded broadcasting service

CT 2/2/93

Govt defends housing allowances

CAPE TOWN — Government, facing a withering blast for the millions of rands in compensation paid to Cabinet Ministers for staying in their own homes, vigorously defended the scheme yesterday

It was "designed to reduce costs to the state and to make Ministers responsible for their own accommodation", said Department of Public Works director-general Theo van Robbroeck yesterday.

"In this process no enrichment takes place at the expense of the taxpayer"

Van Robbroeck said that of the monthly allowance received by a Minister about R5 000 was intended "to acquire a residence fit for his status"

"After income tax deductions this is reduced to R3 613," he said "A 100% bond at 16% interest over 20 years buys a house of only R260 000, which can hardly be described as of ministerial standard"

This showed that a Minister had to "make up a substantial difference out of his own pocket" to acquire a house of similar status to the official residences

Van Robbroeck said charges that the scheme allowed Ministers to repay bonds within two years were a "total misrepresentation"

"I am aware of political

B/DA-4 26/2/73
Political Staff

office bearers who have to pay an additional amount of between R2 000 and R5 000 a month to meet their bond obligations based on a 20-year period of remuneration," he said

The rest of the allowance was for services also provided at state residences

such as cleaning, gardening, general maintenance, furniture and municipal rates and services

On the issue of state-residences standing empty, he said these had been vacated to be sold in terms of the scheme and "preparatory work to ensure the best possible return" had been taking place.

More heads may roll

PRESIDENT De Klerk's high-level purge of "shadowy" elements in the Defence Force may just be the beginning — more heads are expected to roll.

Analysts and observers close to the government expect more tough action against "securocrats" as investigations into Defence Force "dirty tricks" proceed.

Pretoria political analyst and consultant Dr Wim Booysse told Weekend Argus the latest purge affecting 23 officers took place as a result of swift preliminary investigations by Lieutenant-General Pierre Steyn, SADF Chief of Staff, who was appointed by President De Klerk to inquire into SADF dirty tricks.

The action was taken soon after Mr De Klerk received a

briefing from General Steyn — and even before any written report had been produced.

Dr Booysse said General Steyn's investigation was only in its preliminary stage. Once the full investigation got under way, more shock disclosures and further action could be expected.

It seemed certain that more heads would roll.

The purging of the SADF could also be a forerunner to integrating other military groupings such as MK and Apla members into the country's military and security structures.

Dr Booysse said the Steyn investigation was linked to the findings of Goldstone Commission investigators who raided a secret Military Intelligence centre in a house in Midrand,

■ Whose heads will be the next to roll in the new purge of the SADF? Whatever happens, the government seems to mean business with its action against core elements allegedly plotting to stop reform.

FRANS ESTERHUYSE

Weekend Argus Political Correspondent

ARC 2/1/92

near Johannesburg, in November.

President De Klerk was still clearly committed to his undertaking of July 31 1991, that no further covert operations would be launched against political opponents of the government.

Because of this commitment, the investigations and resultant action now ensuing could be expected to be done as thoroughly as possible.

or retirement in President de Klerk's MI purge.

Weekend Argus correspondents report that three men were placed on compulsory leave pending an investigation by a board of inquiry into possible illegal or criminal activities.

Six officers who were put on compulsory retirement had been cleared of criminal activities, Mr Louw said.

Investigations are still pending against one more PF member, believed to be a brigadier. His name has not yet been released.

Colonel At Nel, a top DCC officer who was reportedly in charge of a campaign to discredit the ANC using former Civil Co-Operation (CCB) operative Ferdie Barnard, was put on compulsory leave pending an investigation.

Also under investigation are Colonel C J C Prinsloo and Commandant S Snyders. Not much is known about them, but they are believed to be in Army Intelligence.

Three brigadiers were placed on compulsory retirement but, Mr Louw said, they had not been linked to any criminal activities.

Brigadier Ferdie van Wyk, Director of Army Communications and second-in-command at Army Intelligence, was reportedly in charge of the SADF's campaign to discredit Swapo before the 1989 Namibian elections.

It emerged during the inquiry into the murder of lawyer Bheki Mlangeni that Brigadier Van Wyk had approved Project Echoes, a top-secret MI project to discredit the ANC using media contacts

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Inkatha no to 'new' Codesa

INKATHA yesterday rejected out of hand any participation in a multiparty forum "which in any way resembles Codesa", casting doubt over an early resumption of constitutional talks.

In a separate development the PAC national executive called for a new negotiating forum "free from the flaws of Codesa" and rejected all bilateral negotiations.

It is known that government was "a bit shaken" yesterday when it heard Inkatha's position and discussed the statement in a high-level policy meeting. No direct comment could be solicited.

Government and the ANC have both agreed that the multiparty forum to negotiate the principles of a new constitution would be a restructured and streamlined Codesa.

ANC negotiator Joe Slovo said government and the ANC had a firm agreement on this in September's record of understanding.

3/10/93
2/2/93
BILLY PADDOCK

But Inkatha leader Mangosuthu Buthelezi said yesterday "there is no question whatsoever" of his party returning to such a forum.

He also reiterated that Inkatha as well as "other parties" would not be bound by agreements in Codesa working groups.

Buthelezi's statement also said that he felt a preliminary agreement had been reached with government that the planning conference would structure the form, substance and all other modalities of "entirely new future deliberations". He also insisted that Inkatha would not go ahead until the "issue of Umkhonto we Sizwe is satisfactorily disposed of in the early stages of the proceedings".

Meanwhile PAC secretary-general Benny Alexander said his organisation had committed itself to a transfer of power through an elected constituent assembly "unfettered by

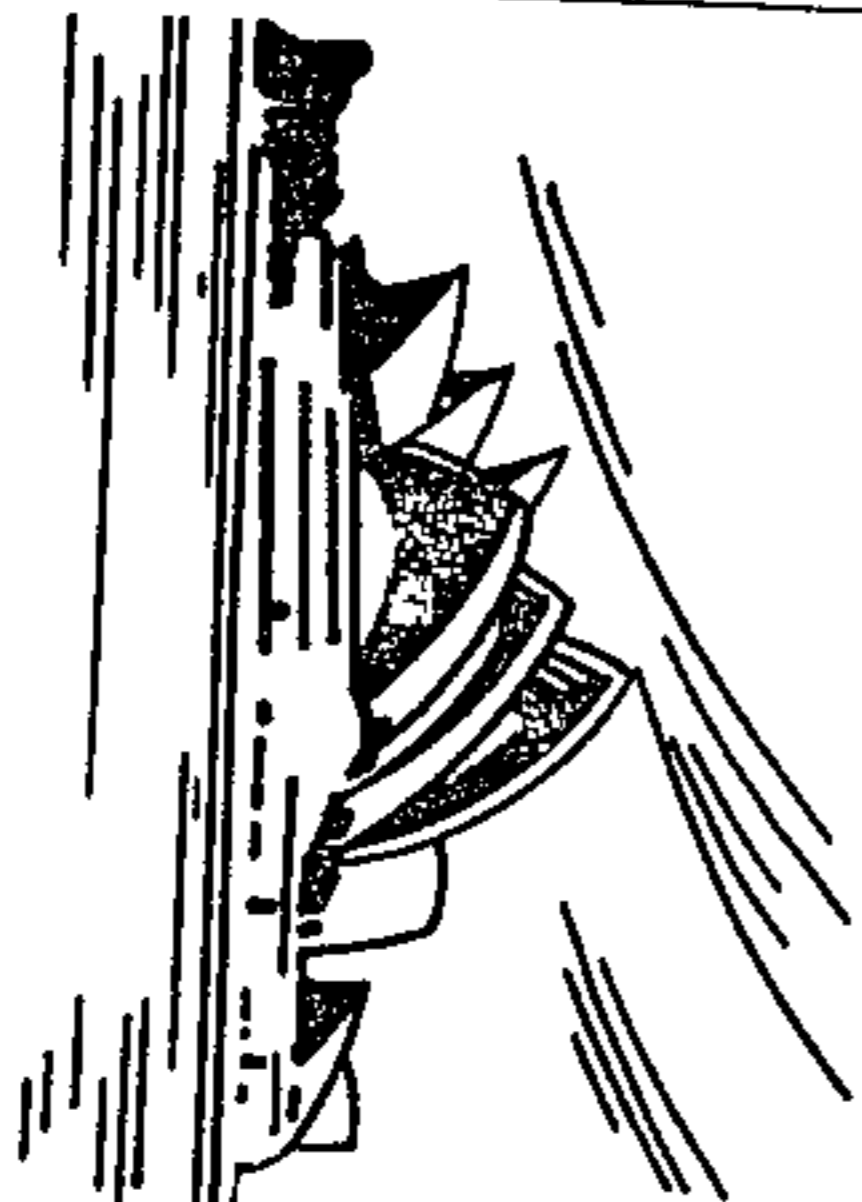
bilateral dealings".

"The PAC is vehemently opposed to bilateral dealings," he said. But he then said he regretted that government had unilaterally terminated the bilateral talks between itself and the PAC following recent Apla attacks.

Alexander said the weekend meeting of the executive had decided that a new negotiating forum should consist only of political parties with a national character, have neutral, international involvement in convenorship, chairmanship, administration and security, be transparent so that the media and the public could follow the process, and not be a decision-making body, but a facilitating body to realise a constituent assembly.

He said the PAC would re-enter bilateral talks with government — "but we shall not bow down to pre-conditions to talks".

The PAC executive had decided to continue all forms of struggle, including armed struggle.



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01740

Land claims to be probed

TIM COHEN

CAPE TOWN — Instances where land claimed by displaced communities had been hastily transferred to white farmers would be reviewed, Deputy Land Affairs Minister Johan Scheepers said yesterday.

He said in some cases state land had been transferred to white farmers to exclude it from the jurisdiction of the land allocation advisory committee.

A mechanism to negotiate the future of such land would have to be instituted, he said, conceding that this land had been inappropriately transferred.

Pienaar envisages 'a free SABC'

TIM COHEN

CAPE TOWN — Home Affairs Minister Louis Pienaar said yesterday he envisaged the selection of the new SABC board by an independent group, freeing the broadcasting corporation from NP influence for the first time.

Pienaar said he was confident that the process could be completed by the time the new SABC board had to be selected in March.

He was still negotiating with a variety of interest groups, but in discussions held so far there was overwhelming support for an independent electoral college.

Pienaar said the Cabinet had agreed in principle to the establishment of an independent authority to consider applications for private and community broadcast licences.

Ministers had been instructed to draft necessary legislation for an SA telecommunications commission.

Codesa that an independent and neutral body should be established to regulate the telecommunications sector and that such a body should be created in terms of an Act of Parliament.

The whole process came to a standstill as a result of the collapse of Codesa. However, it had been decided that because of the large number of applications the process could no longer be postponed.

Our Political Staff reports that Pienaar said at the same briefing that his Environment Affairs Department would oppose the dune mining of Lake St Lucia's eastern shores if an environmental impact study to be released on March 18 found it would cause irreparable harm.

However, if damage could be repaired or eliminated "I can see no reason why the mining cannot proceed as planned".

Apartheid still lives — Zach

Political Staff

CAPE TOWN — The continued existence of the homelands was living, visible proof that apartheid was not dead, DP leader Zach de Beer said during the debate in Parliament yesterday on President F W de Klerk's opening address.

The own affairs system was being done away with because it was racist and expensive, but the system of bantustans was much more expensive, racist and corrupt.

"It must go and before Nationalist speakers start talking constitutional drive, let me say Pretoria's financial stranglehold is all that is needed to bring the TBVC states into line, whereas Pretoria's sovereignty is not in question at all."

ANC-supporting MP for Sandton David Dalling said government would leave behind racial ghettos, a mass of uneducated black South Africans living in grinding poverty, and massive international debt.

White South Africans should be thankful that the ANC was the dominant force in black politics because of its truly non-racial attitudes, Dalling said.

Sapa reports CP leader Andries Treurnicht said consensus would never be reached in SA if its variety of nations was not recognised.

"That is why Codesa failed," said the CP leader.

There was an unhealthy speed with which government and the ANC wanted to force a system on SA when clarity had not even been attained on federalism or regionalism. Government was now further away from consensus than it had been a year ago.

Jurie Mentz (Vryheid), the former NP MP who joined Inkatha last week and sits now as an independent, said people were sick and tired of violence and destabilisation.

Inkatha and the Zulu nation had proved through the years to be a disciplined people and had never conducted a campaign to eliminate policemen.

The party could play a bridging and moderating role in SA politics, he said.

February 2, 1993

Officials on 112 fraud, bribery charges

260

ARG 2/2/93

The Argus Correspondent

PRETORIA. — A government official's high standard of living could have resulted from his wife's sale of children's clothing, the Pretoria Regional Court has heard.

This was said by an attorney representing two Department of Development Aid (DDA) officials, who have pleaded not guilty to 112 charges of fraud, bribery and corruption.

Mr Jacobus Marthinus Koen, 51, of Lyttelton, and Mr Christiaan Harnoldus Jacobus Bothma, 56, of Lynnwood Glen, are accused of 95 charges of fraud and 17 charges of bribery or alternatively contravening the Prevention of Corruption Act.

They are alleged to have set up a front company to receive money from a company, Securapane CC, which tendered for the building of public toilets to be used in black areas; to have paid more than R1,5 million to Surface Blasting Services, Natal, and to have accepted a hunting holiday from Transvaal Blasting Services.

A State witness, Mr Heinrich Wilhelm Roth, told the court that close to the period of the alleged crimes, he had noticed Mr Koen's standard of living improve. Mr Koen bought motorboats, six cars and expensive household goods.

He said that on one occasion he also saw a briefcase full of money at Mr Koen's house.

Mr Johan Engelbrecht, for

the defence, told Mr Roth he had no basis for saying these things. "You didn't know Mr Koen's income, you didn't know what his wife made from selling children's clothing."

Mr Engelbrecht said the "briefcase full of money" could have been payment from one of Mr Koen's sons for a car he had bought from his father.

Mr Roth was a member of the closed corporation, Techno Toilets, created by Mr Bothma and Mr Koen for "marketing products". He said he knew very little about the actual business and it was only six months into his time with the company that Mr Koen had explained to him Techno Toilets marketed toilets for Securapane.

An accountant with Volkskas Bank testified that between July, 1986, and February, 1987, Securapane made payments amounting to R83 000 into an account held by Techno Toilets.

Mr Engelbrecht put it to Mr Roth that he put Mr Koen in a negative light because of "sour grapes" — he had once borrowed money from Mr Koen and had not repaid him until pressure was put on him. Mr Roth denied this.

He also put it to Mr Roth that his evidence in court was at odds with his evidence before the Pickard commission of inquiry into the DDA. Mr Roth could not answer.

The hearing is continuing. The two accused are on R10 000 bail.

Star 3/2/93

Envoys briefed on SABC (200) board

Staff Reporter

The Campaign for Independent Broadcasting (CIB) briefed diplomats in Cape Town yesterday on its proposals regarding the appointment of a new SABC board.

The CIB is currently waiting for a reply to a letter it sent to President de Klerk accusing Home Affairs Minister Louis Pienaar of stalling the appointment of the new board.

This follows a heated deliberation between the two parties at the weekend over the appointment method.

In a statement after the discussions, the CIB said it had no choice but to approach De Klerk to settle the matter.

The CIB said Pienaar was delaying the process by "seeking consultation which he had every opportunity of doing much earlier, by obfuscating the issues we raised with him and by introducing extraneous matters".

Pienaar's position is that he is consulting various political parties to negotiate how the new board should be appointed to reflect the broadest spectrum of the public.

The CIB insists that the process should be divorced from the Government. It has proposed that two judges convene a panel of "eminent persons" nominated by the political parties.

The nominations for the new board would then be referred to the panel for selection.

The life of the present board ends at the end of next month.

SABC board

reply awaited

(26)

Political Staff

THE Campaign for Independent Broadcasting (CIB) has briefed diplomats in Cape Town on its proposals regarding the appointment of a new SABC board

The CIB is waiting for a reply to a letter it sent to President De Klerk accusing Home Affairs Minister Mr Louis Pienaar of stalling the process of appointing the new board.

This follows heated deliberations between the two parties over the appointment method to be applied

ARC 3/2/93

Following the discussions yesterday the CIB said it had no choice but to approach Mr De Klerk

The CIB said Mr Pienaar was delaying the process by "seeking consultation which he had every opportunity of doing much earlier, by obfuscating the issues we raised with him and by introducing extraneous matters"

COMPANIES

Bonds weaken in confused trade

CAPITAL market bonds ended weaker in volatile trade yesterday after a flurry of conflicting reports confused the market as to which direction to take, dealers said.

The long-dated Eskom 168 bond yielded 14,440% from an overnight 14,280%, while government's R150 long bond yielded 14,380% from 14,240%. In the medium ahead, Telkom's TK05 yielded 13,120% from 12,940%. *BIDAM 5/2/93*

With bonds, higher yields mean the bond has weakened and is worth less

In the case of the E168, for every 0,01% rise in the yield the capital value of the bond declines R505 per R1m invested

Dealers said morning trade focused on the midday options close-out Bonds weakened from opening levels as some players pushed the market weaker However, the close-out became a "non-event" when rates settled between option strike levels

News in the morning that the petrol price would be increased soon spurred the bears to drive yields higher.

They were given further teeth later in the day by reports quoting Finance Minis-

TIM MARSLAND

ter Derek Keys as saying that the deficit for the current year would exceed 8%

However, a later report quoting Keys as saying single-digit interest rates were possible excited the bulls. (260)

But they remained confused as to exactly what the authorities' intentions were.

A dealer said Reserve Bank Governor Chris Stals had said on television on Wednesday night that while monetary policy could be eased now, interest rates were likely to rise later in the year.

He said this was confusing. "Either rates are going up or they are going down The authorities can't have it both ways."

Another dealer said the market might have misread Keys' statement on the deficit, not realising he was referring to the current financial year rather than 1993/94

He said bonds were likely to weaken further today, but believed a correction was healthy as the market "had come a long way in a short time", referring to the bull run earlier in the week

FM licence for Wits radio

B/D/21/93
KATHRYN STRACHAN

LISTENERS from all over Johannesburg can now tune into the Voice of Wits radio station next week after it was granted a five-day FM signal licence for a 50km radius.

And the station is optimistic the licence will be extended permanently.

The move is seen as a relaxation of the stringent broadcasting laws enforced by the Home Affairs Department and the SABC.

Voice of Wits station manager Damian Hardy said he hoped the temporary licence could signal the beginning of "community radio" in SA.

Homelands' water beyond govt control

B/D/21/93

EDWARD WEST

GOVERNMENT had a water supply target of at least 15 litres a person a day in drought-stricken homeland rural areas, Water Affairs and Forestry Department deputy director-general Tiny Krige said this week.

Krige told the SA Association of Consulting Engineers forum his department was unaware of the serious problems of water supply in those areas as affairs of homeland governments were outside its jurisdiction.

Barring a few exceptions, homeland structures did not have the expertise or capacity to maintain existing water supply schemes, he said.

A survey by the department had found that during the past two months no maintenance work had been done and water pumps had broken down again.

The drought had emphasised the fact that SA, with its severe climatic conditions and water scarcity, could not fragment development and control over the country's water resources.

Central government should be responsible for overall development and control, with any work done at regional or local level falling within the policy framework determined by central government, he said.

Krige said government was developing a management strategy to deal with future droughts, but in the meantime it would continue maintenance work, supplying water by tankers to some areas and with a borehole drilling programme.

Drought Consultative Forum convenor Len Abrahams said in June 1992 the Development Bank of SA estimated that 2.5-million rural people could be faced with the need to relocate to survive the drought. To date, the forum had provided drought relief aid to about 750 villages.

The forum concluded the underlying issues in black rural communities were mainly poverty, neglect, and inadequate investment.

Early warning system would help relief workers

B/D/21/93

RAY HARTLEY

SA IS in urgent need of a national early warning system on food security to enable relief workers to respond to emerging crises more efficiently, says a Consultative Forum on Drought committee report.

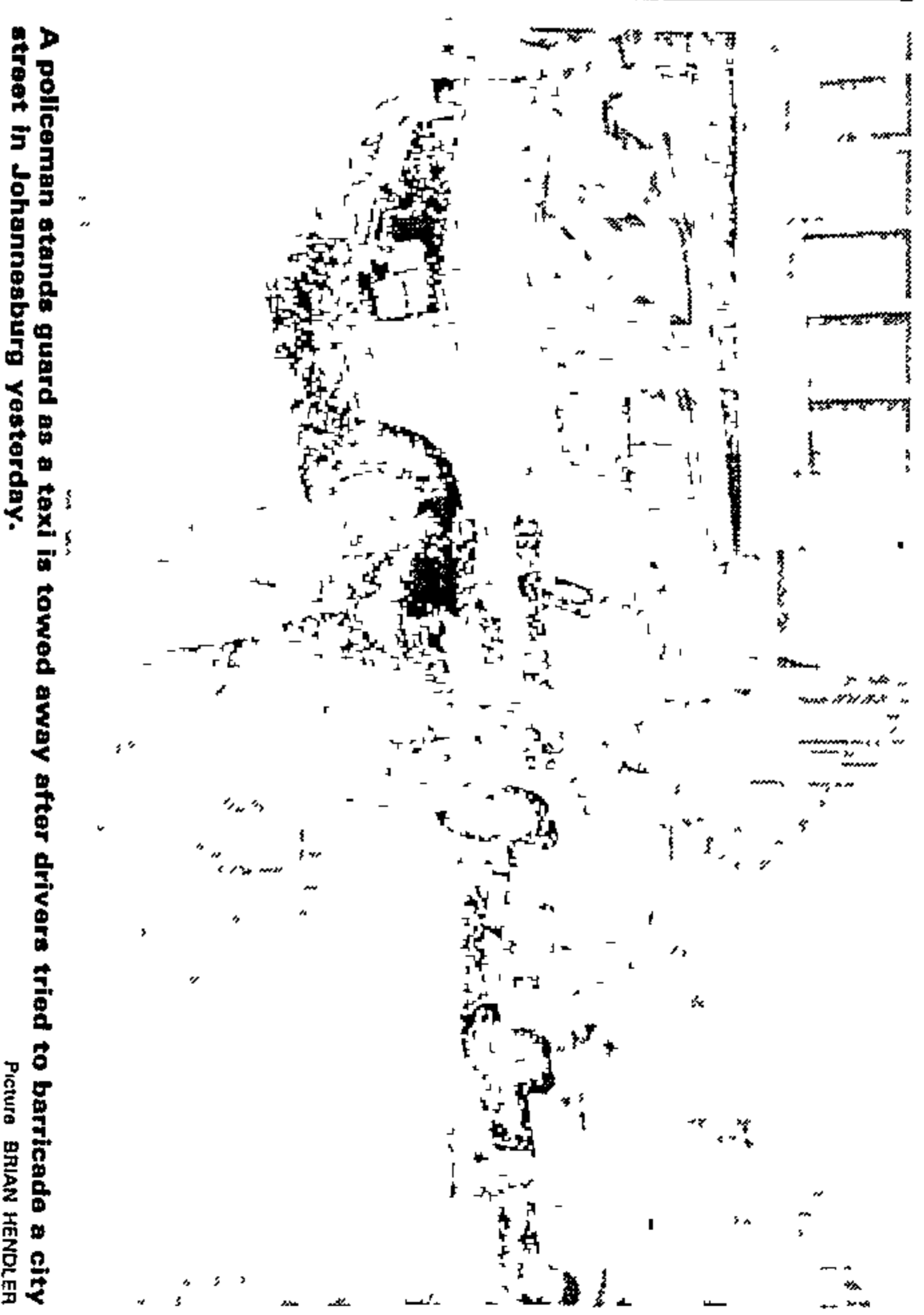
The system would also need to provide early warning of "hazards that affect the ability of households to

obtain adequate food and water".

The report proposed a system involving the disciplines of meteorology, hydrology, agriculture, natural resource management and finance. While the major risk was drought, others were pests, hail and flooding.

While warning systems were relatively well developed for large-scale farm production, the effect of weather on small farms and in the homelands had not yet been analysed fully.

Recommendations had been formulated for nutrition surveillance of children younger than five.



A policeman stands guard as a taxi is towed away after drivers tried to barricade a city street in Johannesburg yesterday. Picture: BRIAN HENDLER

ANC misused R2,3m Norway

OSLO — Norway had demanded the ANC explain the fate of a R2,3m grant intended to help set up a print shop and provide jobs, the foreign ministry said yesterday.

Foreign ministry spokesman Ingvar Havnen said the 5-million kroner were placed in an investment company instead of being used to buy printing equipment, Sapa reported *B/D/21/93*.

"Clearly, it wasn't used for the purpose for which it was allotted," said Havnen. "It is definitely in the best interest of the ANC to clarify this."

The ANC had asked for an urgent transfer of the promised funds, he said. Norwegian state radio network NRK

said it had reason to believe key ANC members were on the board of directors of the investment company, TB Invest.

It said a foreign ministry official was checking ANC records in Johannesburg to track down what had happened to other contributions.

The Norwegian government gave about \$5,8m to the ANC last year.

DIRK HARTFORD reports an ANC spokesman was yesterday unable to comment on the Norwegians' allegations. He said the matter had been referred to ANC NEC members and the organisation would comment as soon as information was available.

General

(260) (297)

game to be registered under the Fund-raising Act

This is the second time the SABC and Games Africa have been at loggerheads. In September SABC chief legal adviser Leander Gaum held talks with Ombudsman Piet van der Walt about the game show. The Ombudsman had received complaints about the controlling company SABC CE Wynand Harmse also told the *FM* that the corporation was analysing the shareholding and financial projections of Games Africa (*Current Affairs*, September 18 1992)

Gaum says the SABC was informed recently of Games Africa's plans "To replace the scratch card game with a Lotto game is totally unacceptable to the SABC" Gaum adds that, based on the facts available to the SABC, the Games Africa proposal is not part of its contract with the SABC

At the end of last year Jacobs was advised that the gaming company had had discussions with the Post Office (which sells scratch cards on Ithuba's behalf for Games Africa) to agree to the installation of on-line and semi-on-line computer terminals for the "Ithuba Lotto 6/40" game show. It had been planned that Games Africa would begin marketing the show from next month.

It was suggested to Jacobs that the new game show would be done in terms of the existing agreement with Ithuba and the SABC

The SABC strongly denied this and last month warned Games Africa that its submission to Jacobs had been untrue. It also stated that the submission was a breach of the contract. The corporation gave Games Africa seven days to explain and rectify the matter to the satisfaction of the SABC. Failure to do so would lead to the SABC terminating the contract.

Games Africa's Eytan Rechter on Tuesday insisted that there has been a misunderstanding. "The director of fundraising has misunderstood our letter," he said. "We are meeting with the SABC on February 11 to clear up the situation."

Rechter said that Games Africa had continuously provided the SABC with financial figures. Earlier the corporation insisted that Games Africa provide them with audited statements of income and expenses, they added that if the matter is not cleared up to the satisfaction of the SABC, it will leave Auckland Park no choice but to continue Ithuba without Games Africa (and find a new partner) or terminate

its involvement with Ithuba

Gaum says the SABC is in continuous contact with Jacobs. "We will not undertake new competitions without his approval"

to continue ->

However, it is known that the Ithuba Trust foresees that both competitions will run concurrently. (260) (297)

Payments by Games Africa to welfare via Ithuba are based on a sliding scale, which determines the percentages of welfare donations on the volume sale of the scratch cards. At present 19,5% of scratch card sales proceeds go to the trust.

Jacobs feels that the Lotto game will compete with the scratch card game and that sales of scratch cards will possibly be pegged to the lowest percentage of the sliding scale which is in operation. "That is unacceptable," says Jacobs

Eddie Botha

Drawing the line (260) (297)

The SABC has threatened to call a halt to the multimillion-rand Ithuba game show on TV1. It may also terminate Ithuba's contract with Games Africa, the private company behind the Ithuba welfare organisation, which also benefits from the game proceeds.

This comes after Games Africa attempted



SABC's Harmse analysed the shareholding

to introduce a lottery game in place of Ithuba's Scratch 'n Win game. Games Africa has been warned by State fund-raising director Alwyn Jacobs that he will not allow the new

FM permit 'temporary'

STEPHANE BOTHMA

(260)

PERMANENT FM-signal broadcasting licences will not be granted to radio stations until after the establishment of an independent broadcasting board.

Home Affairs spokesman Jack van der Merwe yesterday emphasised that the permit granted to the Voice of Wits was strictly for five days and would not be extended.

Temporary signals had been granted to Wits and Pretoria universities for the five days of rag week, Van der Merwe said. The decision to grant the licences had been based on the fact that the universities would with their rag efforts raise money for charity. *BJDAM 5/2/93*

Negotiations for the establishment of an independent broadcasting board were continuing and no permanent FM licence would be issued before this was finalised.

About granting FM signals to radio stations such as Radio 702, Radio Bop and Capital Radio currently licensed in the TBVC states, Van der Merwe said "Nowhere in the world will one country grant permission for broadcasting by a radio station of another country."

However, 702 spokesman Chris Gibbons said the independent station was registered as an SA company, had its headquarters in SA and paid tax to the SA government.

He said the station had been interested for a long time in obtaining an FM licence in SA. Radio 702 was eagerly awaiting the establishment of an independent authority to handle the issuing of licences.

Voice of Wits station manager Damian Hardy earlier said he was optimistic that the temporary signal granted by Home Affairs would be extended.

Rules for our airwaves

JOHN VAN ZYL says South Africa's new broadcasting authority must make human rights a living reality for its listeners and viewers

STW 7/2/93

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MUCH of the current debate about the future of broadcasting in South Africa is rightly centred on the problem of ensuring freedom of the airwaves and maintaining the independence of the broadcast media.

Most democratic societies would agree that when a country emerges from dictatorial or totalitarian rule a free media system will help ensure the maintenance of a free political society.

What is not being debated as vigorously is the ethos of the new broadcast dispensation. What should its philosophy be in a society in which racism and discrimination are deeply and historically embedded?

The philosophy of a future responsible radio and television authority should be based on making human rights a living reality for its listeners and viewers, as well as denouncing and revealing all denials and violations of those rights.

Here, there are clear guidelines in several international human rights resolutions and conventions.

It is a measure of South Africa's isolation from the human rights instruments of

the United Nations and its associated organisations that none of these are part of the present public debate.

One may accept that the so-called "first generation" civil and political human rights will be dealt with by a South African bill of rights. The "second generation" of social and economic rights are proving to be far more problematic.

But it is the conventions and declarations that deal with the wide-ranging "third generation" of human rights (such as the right to education, environment, information) that are of particular importance to broadcasters.

There are four fundamental UN texts that can serve as a basis for a new broadcasting dispensation that affirms the connection between human rights and the media.

Of particular relevance to the evolving SA broadcasting scene are, first, the 1978 Paris Declaration on Fundamental Principles concerning the role of mass media in the promotion of human rights, and, second, the 1969 International Convention on the Elimination of all Forms of Racial Discrimination.

The Paris declaration spells out in detail through its

11 articles the contribution the media should make in actively encouraging freedom of opinion, expression and information by ensuring a diversity of sources and means of information available to the public.

Article 5.3, with its condemnation of "stereotyped, partisan, unilateral or tendentious pictures of individuals and of various human groups", is particularly significant.

The Convention on the Elimination of All Forms of Racial Discrimination spells out in Article 7 what the role of the media should be.

"State parties undertake to adopt immediate and effective measures, particularly in the fields of teaching, education, culture and information, with a view to combating prejudices . . ."

A third set of guidelines is contained in the resolutions of the 1983 Unesco committee on the elimination of racial discrimination. In chapter two, Article 29 stresses that the objectives of promoting "tolerance, understanding and friendship . . ." can only be reached by formulating and implementing "public awareness" campaigns and programmes.

Furthermore, it is desirable to provide information and education that would strengthen the position of oppressed groups so they become aware of their possibilities and resist the violation of their rights.

This is echoed in the fourth instance by the 1974 Unesco general conference concerning education, which urges the media to disseminate "information on the aims, aspirations, cultures and needs of all peoples" and assisting those "who are unable to make their voices heard within their own territories".

It is important to note that these instruments not only negatively indicate what injustices should be eliminated (which is where the South African debate is at present), but positively indicate that "immediate and effective measures" should be taken by a state to implement and promote the widest range of human rights through all the education, cultural and technological means at its disposal.

That is where the debate about the ethos of a future SABC should begin.

John van Zyl is head of film and television studies at Wits University.

City may get new radio stations

By PETER DENNEHY

CAPE TOWN could get several new radio stations when the airwaves are further deregulated later this year.

Mr Neel Smuts, managing director of Semtech, a company within the SABC which will help new broadcasters become established, said there was a broad expectation that the SABC would not hold on to its virtual monopoly on broadcasting for much longer.

At present M-Net and homeland-based broadcasters are its only rivals.

Executive chairman of Nasionale Pers Mr Ton Vosloo confirmed last night that his group had been preparing for about two years to launch its own radio stations.

Mr Vosloo — who served on Mr Christo Viljoen's broadcasting task-group which recommended more radio stations — said the only thing holding up the process was the lack of a firm deal between the ANC

and the government.

“The government has been chewing on this Viljoen report for 18 months”, he said. He believed change would come “sooner rather than later”, as the present SABC board had to be reconstituted within a matter of weeks and this might precipitate the long-awaited deal.

Mr Vosloo said The Argus, Times Media Limited, Perskor and Caxton had all been looking into going into radio.

26 OCT 91

Star 9/2/93

Eskom to sell town

By Michael Sparks

Eskom is selling another of its towns, the third to be sold off in little more than a year.

According to Eskom's property manager, Piet Swanepoel, the power station near Sasolburg was closed a year ago.

So the little town of Kragbron, with more than 450 houses and various social and sporting amenities on its 150 hectares, is up for sale.

The only people still living in Kragbron are those involved in mothballing the power station.

Eskom is hoping to earn more than the R3,25 million it got for Vierfontein in the northern Orange Free State.

Cop guilty of lawyer's murder

Sowetan 9/2/93

Sowetan Correspondent

■ **DIRECT INTENTION** Matlotse to

plead in mitigation of sentence today:

A SPECIAL CONSTABLE WAS yesterday convicted of murdering Johannesburg lawyer Mr Legwai Pitje

The policeman, Rodney Matlotse (25) of Kagiso, Krugersdorp was, however, acquitted of kidnapping and robbery with aggravating circumstances.

Mr Justice TD Cloete found Matlotse had a direct intention to murder Pitje when he stabbed him on July 12 last year. He acquitted Matlotse of robbing Pitje of his borrowed car, a gold watch and a diamond ring, but found him guilty of the lesser crime of theft.

Co-accused Mr Mohali Motlhabi (24), also of Kagiso, was acquitted on

all counts.

Motlhabi claimed Matlotse had stabbed and threatened him with a firearm to induce his co-operation. The judge found the State had not proved this version was not possibly true.

Pitje had been arrested but not charged with drunken driving the night before his death. When he was released from the Magaliesberg police cells, Matlotse drove his (Pitje's) car to Motlhabi's home.

The three men then visited other people where they ate food and drank beer.

An argument broke out at one of the

houses and Pitje and the two accused left. Motlhabi told the court Matlotse and Pitje argued in the car. Matlotse attacked Pitje, stabbing him several times before gouging out his eyes.

Pitje's body was thrown into the boot, wrapped in a plastic bag and hidden.

The judge said he could not explain why Pitje had left the police station with Matlotse. Pitje was a lawyer who knew his rights and would have understood that he had not been charged and that there was no reason for Matlotse to escort him. The case was adjourned to today for argument.

Azapo fumes at TV omission

By Victor Metsoamere

THE omission of Azapo from the David Frost interview series was because "the SABC is afraid to let the organisation's ideas be heard by the rest of the world"

This claim was made by Azapo's presidential secretary, Mr Strini Moodley, yesterday

Meanwhile, callers to *Sowetan* yesterday wanted to know why the Democratic Party and the Afrikaner Weerstandsbeweging were, like Azapo, excluded from the CCV TV interviews.

Azapo also said Frost, who is scheduled to talk to Mr Nelson Mandela (ANC), Chief Mangosuthu Buthelezi (IFP), Mr Clarence Makwetu (PAC) and President FW de Klerk, was afraid

of the organisation

"Any journalist likes phiant interviewees rather than ones who challenge. There has been an ongoing conspiracy in all sections to suppress the ideas and opinions of Azapo," said Moodley.

The general manager of CCV TV, Mr Madala Mphahlele, and other top officials in the news department were not available for comment yesterday.

R12,5bn made available to fund govt's deficit

Bl Day 9/2/93

THE Public Investment Commissioners (PIC) would make available R12,5bn to fund government's deficit for 1993/94 out of its R17,7bn cash flow, director Badie Badenhorst said yesterday.

Of the R17,7bn, R5,2bn was invested in the money market and could be made available to government, but he was reluctant to wind down his cash book.

The PIC administers R51bn in government pension funds and R13bn in other public sector funds.

Of the pension funds, 8% was invested in equities and 92% in fixed interest securities. In total, the PIC held 54% of government's total issued debt of R128bn.

(260)

TIM MARSLAND

The PIC also had funds invested in Eskom, Transnet, Umgeni and Telkom stock.

Some funds were invested in municipal bonds.

The R5,2bn invested in the money market was primarily in negotiable certificates of deposits and capital project bills.

Badenhorst said the PIC consulted the Reserve Bank before making investment decisions.

"We have to keep an eye on the monetary policy effects of any transaction we do. We are essentially chasing the same goals as the Bank," Badenhorst said.

About R3,2bn of government pension money was invested by six independent pension funds.

These were Sanlam, Old Mutual, Syfrets, Southern Life, Standard Merchant Bank and Investec Asset Management, Badenhorst said.

The PIC rated the performance of its pension funds against these six.

Only one showed better returns than the PIC, he said.

For the past three and a half years, government pension funds showed a return of 3% above the actuarial bond index, he said.

Government's pension fund at R33bn makes up the lion's share of the R64bn under PIC management.

The PIC also manages the independent homelands' pension funds.

Frost will interview more leaders

JOHANNESBURG. — British interviewer Sir David Frost, who is in South Africa this week to interview five local political leaders, will conduct similar interviews with other leaders on his next visit, the SABC says.

CCV consumer marketing manager Mr Alwyn Muller said yesterday that Sir David had only enough time to interview the five already scheduled.

"It is unfortunate that the Azanian People's Organisation, the Democratic Party, the AWB and other political and quasi-political parties are not on the list," Mr Muller said.

He gave the assurance, however, that these and other groups would be included during Sir David's next visit. No date has been set for this.

Sir David interviewed Pan-Africanist Congress president Mr Clarence Makwetu last night. He will interview Inkatha Freedom Party leader Chief Mangosuthu Buthelezi tonight, Conservative Party leader Dr Andries Treurnicht tomorrow night, ANC president Mr Nelson Mandela on Friday and President F W de Klerk on Sunday.

All the programmes will be screened between 7.30pm and 8pm on CCV.

Azapo said yesterday that by failing to grant Azapo an interview with Sir David the BBC and SABC had become "kingmakers, who report on events, as they would prefer them to be like, not as they are" — Sapa

260 CT 10/2/93

Denel contemplating a space venture

PRETORIA — Establishing a space industry in SA would create up to 40 000 new jobs, Denel group executive for corporate communications Paul Holtzhausen said yesterday.

Several Denel subsidiaries were testing the feasibility of launching SA into the commercial space industry.

Ministerial approval of the project could result in the creation of a "Silicon Valley" in the Cape and jobs in secondary industries, he said.

Denel has four divisions in the

ADRIAN HADLAND

western Cape Swartklip Products, Somchem, Houwteq and the Overberg Test Range.

The hunt was on for foreign partners in the venture

Branching out into the space industry would be part of a broader drive to become less reliant on the military aspect of Denel's operations, Holtzhausen said.

260

IMPORT SURCHARGES

FM 12/2/93

Taxing the television programmes

The SABC and M-Net are locked in a multi-million-rand dispute with the Commissioner of Customs & Excise over the non-payment of surcharges on imported videos over a three-year period. In the case of the government-owned SABC, it is said that the unpaid surcharges plus interest could amount to R50m, while privately owned M-Net is allegedly in arrears of about R12m.

Finance Minister Derek Keys is expected to be called in to intervene between the broadcasters and the commissioner. It is understood that SABC CEO Wynand Harmse requested a meeting with Keys on the matter.

Both the SABC and M-Net have commissioned tax experts at Price Waterhouse to assist their legal teams on what could become costly civil lawsuits unless a settlement can be reached.

Neither the SABC and M-Net, nor the commissioner, are keen to comment. Customs & Excise's tax expert on valuation and surcharges, Fanie Basson, however, explained the technical issues at stake.

What applies is a 5% surcharge under the Customs & Excise Act on cinematic films with or without a soundtrack or just a soundtrack. The surcharge is due on the value of the imported items, such as the royalties paid for imported videos. It is understood that the two broadcasters have paid only normal import duties on video cassettes and not the surcharge on the royalties as the Act prescribes.

The relevant sections of the Act state that "the value for customs purposes is the price actually paid or payable for such imported goods" and "royalties and licence fees in respect of imported goods are to be included in the value for customs purposes of such goods."

Trade & Industry deputy director-general Gerrie Breyl says that while he cannot confirm it, it is believed that most of the important signatories to the General Agreement on Tariffs & Trade exempt the payment of import charges on the contents of videos. "No Gatt decision in this regard has, however, been taken," Breyl says. "This means that there is no rule to follow. I am informed that in practice the Commissioner of Customs & Excise does levy an import charge on licence fees."

According to Basson, there is now no ex-

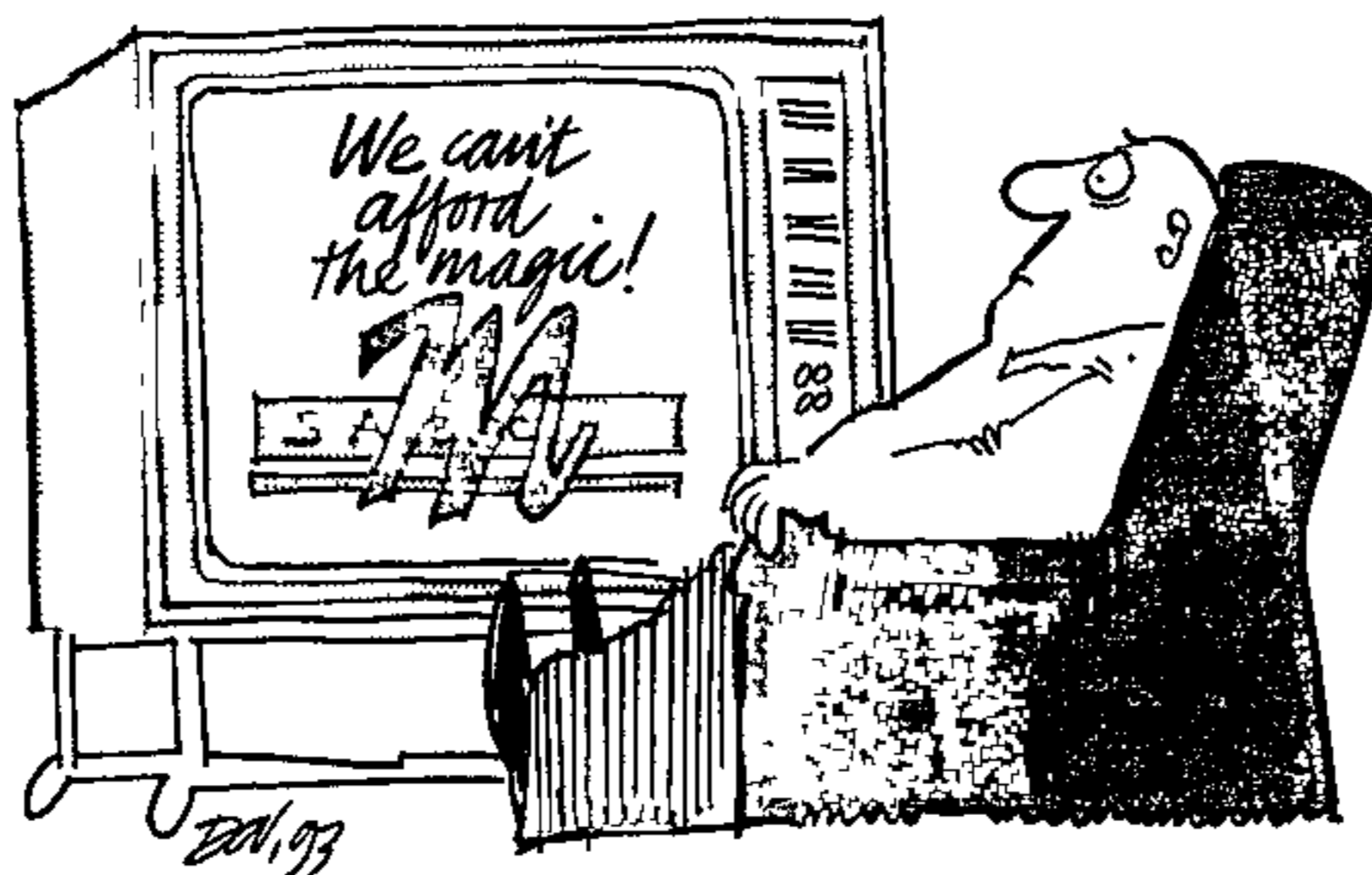
emption under the Act. "Surcharges have on occasion been instituted and cancelled. A number of years ago exemption could, however, be applied for." Basson, who visits the Customs Co-operation Council headquarters in Brussels every six months for discussions with SA's co-signatories to Gatt, says importers who have not been aware of the surcharges could be liable for back payments over two years plus interest. "However, in the case of importers who were aware of the surcharges, we could claim back payments as far back as we want to."

The Act says importers who are not satisfied with the commissioner's decision can seek redress from the courts. A Customs & Excise official says the department welcomes the court's interpretation of the Act on specific issues, as may be the case with the SABC and M-Net matter.

Both the SABC and M-Net claim that they are in the dark over the situation. Officials in both organisations say they have no idea of what amount the department is seeking.

It is understood that the customs department claims that a determination by the commissioner to pay surcharges had been given to the SABC in 1983. This document is, however, missing and for its part, the SABC claims that it never received such a written determination. The SABC has since requested a copy of the original document from the commissioner.

In August 1991, the commissioner issued a final warning that the department intends



to claim back payment for three years — 1988, 1989 and 1990 — due to the SABC's alleged failure to pay surcharges. The SABC failed to lodge an appeal to the commissioner within the prescribed 90-day period. M-Net did appeal in time.

Litigation in this matter could also raise other aspects of surcharge levies, such as satellite feeds of major overseas events for which royalties are paid. Basson, however, doubts that satellite feeds are covered by the

Act

Nu Metro's Michelle Pettit says that on videos, her company pays normal tax on the value of the master video. "On all duplicated copies we pay a further ad valorem. It works out to be quite a small fortune."

Mike Marnewick of Interleisure Group, holding company of Ster-Kinekor, says he is reluctant to get involved in an argument between other parties. "The nature of our business is different. Ster-Kinekor's business falls either outside the ambit or within the exclusion portion of the Act." *Eddie Botha*

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AUDIENCES WANT TO SEE?

Fight for the conglomerate of messes

W/Mant 142-18/2/93.
By ARTHUR GOLDSTUCK

DEREGULATION by April? The SABC selling off Radio Five? A Sunday Times radio station? Tony Sanderson back on the air? The future of South African radio might be every bit as frightening as it sounds.

Almost every one of South Africa's leading broadcasting personalities has joined the race to get radio licences when broadcasting is deregulated. None will go on record, but Radio Five, for one, has already prepared itself for the exodus. Station manager Lance Rothschild last year set up a course where he trained aspirant disk jockeys and radio workers.

So far, only individuals like restaurateur Bob Courtney, the former Springbok Radio stalwart who is campaigning to revive the station, and businessman Alan Munroe, who aims to broadcast his Showtime Music Radio (SMR) from a caravan over a radius of 150km, have aired their plans in public.

Last week, they were joined by another contender. Sanderson, controversial former Radio Five presenter, took to the SMR caravan which had been set up in Randburg's Cresta Centre with a two-week licence to raise funds for Red Nose Day. He made up one of a roster of presenters that Munroe is punting as the future team when he takes to the air with a "real" licence.

However, Sanderson has plans of his own. "I have got a consortium together and we've made an application," he said.

Sanderson has maintained a high public profile since his *Chuckle 'n Chat* show with David Blood was axed from Radio Five in the late 1980s.

"I must be the only person in the world to have so highly successful a programme taken off the air... The SABC loses control of itself because of its size, individuals take over and make decisions based on personal prejudices. The SABC is a conglomerate of messes."

There is no shortage of people keen to help it out of its mess. Speculate is rife, for instance, that the SABC plans to sell off its commercial regional stations so that it can position itself as a public service broadcaster funded by TV licence fees.

Radio Five, which generates up to a third of the corporation's advertising income, would also be a useful sale — since it has no true asset beyond its access to a nationwide network of FM stereo transmitters.

"People have been speculating on taking Radio 5 out of the SABC for years," says Rothschild. "Now that the legislation is coming in, people are looking at the idea again."

Rothschild makes no bones of his own preparations for a changing landscape at Radio 5.

"It's no secret that headhunters are out in the business," he says. "But radio skills do not mean only on-air skills. There is a shortage of qualified, skilled people in every area of running a station."

Those most likely to acquire licenses will be consortiums that include experienced broadcasters and credible financial backers. The "homeland" stations, 702 and the ailing Capital, are regarded as frontrunners for FM slots.

The major newspaper groups are also known to have a strong interest in acquiring their own stations. Nasionale Pers and Times Media Limited confirmed their interest this week. *Sunday Times* publisher TML has gone so far as to appoint an executive "to look at radio aggressively", according to managing director David Kovarsky.

The impending appointment of a new SABC board by the end of March has fuelled speculation of deregulation by April, but those close to the process dismissed this as over-optimistic.

"The point about licensing is that, in order to set up a proper licensing authority outside the SABC, you require new legislation," said media lawyer David Dison, who is involved in a multi-party committee given the task of drawing up the appropriate legislation. "To get legislation, you've got to have a political agreement. To have that agreement, you have to have negotiations."

Jack van der Merwe, secretary for broadcasting in the Ministry of Home Affairs, agreed: "Obviously we cannot take unilateral decisions on an Independent Broadcasting Authority."

Top dog needed, but does anyone have the right bite?

W/Mail 12/2 - 18/2/93

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SITUATION soon to be vacant. Needed to start work on April 1 or soonest

- Someone who can run a giant corporation with an annual budget topping R1-billion and a national staff of over 5 000.

- Someone with intimate understanding of media and communication.

- Someone with enough vision and chutzpah to transform the Auckland Park apartheid monster into a true vox populi

- Someone with enough confidence to resist the inevitable political pressures

- Someone able to cull ruthlessly when necessary, but also able to win the confidence of a staff that will be sceptical at best, and hostile at worst

- Someone with creative and feasible ideas for funding the biggest public broadcaster in Africa

Do you know this person? Of course you don't. He or she doesn't exist, certainly not in South Africa in 1993

Broadcasting in this country needs to be transformed swiftly. All sides agree that there can be no level playing fields before an election unless the SABC becomes truly independent, and is perceived as such

The laborious process of unscrambling our airwaves is already under way and, if all goes according to plan, the SABC will have a new board of governors, appointed by an independent panel, by April 1. The first task of that board will be to find a new top dog to replace the SABC's group chief executive, Wynand Harmse

Who that person will be is becoming a major headache for all those who would "democratise the airwaves"

There are corporate honchos with the right progressive credentials — people like ex-Perm chief executive Bob Tucker and National Peace Accord czar John Hall — and there are newsmen who have proved themselves in print and who have more than a passing interest in broadcasting, like the *Sowetan's* Aggrey Klaaste and former *Rand Daily Mail* editors Allister Sparks and Raymond Louw. But the former know nothing about the media, and the latter are inexperienced when it comes to large-scale corporate management

"Really, the only kind of people who could handle this job are the current media moguls," comments one power broker involved in the process. Who does this mean? Well, Doug Band could be poached from the Argus Group or Ton Vosloo from Nasionale Pers

Vosloo, with his close connections to the present regime and his stewardship of SABC's only competitor, M-Net, is probably out of the question. And, though Band has proved himself

Finding someone to fill Wynand

Harmse's shoes at the

SABC is proving to be

a major headache

By **MARK GEVISSER**

capable of running a multimillion-rand, many-tiered media empire, the fact that he commands so great a monopoly might render him unpopular. If the SABC is to become a true public broadcaster, is this consummate corporate Anglo man really the right choice?

Band says he is "very flattered" to be considered capable of so gargantuan a task. While "a background in media would be helpful" for the position, he adds, the bottom line is that "this is a multimillion-rand business we're talking about. It will need to be weaned away from the state bureaucracy, and so you will need an exceptional corporate manager with a flair for marketing"

Pallo Jordan, the African National Congress' head of information and publicity, will probably be the new government's pointman when it comes to broadcasting. He makes it clear that "the ANC, like all political players, should have nothing whatsoever to do with the management and programming decisions of the SABC. Those decisions should be made by a new and politically independent board"

Nevertheless, Jordan does have strong personal opinions, one of which is that, "if we cannot find someone to do the job inside South Africa, we should look abroad. There's no reason why we shouldn't import talent. There are many highly qualified ex-South Africans working abroad whom we should think about"

The "extraordinary challenge" facing the new head of the SABC, says Band, "will be to remotivate everyone working there. By all accounts, morale has hit an all-time low. And, since several senior positions are bound to change, this will only get worse. Number one on the list for the new candidate should be staff motivation skills"

How many other SABC heads are likely to roll? And what is more appropriate — a storming-the-Bastille rhetoric, or a policy of reassurance?

If Jordan had his druthers, an "iron broom" would be used to sweep out the SABC's newsroom and many people would be sacked, "because they've done a lousy job"

Media and broadcasting consultant Michael Markovitz agrees that "there need to be changes to the existing news executive. But the problem is that the ordinary SABC employee sees the big guns turned on Auckland Park and

thinks they are aimed at him"

Like Band, Markovitz believes that a new SABC executive will have to gain the confidence of the corporation's existing employees: "The last thing on earth we want is a situation like Namibia, where the new head of television was literally locked out of his office by his subordinates"

The ground will also have to be trodden very carefully with the Media Workers' Association of South Africa, which represents most of the SABC's black staff and will not take kindly to new external appointments

These are a few of the other positions which may become vacant in the near future

- Chief executive, television. By all accounts, the present incumbent, Quentin Green, is the most powerful man at the SABC and, by virtue of his influence and experience, he might well retain his post. "He knows too much to risk dismissing," jokes one senior SABC source. Also, unlike many of his colleagues, he does not have a blatant ideological bias towards the National Party. But his clear economic bias towards commercial broadcasting might bring him into conflict with a new public broadcaster-oriented dispensation

- Editor-in-chief and executive editor, Television News Productions. These executives, currently Johan Pretorius and Christo Kritzinger, hold the reins on TV news. While Pretorius must be credited with some of the movement towards unbiased coverage on our screens, both men are still perceived to be doing the bidding of the government. Kritzinger, particularly, has been tainted by claims that he has links to Military Intelligence

The problem in replacing them will be that, although there are many highly competent newspaper editors in South Africa, they do not have the requisite experience in TV newsroom management

- Chief executive, radio. With the recent resignation of Carel van der Merwe, this position is already vacant. Given that the vast majority of rural black South Africans gain their information from the African-language radio stations, this is perhaps the critical position in ensuring free and fair elections

- General manager, Safritel. SABC's in-house TV production house is relatively well run, reaping the benefits of preferential treatment from the corporation. Present incumbent Hennie Human's copybook has been blotted by his South African Defence Force connections: he made propaganda films with covert SADF funds during the 1980s

Barbie touch?

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This, Galombik says, is "evidence that people look to radio and TV for more than just entertainment"

The All Media Product Survey (Amps) ratings for TV1 programmes last week certainly appear to back this up: eight of the top 10 programmes focused on news and current affairs. And, during the same week on M-Net, only five of the top 10 were broadcasts of *Egoli: Place of Gold*.

Put these statistics together and one could reach the conclusion that South African TV does not

need to dredge the barrel of the American entertainment industry to come up with commercially feasible programming. local, it seems, is lekker.

But, cautions Montgomery, it's not that simple. *TV1 News* and *Egoli* do well on the ratings because of where they are placed, the former on SABC's 8pm prime slot, the latter in M-Net's open time. "If you look at the whole picture," he says, "you find it's foreign entertainment that does the best." Indeed, SABC's highest rating of all time went to an episode of the American sitcom *Who's the*

Boss?

And even if local is sometimes lekker—*Orkney Snork Nie* and *Egoli* are two of the more lucrative examples—it doesn't come cheap. The SABC has estimated that local productions cost an average of more than R1 500 a minute, as opposed to bought foreign material, which costs about R300 a minute.

So foreign shlock is both cheaper and popular. Is there any hope, then, of the SABC becoming the kind of public broadcaster that will not only stimulate local production but also give people reflections and interpretations of their own lives, rather than those of blow-dried Barbie dolls from Santa Barbara?

Fawo and the South African Film and Television Institute have started lobbying for a legislated local-content quota on South African television. Among their suggestions are that the public broadcaster be required to include about 50 percent of local productions in its programming, and that at least 30 percent of its programming be commissioned from independent producers.

"There are precedents for this worldwide," comments the scheme's author, Jonathan Miller, who is chairman of Fawo's Independent Producers' Association. "In Britain, for example, all channels are required to commission at least 25 percent from independent local sources. It's the only way to ensure political and cultural diversity."

Given the cost of local production, such a system could only work if it went hand in hand with a subsidy scheme. Many possibilities have been mooted, among them that an independently controlled trust levies a surcharge on either the revenue or the profits of commercial broadcasters and puts it into a fund to subsidise local production.

But even if South Africa were to come into line with successful public broadcasters like the BBC by providing for local content in this way, the question still remains: where does one put the programming that does not score high on the ratings but which plays an informative or developmental role?

The SABC's current answer is the TSS channel and its audio equivalent, Radio 2000. But it's not for nothing that Radio 2000 is known, in the advertising world, as "Radio Garbage Dump", and that TSS originally stood for "The Surplus Sport". Despite the SABC's plans for jacking up the channel, that word "surplus" still casts a pall: if one does go the TSS route, how does one ensure that the channel does not become the dumping ground for a broadcaster's public-service obligations?

Those presently running the SABC see the TSS route as the only answer: using commercial channels to subsidise a separate channel that takes care of "public interest". Others, however, are adamant that public broadcasting must be pumped up so that it can compete favourably with commercial products.

All of which brings us back to *The Bold and the Beautiful* and *Slabbert on Sunday*. Perhaps the problem with the TSS route is that it relegates the latter to the margins, where it is left to flounder with neither technical expertise nor jazzy marketing.

This is not to suggest that the SABC even attempts to transform Van Zyl Slabbert into someone called Ridge or Thorn. But the guy does have a jawline to match his intellect, so why not pep him up a bit, put him on prime time and turn him into a local David Frost? Or why not find a lively current-affairs format that doesn't just languish on talking heads? Popular entertainment and serious viewing are not mutually exclusive.

MOVING THE SABC MONOLITH IN AUCKLAND PARK ...

Does Slabbert need the

If the SABC is truly to become "the people's broadcaster", it will face an awkward dilemma: what to do about the fact that "the people" have chosen *The Bold and the Beautiful* rather than *Slabbert on Sunday* as their national obsession.

"Let's be frank," says Rhodes University Media Studies professor Don Pinnock. "What the experts think the people want and what the people tell us they want are two different things."

For years, the old-style SABC "resolved" this dilemma by telling the people what they wanted; they had no choice, so they watched or listened anyway. Now, the new-style SABC is attempting to resolve the dilemma by functioning as a fully commercialised broadcaster; the people still have little choice.

With the advent of a new dispensation in the future, a new set of experts will be in control. Which route will they take?

"Commercial, competitive broadcasting is the obvious solution," comments John Montgomery, media director of advertising agency Ogilvy and Mather, and chairman of the Media Directors' Circle. "It will ensure that the viewers' interests are met. Viewers' buying power is the surest way of making sure that they get what they want."

Says Nicola Galombik, Transvaal head of the Film and Allied Workers' Organisation (Fawo). "If we really want to know what future programming should look like, we should be asking why

How will a new SABC deal with the fact that viewers choose to watch

The Bold and the Beautiful rather than *Slabbert on Sunday*?

MARK GEVISSER investigates the options

people watch — not simply what they watch. Audience research that only looks at the ratings is inadequate, partly because viewers and listeners in South Africa don't have a choice."

Galombik cites a recent survey conducted for the Environmental Development Agency in the Her-

schel district of the Transkei: 91 percent of the respondents said they preferred programmes which "teach them about the world"; 69 percent favoured religious, educational and news programmes, while a mere 12 percent chose stories and drama.

W/Mead 12/2-18/2/93

Iscor fears a world steel war

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STTT
5 Times (BUS) 14/2/93
By CIARAN RYAN

CHAOS in the international steel market threatens to unleash a rash of anti-dumping investigations, with serious implications for Iscor.

Iscor has applied for an increase in import tariffs from 5% to 20% to replace variable rate formula duties, a move which some customers say will raise steel prices by 15%.

The steel giant exports close to 60% of its total production at below domestic prices — leaving it exposed to charges of dumping in an increasingly protectionist world market.

Volley

The Clinton administration slapped anti-dumping duties of 109% on exports of British steel plate last month, firing the first volley in what could become an all-out steel war. There are fears this could jeopardise the Uruguay Round of GATT and delay further trade liberalisation.

European trade expert Jean-Francois Bellis told delegates at a conference in Johannesburg this week that Europe is certain to emulate the US example and institute anti-dumping investigations against steel exporters. This follows investigations by the EC last year into SA exports of manganese parts at below the domestic price.

The EC is attempting to thrash out an agreement on production cuts among European steel makers. World prices have been hit by falling demand, but producers have been reluctant to trim output, currently 15% in excess of demand. Few steel producers in Europe and the US are making profits because of falling prices.

Mike McDonald, economist with the Steel Engineering Industries Federation of SA, says Iscor may not be in immediate danger of European opprobrium because of sympathy over the harm caused by sanctions. "But that can change very quickly."

Iscor supplies less than 1% of the total world market of 716-million tons

Iscor has applied for 20% ad valorem duties to replace the 5% duties currently in place, a move which has incensed some customers

"Because Iscor prices its products based on what the equivalent imported product costs, this increase in duties from 5% to 20% will, if granted, result in domestic prices going up by 15%," says Robin Bosomworth of the Independent Wire Converters Association

"The export market is becoming increasingly tough for Iscor, so it is attempting to boost profitability by squeezing the domestic market even more"

A spokesman for Iscor says the higher tariffs are being motivated on the grounds that formula duties have to be replaced and ad valorem duties which have to be reduced over time to comply with the Uruguay Round of GATT. He says 20% duties are not out of line with world trends.

"These steps will coincide with the introduction of effective anti-dumping legislation under GATT"

Steel imports to SA account for less than 2% of the total, much of it products

not manufactured in SA. Given SA's geographical location and the cost of shipping steel from producing countries, there is almost no possibility of dumping in SA, says Mr Bosomworth

He says Iscor has been emboldened by the recent tariff increase from 5% to 15% granted to Haggie Rand on high carbon wire, steel ropes and cables and is attempting to have two-tier pricing for downstream producers cast as official trade policy

Undercut

Presently, in addition to the 5% ad valorem duty, a reference price ensures that imported steel does not undercut the local price for cold rolled steel. The formula duty will have to disappear once SA signs the Uruguay Round of GATT

Mr Bosomworth, Iscor's most vocal critic, says domestic prices of steel are up to 60% more than export prices — the so-called two-tier pricing system Iscor defends this system on the grounds that it is common worldwide and that low-margin exports make an important contribution to fixed overhead recovery

Mr Bosomworth replies "Iscor has been trying to hoodwink everyone in the Department of Trade and Indus-

try with this argument. What they do not point out is that the differential between domestic and export prices in Europe are just a few percentage points — not 50% or 60%."

He cites the example of wire rod. The domestic price of \$300 a ton in Germany compares with the export price of \$290, a difference of 3.3%. The same product sells in SA for around R1 250 a ton compared to the export price of R750, a difference of 60%. Cold rolled sheet sells for R2 150 free-on-board in SA, as against an international price of R1 350, a difference of 60%.

The increasing dependence on low-margin exports is reflected in Iscor's earnings per share, down from 43.9c in 1989 to 18.5c in 1992. Exports as a percentage of sales increased from 37% to 53% over the same period.

Local consumers who add value and export steel are able to buy from Iscor at heavily discounted prices. This, however, accounts for a relatively small proportion of total sales.

Metals analyst Kevin Kartun of Frankel Max Pollak Vinderine says Iscor's European markets could start to question the price at which the group is selling steel.

"There is surplus capacity and oversupply, forcing companies like Iscor to export. We are looking at a slow recovery at best."

Drop the SABC's bored

ST Times 14/2/93,

(260)

JENNY HOBBS says dump the politicians and replace them with talented artists and writers when appointing a new SABC board

JOHN VAN ZYL wrote in last week's Sunday Times "Rules for Our Airwaves" that the new broadcasting authority must make human rights a reality for its listeners and viewers.

The Campaign for Independent Broadcasting wants a panel of eminent persons to sift nominations for the new SABC Board

Other commentators have stressed the necessity for impartial news coverage, broadcasting free of government interference, affirmative action in the filling of new positions, and the selection of a board representative of the broader community

Wallow

But where, among all these worthy sentiments — and they are of course eminently worthy and desirable — is any mention of the fact that people turn on the knob of their radio or TV as much for entertainment as for information?

I'd be interested to know the percentage of listeners to political discussions versus those who wallow in the

breakfast sex purveyed by John Berks or groove along with Alex Jay and Cocky Two-Bull

How do audience figures for *Loving*, *Sgudi S'naysi*, *Murder She Wrote* and *TV Sport* compare with those for a fireside chat with President de Klerk or a verbal dingdong between Cyril Ramaphosa and Van Zyl Slabbert?

Our broadcasting authority should have three aims, in my opinion: to inform, to entertain, and to use every minute of spare capacity during the day for educational programmes designed to help eliminate the disparities of apartheid schooling as soon as possible.

Since all three are equally important — we need a break from the daily grind as badly as we need to be informed and educated — it is vital that the new SABC board have entertainers and performing arts people and writers sitting on it, as well as the inevitable pillars of the community.

I hope the chosen are as lively, open-minded and fond of a laugh as they are well-informed, hardworking and

keen to lure lost talent back to broadcasting.

If I had the choice, I'd reject eminences grises, politicians and the politically correct in favour of

Gritty respected journalists like Aggrey Klaaste.

Supreme entertainers like Pieter-Dirk Uys, John Kani and Geina Mhlophe

People who have paid their dues in the theatre world like Benji Francus and Janice Honeyman

People who care passionately about quality TV like Gray Hofmeyr, Mamie van Rensburg and Bill Faure

Practical academics (they do exist) like John van Zyl, Kate Jowell and Kate Turkington.

Writers with good connections to younger talent like Njabulo Ndebele and Andries Oliphant.

Business people with drive and street cred like Bobby Godsell, Jane Raphaely and Naas Steenkamp.

At least one capable, sparky up-and-comer like Mike van Graan and Nicholas Ellenbogen

I would look for "doers" with good, common sense,

broad interests, openness to others, intelligence and humour, rather than tub-thumpers and theorists.

If we are to have broadcasting that is worth listening to and watching, we need board members who will commit themselves to using the best South African talent, as well as importing the best of what's on offer overseas.

Dwindling

Just to film local drama and musical productions for showing on TSS afterwards, an obvious and fairly inexpensive undertaking, could be the saving of our dwindling theatre community

We can't afford to go on losing people of the calibre of Sandra Duncan.

And it's time to stop skimping on payments and salaries for performers, writers, newspeople, producers, technicians and other broadcasting staff. Excellence must be sought, encouraged and paid for.

Starting at the top.

● *Jenny Hobbs is an author and television presenter.*

IN THE wake of reports detailing widespread corruption and maladministration in his department, an angry Transport Minister, Dr Piet Welgemoed, said this week he had inherited a "bankrupt estate".

"When I took over, I inherited a 'bankrot boedel' (bankrupt estate), I inherited lot of bull ... it was a can of worms," he said of the department he took over from Mr George Bartlett, now Minister of Mineral and Energy Affairs

Democratic Party spokesman on transport, Mr Robin Carlisle, described the attack as the most savage indictment by one minister of another in the history of Parliament. The DP will introduce a motion in Parliament next week demanding Mr Bartlett's immediate dismissal from the Cabinet.

The call follows the tabling of the auditor-general's report which said that as result of a combination of corruption and maladministration, the Multilateral Motor Vehicle Accidents Fund (MMF) was R3-billion in the red. The fund is financed by a levy of six cents a litre on petrol and covers Third Party claims in motor vehicle accidents.

Other revelations about maladministration in the transport sector include:

- The release of a report showing a R10-billion shortfall in Transnet's pension fund.

- The selling of fake taxi permits by transport officials which fuelled last week's taxi violence.

- Allegations by a daily newspaper, based on preliminary investigation by the auditor-general's office, that hundreds of millions of rand had possibly been stolen or squandered by the Department of Transport

INNOCENT

Evidence of mismanagement and corruption in the administration of the MMF came to light shortly after Dr Welgemoed became Minister of Transport in April 1991, a position Mr Bartlett had held since 1989.

Mr Bartlett said on Friday that he had not seen the report.

However, he claimed no responsibility for the financial disarray and mismanagement of the fund Mr Bartlett was chairman of the Council of Ministers

Transport was a can of worms, says Piet

By EDYTH BULBRING: Political Correspondent

from the TBVC states which appointed the executive committee which managed the day-to-day running of the fund.

He said one could not expect the chairman of the board to know "exactly what is going on at any one particular moment". The minister relied on his staff to inform him and on this basis made decisions.

"They tell the minister that everything is fine. What must the minister then do? Must he say, 'No, let me take the books home tonight and study them?'"

MISSING

In the annual report of the fund for the year ending 1990, Mr Bartlett had commended the executive committee for the efficient way they had exercised their powers over the management of the MMF.

Mr Justice D Melamet, who headed the commission appointed by the government to investigate irregularities in the fund, held a different view.

Mr Carlisle said he accepted that a minister could not be expected to know minor details such as when R1 000 went missing. "But when billions are maladministered and stolen over a period of years, and when the minister concerned signs reports saying all is well, then he can no longer hide behind the claim that he did not know."

He said that Dr Welgemoed had seen, almost immediately on taking over from Mr Bartlett, that things were seriously amiss with the fund.

In attempting to clean up the Transport Depart-

ment he had in 20 months:

- Asked for a commission of inquiry into the MMF. This was undertaken by Mr Justice Melamet and the report showed gross malpractices.

- Committed himself to implementing the Melamet proposals on restructuring the MVA. This will be completed by May 1 this year.

- Got rid of the director-general of the department, Mr Ronnie Meyer, who had been the chairman of the fund's executive committee.

- Dismissed the director of the fund, Mr JP Oosthuizen.

- Got rid of the director and deputy-director of the Rail Commuter Corporation, Bart Grove and Kobus Nel, who had unwisely invested millions of rand.

- Dissolved the National Road Safety Council which had spent R25-million a year and had done nothing effective with the money.

- Dissolved the Transport Advisory Council and appointed new members.

- Instituted over 25 investigations into various aspects of his department.

He said he was confident he could save the MMF.

A new director had been appointed to replace Mr Oosthuizen.

Regarding allegations that he had favoured a particular transport company, as alleged in a daily newspaper, Dr Welgemoed said he had taken legal advice on the matter.

"I have got nothing to hide. If they say I am a crook and it is proved, the President must fire me. I don't need this rubbish when I am trying to save a company (MMF)."

Govt urged Star 15/2/93 to move on (260) 'new SABC'

By Helen Grange

Pressure is mounting on the Government to expedite the appointment of a new independent SABC board.

The Campaign for Independent Broadcasting (CIB) yesterday again voiced its objection to the Government's "delaying tactics", after having been informed by President F W de Klerk that he would not personally intervene in the process.

De Klerk's refusal to be drawn in follows the CIB's recent request to him to kick-start a civil process for the new board's appointment in the light of Home Affairs Minister Louis Pienaar's "delaying tactics".

In a statement yesterday, the CIB accused De Klerk of aiding Pienaar in his attempts to pre-

vent the Government from having to relinquish control of the SABC and its use as the Government's "major propagandist and apologist medium".

The ANC has meanwhile proposed that Mr Justice Ismail Mohammed and Mr Justice Piet Schabert be appointed to initiate the appointment process. It is expecting the Government to respond this week.

The current SABC board's reign ends at the end of next month and chairman Professor Christo Viljoen has already agreed to relinquish his post.

The CIB said a delay in appointing a new board by March 31 would seriously jeopardise the implementation of the process required to transform the SABC "from a National Party lackey into a professional, independent medium".

look the head with three
was no match for her, thi

Budget: Govt asks for extra R4,5bn

By CHRIS WHITFIELD
Political Staff

260

THE government has asked Parliament to approve additional spending of R4,5bn for the 1992/93 year, most of which it claimed was the result of unforeseen factors such as the drought. Presenting the Additional Appropriation Bill yesterday, State Expenditure Minister Mr Amie Venter said the estimated overspending resulting from normal activities of departments amounted to about R770m. The additional amount he asked Parliament to ratify was the result of the cost of servicing the state debt (R740m), drought relief (R240m) and providing for the operating deficit of the SA Rail Commuter Corporation (R620m). The Democratic Party lashed out at spiralling central government expenditure, saying it was running at close to double the inflation rate and amounted to 36% of the gross domestic product in 1992/93. The R4,5bn amounts to a 5% increase on the government's original estimate and pushes the deficit close to R30bn. The budget for the 1992/93 year would be just over R100bn, Mr Venter said.

CT 16/2/93



Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament

Richards Bay Iron and Titanium (Pty) Ltd <i>Claim period</i>	<i>Claim value (R)</i>	<i>Interest (R)</i>
1 9 80-31 12 80	920 313	224 714
1 1 81-31 12 81	3 919 654	951 035
1 1 82-31 12 82	5 152 385	1 248 889
1 1 83-31 12 83	5 459 073	1 311 244
1 1 84-31 12 84	8 574 107	1 990 050
1 1 85-31 12 85	16 033 667	3 641 788
1 1 86-31 12 86	20 063 783	3 773 998
1 1 87-31 12 87	17 925 033	3 371 699
1 1 88-31 12 88	26 913 955	5 062 514
1 1 89-31 12 89	34 895 204	6 563 788
1 1 90-31 12 90	8 110 995	1 525 678
	147 968 169	29 665 397

Tisand (Pty) Ltd

<i>Claim period</i>	<i>Claim value (R)</i>	<i>Interest (R)</i>
1 1 80-31 12 80	12 511	—
1 1 81-31 12 81	44 968	14 502
1 1 82-31 12 82	40 669	13 116
1 1 83-31 12 83	34 070	10 988
1 1 84-31 12 84	37 580	8 722
1 1 85-31 12 85	30 585	7 099
1 1 86-31 12 86	41 716	7 847
1 1 87-31 12 87	65 610	12 341
1 1 88-31 12 88	70 765	13 311
1 1 89-31 12 89	68 820	12 945
1 1 90-31 12 90	9 655	—
	456 949	100 871

In addition, Richards Bay Iron and Titanium (Pty) Ltd received in total an amount of R165 852 615 under the electricity rebate scheme during the period 1983 to 1992, which scheme was discontinued on 31 December 1992

- (2) Yes, loan funding has been provided by a consortium of banks, including the Industrial Development Corporation (IDC), to the company concerned
- (a) and (b) The information cannot be provided as IDC loan particulars are confidential. The information is, however, known to the Minister of Trade and Industry and can, on a confidential basis, be furnished to the hon member
- (3) The company does not, apart from the above-mentioned, receive any other assistance from the Department of Trade and Industry

Monetary donations by State to companies

*7 Mr J CHIOLE asked the Minister of Trade and Industry †

- (1) Whether the Government made any monetary donations to certain companies during the period 1 January 1989 up to and including 31 December 1992, if so, (a) to what companies and (b) why, in each case,
- (2) whether an analysis of the profits of these companies was made during this period, if not, why not, if so, with what results,
- (3) whether it is envisaged to donate state funds to these companies in 1993, if so, what estimated total amount,
- (4) whether he will make a statement on the matter?

THE MINISTER OF TRADE AND INDUSTRY.

- (1) The period referred to in the question suggests that the hon member is referring to the threshold support granted to companies in terms of the Innovation Support for Electronics (ISE) Programme, administered by the Department of Trade and Industry in conjunction with the Industrial Development Corporation. Accordingly the following information is furnished
- (a) Particulars of the companies which received funds for completed projects, as well as of projects which are still in progress for which funds have been allocated since the inception of the programme up to 30 September 1992, have been published. A copy of the latest six-monthly report for the period ending 30 September 1992 was made available to the hon member. The next report will cover the period up to 31 March 1993 and will be released shortly after that date
- (b) The financial support provided is in respect of research and develop-

ment of new electronic products. This threshold support covers fifty per cent of specified costs and is subject to a financial ceiling set for each project, not to exceed R2 million for a single project

- (2) Analyses of the financial position of companies applying for support are made before allocation of funds, to establish whether the companies receiving the support would be able to fulfil their contractual obligations in terms of the programme. Companies must be in the position to fund the costs of the development in respect of which an agreed amount is refunded after the completion of each specified milestone, based on actual expenditure. Payment is effected against audited claims. The company must also certify with each claim that its financial position has not substantially deteriorated

- (3) Payments will be made to beneficiaries in 1993 in terms of existing uncompleted contracts as and when milestones are reached. An amount of R42,7 million has been allocated for outstanding milestones scheduled to be completed after 30 September 1992. Claims for assistance may be submitted in accordance with the underlying contracts in respect of new applications considered after 30 September 1992 with milestones to be completed in 1993 and thereafter. According to the latest six-monthly report on the ISE Programme, an amount of R69,3 million is available for new applications. The allocation for the ISE Programme for the 1992-93 financial year has been reduced from R40 million to R19 million. No provision is made for the ISE Programme in the 1993-94 financial year.

- (4) In the light of the success achieved with the ISE Programme, which demonstrated multiple returns on Government's investment in electronic product research and development, Government has decided to extend the ISE programme to cover all sectors of industry. A proposed new Support Programme for Industrial Innovation (SPII) will be introduced on 1 April 1993. Apart from its wider product coverage, the SPII will differ from

the ISE Programme in that support will be limited to one third of the specified development costs of new innovative products to a maximum of R1 million per project. This will permit the accommodation of the larger number of applications expected. Consideration is also being given to the repayment of financial support received by companies in the case of successful products, following the example of other similar schemes locally and overseas. In this manner, financial assistance can be rendered on a broader base in support of essential product innovation, which holds the key to technological advancement and the international competitiveness of South Africa's manufacturing industry.

The SPII will be launched on 1 April 1993 with the available ISE funds (approximately R88 million) as well as funds allocated for the general promotion of technology (approximately R18 million). These funds could be supplemented by Government in view of future requirements and the success of the new programme

Call-up instructions complied with

*8 Dr W J SNYMAN asked the Minister of Defence †

What percentage of (a) Commando and (b) Citizen Force members of the South African Defence Force had complied with their call-up instructions during the latest specified period of 12 months for which information is available? B45E

THE MINISTER OF DEFENCE

The MINISTERS OF DEFENCE

1 January 1992-31 December 1992

If the percentage of members who complied with their call-up instructions includes those members who obtained deferment/exemption or could not report for a specific reason, then the percentages are as follows

(a) 89,3%
(b) 86,2%

ANC has plans to buy Capital Radio

Own Correspondent

EAST LONDON — The ANC has confirmed it is considering buying the ailing Durban-based Capital Radio station

ANC spokesman Mr Carl Niehaus said yesterday negotiations were still at a preliminary stage and he could not say if an offer had been made to buy Capital

Mr Niehaus said the interest in Capital was not from the ANC alone, but from a broad spectrum of organisations

Transkei military ruler Major-General Bantu Holomisa confirmed yesterday the ANC had expressed an interest in buying the station, but said he had advised against it. The station is owned by the Transkei.

NP election body named

By BARRY STREEK
Political Staff

A POLITICAL analyst often used as a commentator by the SABC, Dr Jan du Plessis, was last night named as a member of the National Party's new election strategy committee

19/2/93
The names of the members of the committee were announced by committee chairman Dr Dawie de Villiers, the party's Cape leader

Dr Du Plessis has frequently appeared on television to comment on political developments, but his political affiliation has not been known publicly

The committee includes the Minister of Health, Dr Rina Venter, the Minister of the Budget in the House of Representatives, Mr Gerald Morkel, and Mr Piet Coetzer, director of the party's federal information services.



Eskom looks at new plan to light up sub-continent

ELECTRICITY is an essential ingredient to meaningful economic growth, as it is only when people have access to reliable, safe and affordable energy that they establish and build manufacturing and exporting enterprises, says Eskom CE Ian McRae.

In line with this reasoning Eskom, together with other African electricity supply companies, has begun working on a plan to link many African countries on a single network of electric power lines.

The basis of the African grid, as explained in a statement from Eskom, is to harness the huge hydro-electric potential which exists on rivers such as the Zambezi and the Zaire. It would provide industries throughout Africa with some of the cheapest electricity in the world giving them a competitive boost in export markets.

At present Eskom has more generating capacity than it needs and is exporting electricity to other countries. In the future, however, as SA's electricity needs increase, the grid will give Eskom access to

electric energy without it having to build its own power stations.

Another important factor which underlies the grid concept is the current crippling drought: without sufficient water to drive hydro schemes, several countries are experiencing severe energy shortages. An example is Zimbabwe, whose future options include new hydro schemes or links with Cahora Bassa or Eskom's network.

Carries

A low-capacity link from Eskom at Messina into Zimbabwe's network at Beit Bridge has already been in operation since October 1992. It carries about 40 megawatts, leaving a shortfall in Zimbabwe of about 200 to 300MW.

The statement says that new hydro schemes in Malawi and Angola are well under way, while possibilities are being explored in Namibia, Zimbabwe and Zambia.

In 1991, Eskom sold power to all its neighbours.

Weekly Mail enters broadcasting world

THE Weekly Mail has quietly entered the world of broadcasting, and is talking to the SABC and M-Net about current affairs programmes

Towards the end of last year, the Weekly Mail entered into a joint venture with production company Free Film Makers to form Weekly Mail Television. The company's joint executive producers are Weekly Mail co-editor Anton Harber and Free Film Makers MD Jonathan Miller.

Miller said yesterday the company

(260) MARCIA KLEIN

would produce a range of documentaries for international and domestic markets

It was talking to the SABC and M-Net about possibilities regarding current affairs programmes and was developing longer, investigative documentaries for British television. It had completed a number of short current affairs programmes for a Dutch television station, which Weekly Mail Television represented in SA.

8/10/93 19/12/93

Party wants

'Boer radio'

JOHANNESBURG
The Boerestaat Party has decided to apply for a licence for a radio transmitter, leader Mr Robert van Toonder said in a statement yesterday.

"Recordings show that the SABC broadcasts 74% British/American culture against 26% Boere culture and language," he said. A "Boer transmitter" would serve to promote the Boer language and culture as well as the (old) Dutch culture. — Sapa

Talks over SABC board 'stall'

SOUTH 20/2 - 24/2/93

260

NEGOTIATIONS regarding proposals for a new SABC board have reached a deadlock because of the cabinet's refusal to ratify them.

The Campaign for Independent Broadcasting (CIB), which has proposed a timetable to appoint a new SABC board, say its plan has not even begun yet because the campaign has not been given the authority to implement it.

"The cabinet has to approve the timetable. It meets this week to discuss the proposals," Ms Barbara Hogan of the CIB said.

According to the timetable, the state president should publicly request Mr Justice Ismail Mahomed and Mr Justice Petrus Schabert (co-chairpersons of Codesa's broadcasting committee) to notify political parties and organisations that a new procedure for the appointment of the board is to be set in motion.

Parties and organisations have to nominate 10 eminent South Africans to serve on an appointment committee within a week of receiving the notice. Appointees to the new board would be subject to public auditions. Hogan said the cabinet did not agree on appointing judges to oversee the process or on public auditions.

"The two judges are not attached to the Supreme Court and have been relieved of political duties. Thus, they will have a degree of autonomy.

"We want the auditions to be public so people are assured that no group takes control of the board and no secret deals are struck," Hogan explained.

The cabinet felt public auditions would be too inquisitorial, she said.

"We do not wish nominees to

disclose things such as their political affiliation but rather assure the public of the quality and suitability of the candidate," Hogan added.

The CIB also requested a meeting with the state president to discuss the deadlock, but he declined.

Hogan said the cabinet's decision on the proposals was expected this Thursday.

● The CIB timetable to appoint the board is as follows:

● The state president requests Mr Justice Mohamed and Mr Justice Schabert to inform public parties and organisations of a new procedure to appoint members to the SABC board.

● 8 February, 1993: Every political party or organisation nominates ten prominent South Africans to serve on a selection panel for the new board. The public is also requested to submit nominations for the board.

● 15 February, 1993: The judges choose and confirm the appointment of seven people to the selection committee.

● 22 February, 1993: Closing date for public nominations for a new board.

● 1 March, 1993: A shortlist of potential new SABC board members — as well as a long list — is released.

● 15 March, 1993: Public auditions are held for those on the shortlist.

● 22 March, 1993: The new SABC board is announced. The names are handed to the state president and printed in the Government Gazette.

● 31 March, 1993: The new board takes over.

KAREN WILLIAMS

SOUTH AFRICA's highly-subsidised Atomic Energy Corporation is discussing a deal with the Russians to enrich uranium for use as nuclear fuel at Koeberg.

Discussions with the Russian nuclear authority are at an exploratory stage but hold the prospect of both cheaper electricity from Koeberg and reducing the government subsidy — R685-million last year — to the AEC.

Nuclear fuel production in SA has been one of apartheid's costliest legacies. Government has spent billions of rands to enable the AEC to earn R140-million annually selling fuel at inflated prices to Eskom for use at Koeberg.

The AEC acknowledges that its uranium enrichment plant at Pelindaba is non-viable and says changed international politics have created the possibility of sourcing more economical fuel.

An agreement for future co-operation between the AEC and Russia was concluded towards the end of last year. Discussions "are being conducted on an on-going basis", the AEC says.

Under consideration is uranium enrichment, the most expensive and sensitive part of the process, whereby uranium is converted into nuclear fuel.

Industry sources allege that the AEC is negotiating in secret and does not intend passing on savings to Eskom and electricity users. This is refuted by the AEC.

SA is set for nuclear deal with Russia

S/Times (Buss) 21/2/93.

By KEVIN DAVIE

"It has never been the intention to prevent disclosure of the matter under discussion," says AEC's Dr Karel Fouche. "It is accepted practice in the business world not to divulge commercial terms of negotiations and discussions prior to entering into an agreement."

Contract

The Russian parties involved are understood to be state nuclear authority Minatom and Tenex, which markets Russia's nuclear fuel.

A source says AEC sells its fuel to Eskom in terms of a long-term contract at \$200 per SWU (separative work unit), while Russia can supply at below the world price of \$68 per SWU.

Sourcing the fuel from Russia would save about R80-million a year, the source estimates. The AEC

says that its fuel is sold to Eskom at prices substantially below \$200 a SWU, but does not disclose the amount.

The AEC last year received a government subsidy of R685-million (R213-million for financing costs and loan redemption) to produce fuel for Koeberg valued at R140-million.

But the AEC stresses that its negotiations with Russia "would not include the possibility of (supplying) all SA's nuclear fuel needs."

Dr Fouche says it has never been claimed that nuclear fuel production at the uranium enrichment plant at Pelindaba would be commercially viable.

"The decision in the late 70s to erect the plant was taken to secure nuclear fuel for Koeberg when procurement was prohibited as a result of sanctions."

"Realising the inherent non-viability of the plant — and being conscious of the changing international politi-

cal climate — the AEC, in collaboration with Eskom, is continuously exploring possibilities to provide the most economical fuel services," says Dr Fouche.

"Exploratory discussions have been held and are being conducted to achieve this objective. No agreements have been reached and no contracts regarding the purchase of SWUs have been concluded."

A source says Eskom would like to be free to buy its nuclear fuel needs at the cheapest price and not be limited to the AEC contract, which was signed in the sanctions age.

But the AEC claims that "the present negotiations are being conducted with the full knowledge and approval of Eskom's top management."

Informed

Asked to comment, a spokesman says Eskom has no knowledge of discussions between the AEC and the Russians. The spokesman later said that Eskom's Ian McRae is a board member of the AEC and is informed in this capacity but does not feed back information.

"Eskom expects to be fully informed when the deal is signed," the spokesman says.

"Eskom will be party to final negotiations before, and if, any contract with any foreign supplier is entered into," says Dr Fouche. He says this is a prerequisite in terms of the existing AEC/Eskom contract.

"No agreement is to be concluded within the near future," says Dr Fouche.

Dr Johan Kruger, of the Bernard Price Institute, says that SA would be better off if nuclear fuel production was "cut off at the knees." He claims that at present Eskom and the taxpayer are subsidising the AEC "to make it look competitive."

"It would be better if Eskom imported the fuel directly and not through the AEC, and thus cut out an expensive statutory middleman," says Dr Kruger.

ANNUAL REPORT TO THE PARLIAM

Millions lost in vehicle fraud

260

Political Staff
SERIOUS irregularities regarding Phase VI of the motor-vehicle local content programme had come to light and several million rand could be involved, the auditor-general reported.

He said the irregularities arose from the abuse of incentives by certain businesses in the private sector.

In his report for the 1991-2 financial year, the last for which he was responsible, Mr Peter Wronslley said the Department of Trade and Industry had summarily stopped payment of excess rebates about which doubts existed and subjected the irregularities surrounding the scheme to investigation.

The investigation had not yet been completed. He believed the irregularities and the proportion they had assumed, was not only due to fraud but to a lack of effective and efficient control.

A limited investigation into the operation of Phase VI and the control measures applied by Customs and Excise, to ensure the correctness of excise duty rebates manufacturers were allowed, revealed a number of "risk areas" and "shortcomings".

He said an excise account return was primarily a self-assessment by a motor-vehicle manufacturer, and because all supporting documentation was kept by the manufacturer, this limited the audit investigation.

The risks and shortcomings had been brought to the attention of the commissioner of Customs and Excise on November 23.

Cost-cutting gives boost to Sasol

By Sven Lünsche

(260)

STAR 23/2/93.

An extensive cost-cutting programme enabled diversified chemical group Sasol to report continued profit growth in the six months to end-December.

Attributable profits in the interim period were up by 9,4 percent to R583,5 million from R533,4 million in the same period in 1991, while earnings per share improved from 36,5c to 38c.

The interim dividend

has been lifted by 4,1 percent to 38c from 36,5c.

The increase at the bottom line was achieved despite only moderate turnover growth to R4,08 billion (R3,96 billion) and a 5,4 percent fall in operating income to R822,3 million (R868,8 million).

It was also aided by reduced interest payments of R64,1 million (R119,4 million) as a result of further redemption of the Sasol III loan as well as increased cash

funds.

A lower effective tax rate cut the tax provision by R50 million from R208,7 million to R158,7 million.

Sasol ascribes the improvement at the attributable earnings level to "an extensive cost-cutting campaign, the benefit of which will be felt for many years to come.

"Secondly, the stable high-level operation at Secunda Collieries, Sasol II, Sasol III and Polymers as well as the explosives plant ensured

high production volumes which were marketed successfully, albeit, in certain cases, at declining prices."

Sasol adds that further profit growth was held back by the depressed local economic conditions, declining prices of chemical products and the unchanged rand-dollar exchange rate and refining margins.

It expects profits for the full year to improve by roughly the same degree as for the interim period

Power plan plugs into R2,2bn Eskom fund

ESKOM had set aside R2,2bn for its "electricity for all" programme to electrify 160 000 homes every year from now until 1996, Eskom communications manager Bongani Khumalo said yesterday.

Khumalo told a news briefing Eskom was aware of how great the challenge was, with 23-million people still without electricity. He said 93 000 houses had been electrified so far this year, the first year of the programme, and 150 000 the previous year.

He said an offshoot of the campaign would be the business opportunities it afforded industrial entrepreneurs, thereby

creating employment.

Among the problems Eskom had experienced in carrying out its task was its inability to manage the supply of electricity in the townships, a right held by local authorities. The obstacle was being overcome as councils showed preparedness to hand over the running of supply.

Payments by Greater Soweto residents, who had previously lumped electricity payments with rent and other services in their boycott, had jumped to 90% from less

than 20% since Eskom took over management of supply last April.

"Eskom sees itself as a key player in a changing SA and is aware of its responsibility in facilitating a smooth transition"

This would come with getting to know what people demanded, he said.

The introduction of the prepaid card system of electrification had been well received and he saw it as the most effective way of electrifying informal settlements. The system was also being introduced in formal housing.

● Picture Page 3

Key Market Movements — Feb 19 to Feb 22

he can do is to stand helplessly before us. In the meantime, on 17 February, *Die Burger* wrote half a page about the growing Chinese population in South Africa. They say they come as entrepreneurs. They are prosperous.

Recently the most expensive stand which has ever been sold in Bloemfontein, was sold to a Chinese person. They do not marry Blacks or live in Black communities, because they come as employers, as bosses. They are prosperous almost immediately. That is why we want to warn the Government here this afternoon that it must expect objection from ANC circles with regard to these immigrants from the East soon. They immediately end up in an elite situation here. They do not come as labourers, and they will soon be labelled as racists, but this time as Yellow racists, because with their arrival they immediately control and dominate the Black people in this country. The danger which this situation holds for South Africa as a whole, the fact that it has a disruptive effect, seems apparent from what is reported in the *Cape Times* today concerning that century-old, I almost want to say shrewd, very clever community, namely the Jewish community.

*Mr SPEAKER Order! The hon member's time

*Mr L F STOFBERG The report reads ~~that~~ The majority of South Africa's 80 000 Jews fear Black rule and want to leave the country.

*Mr SPEAKER Order! The hon member's time expired a long time ago. The hon member must listen when the Chair speaks.

*Mr R V CARLISLE You are a racist! You are an anti-Semite! [Interjections]

*Mr SPEAKER Order! The hon member for Wynberg must control himself. The hon member Mr H D K van der Merwe may proceed.

*Mr H D K VAN DER MERWE Mr Speaker, I want to remind the hon the Minister [Interjections] Mr Speaker, I only have a minute left.

*Mr SPEAKER Order! The hon member for Wynberg must restrain himself. I shall give the hon member the usual amount of time.

*Mr H D K VAN DER MERWE The hon the Minister is referring to good police and officials. Does he know that the Police of South Africa

are swamped trying to bring about the necessary order internally? The poor policemen and officials, who are already underpaid and overworked, are no longer able to bear this intolerable burden which this Government places on them and on South Africa.

If I look at the Government's record, I see that the late Al Capone would have enjoyed a good life in South Africa today. The public does not want to hear the peoples of South Africa will still experience the kind of government they have placed in power here. If the hon the State President would just hold a bush conference one day and look how things are going in South Africa today, he would see that he no longer has any control over the citizens who live here, or over those who enter or depart. [Time expired]

*The MINISTER OF HOME AFFAIRS—Mr Speaker, I shall be the first one to agree with the hon member Mr H D K van der Merwe that the Police have a tremendous and enormous task to perform in South Africa, and they do so with great skill. However, I can give him the assurance that in spite of their enormous task, they are also prepared to listen to the requests of the Department of Home Affairs to identify these illegal immigrants and to detain them, so that we can take the necessary steps to deport them.

[This takes place on a regular basis, whether we are talking about Oriental immigrants or Mozambiquans who cross the border. Last year we relocated 61 000 immigrants across the border. Consequently we have effective machinery.

The hon member for Sasolburg—I hope he is listening to me—should know that hunger knows no bounds. If there is hunger in neighbouring countries, people will cross the border and one will not be able to stop it. Not even the lions of the Kruger National Park stop the Mozambiquans who cross the Park on foot in order to find a livelihood in South Africa which they cannot find in Mozambique. We have already debated this matter and the situation will improve once there is peace in Mozambique and the people can be resettled there.

I would also like to make the following point. The Chinese which the hon member is referring to also include the Chinese from the Republic of China, who make a very valuable contribution in this country as entrepreneurs who bring technology into the country and create job opportunities. We must not underestimate the

contribution which those Chinese make to South Africa. Debate concluded.

SABC: Board of Directors

2 Mr P G SOAL asked the Minister of Home Affairs

- (1) Whether consideration has been given to the appointment of the new board of directors of the South African Broadcasting Corporation which is due to assume office on 1 April 1993, if not, why not, if so, what steps have been or are being taken to ensure that this board is appointed on merit and is broadly representative of the South African population,
- (2) whether the proceedings in respect of the selection of the members of this board will be public, if not, why not, if so, what are the relevant details?

B206E INT

The MINISTER OF HOME AFFAIRS Mr Speaker, the hon member is aware of the fact that I have had discussions with a number of parties on the procedure to appoint a new board for the South African Broadcasting Corporation. In terms of the law as it stands, the hon the State President makes the appointment.

In the past this was done unilaterally, in isolation, by the Government without reference to other parties. This has created the perception that the members of the board are all Government supporters. This is of course not true, because one can identify quite a number of persons on the present board who support the DP or the ANC.

At Codesa the composition of the SABC board was raised as a matter which required attention in the process of leveling the playing fields in the period leading up to the elections. Nothing in the Act prevents the hon the State President from being given advice on the appointment of this board. A procedure will therefore be followed whereby an advisory structure, committee, or whatever one wishes to call it, is set up in such a way that interested parties have access to such a structure or committee. That is a more transparent procedure.

The appointment of such a structure and the persons who will serve on it are matters which

are receiving attention and which will hopefully be settled very shortly. It is anticipated that the recommendations for the nomination will be given to the hon the State President in good time for the reappointment of the board by 1 April 1993.

In reply to the hon member's question I may therefore say yes, consideration has been given to the question of the appointment of the SABC Board by 1 April.

The advisory board will be able to set its own procedures and criteria for appointment, but it would be well advised to consider the issues raised by the hon member, namely that members be appointed on merit and that they be broadly representative of the South African population. However, there may be other criteria as well. Allow me to mention a few. Here one is not dealing with a *numerus clausus*. They must not have a financial interest in broadcasting. [Time expired]

Mr P G SOAL Mr Speaker, the hon the Minister's reply has been very disappointing, because he has not given us any details. I am pleased that there is to be this panel. However, when the hon the Minister replies to this interpellation again, would he please give us some more details? When is it going to be appointed, when is it going to meet, how will it be structured and how will it conduct its affairs?

We in the DP have no doubt, and would urge the Government to accept, that the new board of the SABC must be appointed on merit and should reflect the broad sweep of the South African population. It is a matter of urgent public concern that the SABC board be reconstituted no later than 1 April 1993, and I am pleased to hear that the hon the Minister also believes in this. It is urgent because the SABC is in dire need of a thorough review of its management policies.

We have to ensure that the national broadcaster is fair and open to all South Africans. We simply cannot go through the transitional period of the next 12 months, which will lead to an election in which all South Africans are to participate, with the SABC as it is currently constructed—reporting on and reflecting the national debate in its own particular style. South Africans believe that the national broadcaster is not impartial in its news-gathering and dissemination policy. The Campaign for Open Media, reporting on

the January activities of the SABC, says that the news coverage by TVI News from the beginning of the year and particularly in the run-up to Parliament has shown a negotiations bias in favour of the Government

I must admit, however, that the situation has changed during the course of the past few years and there has been a definite, very welcome improvement in the manner in which news and views are presented. The SABC staff will no doubt feel that allegations of continuing pro-Government bias are unfair, but a new independent board, determined to ensure free and fair comment, will guarantee that the newsroom acts in an impartial and responsible manner

In addition I am convinced that the SABC should hire a respected senior executive from the outside with adequate staff to operate as an ombudsman. The ombudsman should be independent of the chief executive of the SABC, but should investigate and report both to him, that is the chief executive, and over the airwaves to the public on any allegations of bias brought to his attention. This is a matter of urgent public concern, and I would urge the hon the Minister to give us as much information as he can

*Dr P W A MULDER. Mr Speaker, this Government is engaged in a political power struggle at present and I do not think it realises what it is actually doing. In this power struggle, at Codesa and in other places, the ANC long ago identified the SA Defence Force and the SABC as the most important instruments of power, and the ANC is concentrating on them

I could enumerate the former Ministers of the SA Defence Force for hon members. Hon members heard yesterday that the picture frames are now being made in such a way that photographs can be inserted or extracted. As regards the SABC, the present hon Minister of Foreign Affairs was charged with this portfolio in 1986, and in 1987 it was Minister Schlebusch, in 1988 it was Minister Stoffel van der Merwe, in 1989 it was the present hon Minister of Defence and Land Affairs, then it was the present hon Minister and now it is going to be the hon the Deputy Minister of Justice. That is an indication to hon members of how little the Government cares. We realise the importance of the matter as seen from their point of view

However, we are dealing here with the appointment of a board. According to a newspaper HOUSE OF ASSEMBLY

report today Mr Ramaphosa said that the constitution of the board would be finalised next Tuesday and Wednesday. The hon the Minister of Home Affairs must tell us whether this is correct or whether the hon the Minister of Communications is making random statements in this regard without having consulted him, because this is the impression being created

We will gain nothing by substituting an ANC board backed by the SACP for a present NP board backed by the Broederbond. Nothing can be achieved by this. The hon the Minister must take a look at the South West African situation, at which he himself was present. The board could in no way contribute to the winning of that election

The CP is also seeking a more representative board. We, as a party, have had plenty of experience of this. During the referendum over 2 million voters supported us, but we had no representation on the board. [Interjections.] However, hon members are naive if they think that eventually they will be able to make the SABC more objective and fair by making the board more representative

The problem lies with the newsmen, those fellows who quickly delete or insert something at 19 50, or decide whether or not something is to be used. If the NP want to participate in an election, they must rather ensure that there is an ombudsman or some or other mechanism with which to control the news section. The board will not be able to do so from the top. That is where the problem lies. [Time expired.]

THE MINISTER OF HOME AFFAIRS. Mr Speaker, I would just like to refer again to the criteria which I feel should be taken into consideration by the advice mechanism which is to be established

I have already referred to two aspects raised by the hon member. However, I mentioned before taking my seat that there is also the question of having persons on the board who have no financial interest in the affairs of the SABC, and whose political opinions will not cloud their objectivity in managing the affairs of the board. Therefore, I would suggest that practicing politicians would not be considered. They should be respected South African citizens

*In reply to the hon member for Schweitzer-Reneke, who has just resumed his seat, I want to

say that the whole concept of accommodating the diversity can also be introduced. Here I am referring to regional diversity as well as the various population groups and the various cultures in South Africa and what they entail

Then there are a whole group of experts

*THE STATE PRESIDENT. Not political parties!

*THE MINISTER. Not political parties. That is obvious

Many of them have expertise that, in my opinion, can also be borne in mind in this regard, such as linguistic, cultural and financial skills. The principle of continuity must also be borne in mind, because there is a present board and there is a future board. One cannot abolish the one absolutely. There must be some continuity from the old board to the new board

†However, I would like to tell the hon member that the appointment of a new board is not the be-all and end-all when it comes to securing the sort of impartiality that he was referring to. [Time expired.]

Mrs C H CHARLEWOOD. Mr Speaker, there is no doubt that we should see a greater extension of the SABC board, one that would also include trade union representation, as is the case in Germany

I would like to go beyond that and say that what we need is to get the broadcasters on board, and by that I mean represented on the board. These are the people in the engine room who are writing the scripts, these are the interviewers and the producers of the in-depth actuality programmes, people whose journalistic independence has been frustrated over the years, so many of whom are dedicated and honest and who have been subjected to blatant censorship and the distortion of their message to the people of South Africa. No one would deny that there have been many who have jumped at the sound of His Master's Voice

I think we all know who they are by sight and sound. However, I am not speaking about those. No, I am speaking about those who have suffered the agonies of being torn between their love for the broadcasting media, television and radio—without an alternative to the SABC—and their professional integrity, which has driven many of them into a crisis of conscience

and cost us, in the end, some of the finest talent in the business

It is still possible, even with the fairest, most representative board, to find that this fairness does not filter down to the working echelons. Blockages may occur on the way, where prejudiced attitudes of those in charge may distort and determine the content of what is written and produced and finally seen and heard by the people of South Africa. The board may be undergoing a restructuring, but there will still be members of the old guard functioning at the SABC. We cannot afford a repeat of the bad old days when a telephone call from Tuynhuys determined the slant of the news, which was taken as the prerogative of the government of the day. We cannot afford, either, for access to the board by broadcasters to be blocked in any way. The answer is simple. Represent them on it and let the lines of communication be open and clear. [Time expired.]

Mr P G SOAL. Mr Speaker, the hon the Minister is not telling us about the selection process. Is the delay in announcing the process because they have not decided who the judges will be to chair this panel? Is it because they do not mind Mr Justice Schabert, but they do not want Mr Justice Mahomed on this panel?

Once that panel is selected, will he tell us whether it is going to be a public process? We in the DP believe it should be a public process. Those willing to serve on the SABC board must be prepared to answer questions in public with regard to their suitability for service on the board. I would think that a system similar to the US senate hearings should be incorporated in this regard. This would ensure that no persons with hidden agendas or unknown indiscretions would be appointed to the board. We do not want any Zoe Bards appointed to the SABC board and we want to ensure that the public hearings will give us people on that board who are squeaky clean. I would ask the hon the Minister please to tell us about the process that is to be followed. Why is there a delay? How is it going to function? Will it be held in public? The public want to know

THE MINISTER OF HOME AFFAIRS. Mr Speaker, perhaps the hon member did not follow me when I spoke the first time. I did explain that this advisory mechanism would be able to follow its own procedures, and I did say that interested parties would be able to make sub-

missions or have access to the mechanism. To my mind, it is a public process, in a certain sense of the word.

We are in the final stages of setting this with interested parties. It is very difficult to take this matter further at this stage, but I invite the hon member, as well as all other parties who are represented in Parliament, to come and see me in my office so that we can discuss this matter.

However, I again want to say that the appointment of the board is not a panacea that will guarantee impartial reporting by the media. For that we shall also need a code of conduct which has to be settled, and also a media commission such as the Media Council in respect of the press. All of that has to be negotiated in order to have a foolproof system in addition to the board which the hon member has referred to.

Debate concluded

QUESTIONS

†Indicates translated version

For oral reply

General Affairs

Question standing over from Wednesday, 17 February 1993

Municipal by-elections for all citizens

*10 Mr R F HASWELL asked the Minister of Local Government

Whether it is his intention to sanction municipal by-elections in which all eligible South Africans, regardless of race, will be able to participate as voters or candidates, if not, why not, if so, what are the relevant details?

B50E

†The MINISTER OF LOCAL GOVERNMENT

I outlined my approach to municipal elections in general during the debate on the hon the State President's Opening Address. I referred to two existing anomalies, namely the system of management committees and local affairs councils on the one hand and the Black Local Authorities Act of 1982 on the other and I stated that an acceptable formula would have to be found in conjunction with

HOUSE OF ASSEMBLY

(2) Prosecutions were stopped pending the implementation of the 1992 amendments to the Defence Act which provided a wider scope for persons to reconsider their grounds for refusing to render military service. Subsequently new call-up instructions were issued to all such persons and if they once again fail to report for service, my answer above applies.

(3) No. I am of the opinion that I have fully replied to the question and do not regard a further statement as necessary.

Lt-Gen Lothar Neehling - financial and

*2 Mr D J DALLING asked the Minister of Law and Order

(1) Whether, with reference to his reply in Question No 112 on 24 March 1992, any further amount has been paid by the State in respect of the civil action instituted by Lt-Gen Lothar Neehling against certain publications, the names of which have been furnished to the South African Police for the purpose of the Minister's reply, and any subsequent appeal arising out of the said action, if so, (a) what total amount had been paid by the State in this regard as at the latest specified date for which information is available and (b) what are the names of the publications in question.

(2) whether any portion of the amount so paid by the State in respect of the said action has been repaid by Lt-Gen Neehling to the State, if not, why not, if so, what total amount had been repaid by him as at the latest date for which information is available?

B118E

The MINISTER OF LAW AND ORDER

(1) Yes

(a) R688 319,91—18 February 1993

(b) *The Vrye Weekblad* and *The Weekly Mail*

(2) No. It can only be determined after the judgment of the Appeal Court whether Lt-Gen Neehling has forfeited State protection in terms of Treasury Instruction Chapter W.

Mr D J DALLING: Mr Speaker, arising from the reply of the hon the Minister, may I ask

him whether he has any security for the amount which was spent on behalf of this gentleman?

The MINISTER: Mr Speaker, as far as I know it is not normal practice to ask for security in cases like this. If it is found that the money is owing to the State, it will be recovered.

†Adv T LANGLEY: Mr Speaker, further arising from the reply of the hon the Minister, I would like to ask him whether it is not customary that the State stands surety for the legal costs of officials who are sued in the course of carrying out their duty?

†The MINISTER: Mr Speaker, the hon member will recall that certain protection is given. It has been done in terms of Treasury Instruction Chapter W. I do not think that I can go into all the protective mechanisms now that are available to public servants, but basically the hon member is correct in that where the State is able to do so, it does give protection to officials. However, if it were to be found that officials had committed crimes in carrying out their duty, the State would not regard itself as liable for assistance to such officials.

†Adv T LANGLEY: Mr Speaker, further arising from the hon the Minister's reply, I would like to ask him whether in this case it is being implied that there is evidence that crimes have been committed?

†The MINISTER: Mr Speaker, I never insinuated that I replied to the hon member's question. He asked in which cases it is done and how it works. I gave him certain examples. Whether a crime was committed or not in this particular case, will depend on the judgment of the Appeal Court as the case is before this Court at present.

Certificates: Senior Certificate examination

*3 Mr A GERBER asked the Minister of National Education †

(1) Whether the issue of certificates in respect of the National Senior Certificate examination for 1992 is dealt with by the South African Certification Council, if not, why not, if so,

(2) whether the issue of these certificates has been completed, if not, what stage has this issue reached,

(3) whether interim arrangements have been

HOUSE OF ASSEMBLY

New questions

Failure to report for national service: prosecution

*1 Mr R F HASWELL asked the Minister of Defence

(1) Whether the South African Defence Force intends prosecuting persons who were called up for national service in respect of the January 1993 intake and failed to report for such service, if so, what are the relevant details.

(2) whether the Defence Force intends stopping prosecutions against any persons who failed to report for national service in previous years, if not, why not,

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

B114E

†The MINISTER OF DEFENCE

(1) Yes. In terms of the Defence Act all persons who receive call-up instructions have to report, unless they have been officially notified that exemption or deferment from military service has been granted. Failure to report constitutes an offence which has to be investigated and brought before the courts in the usual way.

or will be made to accommodate candidates who need these certificates, if so, what arrangements,

(4) whether he will make a statement on the matter? B127E

†THE MINISTER OF NATIONAL EDUCATION

(1) Yes As from 4 September 1992 the Senior Certificate is issued only by the South African Certification Council (SAFCERT) to all learners in the Republic of South Africa who comply with the prescribed requirements

(2) No The certificates are issued per examining body, as the necessary information is received from the examining bodies. The deadline for the provision of this information is 28 February 1993. A start will then be made with the issuing of the certificates and it is envisaged that this task will be completed by the end of May 1993. This is also the date on which this task was completed in the past.

(3) No In the meantime, however, candidates may use the statements of examination results which they have already received from their respective examining bodies, in cases where they may require certificates

(4) No

HSRC publications in Afrikaans

*5 Mr P H DE LA REY asked the Minister of National Education †

(1) Whether the publication "In Focus" of January 1993 and the pamphlet "Regional Powers in a new Constitution", No 4 of 1992, published by the Human Sciences Research Council (HSRC), appeared in English only, if not, what are the relevant details, if so, why,

(2) whether the HSRC issues any other publications that appear in English only, if so, why,

(3) whether he or his Department will take steps to ensure that Afrikaans receives equal treatment in this regard? B132E

†THE MINISTER OF NATIONAL EDUCATION

(1) Yes The publication "RGN/HSRC in Focus" is an external newsletter of the HSRC which appears ten times a year. The newsletter attempts to convey information on recent HSRC research in a popular-scientific manner. Articles are usually written in the language in which the research report concerned was originally written. The result is that the language proportion varies from one issue to the next.

The January 1993 issue of "In Focus" was published in English only. This was done so that it could be included and distributed as a special marketing supplement in three English magazines (*Finance Week*, *Enterprise* and *JMP Journal*). It is possible that the HSRC could do this in Afrikaans on another occasion. "In Focus" would then be published in Afrikaans only.

The pamphlet "Regional Powers in a new Constitution" No 4 of 1992, is a newsletter of the HSRC's Centre for Constitutional Analysis. The newsletter deals mainly with HSRC research in this field. It appears in English only so that those in our country who are not proficient in Afrikaans but are closely involved in the discussions on the constitutional future of South Africa may have first-hand access to research in this very topical field. The cost implication of publishing the newsletter in Afrikaans too is an important consideration in its being published only in English at this stage.

(2) Yes "Africa 2001" is a journal that reports exclusively on conferences relating to Africa. Both the editions that have appeared so far were published in English only because the conferences concerned had been exclusively in English. The journal is also distributed in other parts of Africa. "Information Update" is a syndicated news journal that is distributed to subscribers only. The journal contains strategic information on HSRC surveys on socio-political and economic matters in

particular. It is actively marketed in foreign countries. It is mainly for this reason and for business considerations that the journal appears only in English.

(3) The Department does not have such a jurisdiction regarding the HSRC, it is the responsibility of the Council of the HSRC to formulate its language and publication policy. I shall naturally bring the hon member's questions to the attention of the chairman of the Council of the HSRC. I shall also discuss the HSRC's language and publication policy with him.

Virginia/Odendaalsrus: closure of hospitals

*6 Mr J M BEYERS asked the Minister of National Health †

(1) Whether her Department or the Provincial Administration of the Orange Free State is considering or has considered closing the provincial hospitals in Virginia and Odendaalsrus, if so, why, in each case,

(2) whether steps have been taken or are being taken in respect of the closing down of these hospitals, if so, what steps,

(3) whether she will make a statement on the matter? B159E

†THE MINISTER OF NATIONAL HEALTH

(1) No,

(2) no,

(3) no

Local authorities: investments

*7 Mr J M BEYERS asked the Minister of Finance †

(1) Whether local authorities are prohibited from making investments in insurance concerns, if so, (a) why and (b) in terms of what statutory or other provisions,

(2) whether his Department intends lifting this prohibition, if not, why not, if so, when,

(3) whether local authorities have been informed of this intention, if not, why not, if so, when,

(4) whether he will make a statement on the matter? B160E

†THE DEPUTY MINISTER OF FINANCE (Dr G Alant)

(1) Yes, during 1989 a ban was placed on investments with insurance concerns by Ministers concerned with public funds of statutory bodies and by Administrators with regard to local governments at the request of my predecessor.

(a) Some insurance companies utilised the tax benefits received together with the non-taxability of certain government bodies in particular to compete with other financial institutions in order to offer guaranteed earnings on investments. The perception that an unequal playing field existed has been confirmed by the Margo Commission as evidence by the finding that the tax dispensation applicable to long term insurers has been a contributing factor to savings being channelled to these institutions which negatively influenced equal competition in financial markets. This matter has been investigated by the Special Economic Advisor of the Minister of Finance, Dr A S Jacobs, as a part of the investigation into the promotion of equal competition for funds in financial markets. The ban was introduced pending the result of this investigation.

(b) The request by the former Minister of Finance that statutory funds (funds of local governments included) may not be invested with long term insurers until further notice, was made after discussion in the Cabinet. The legal authorisation for such a ban, in the case of local authorities, is based on the authority to determine by Ordinance where public funds may be invested by the concerned authorities. The relevant Ordinances of the Cape Province, Natal, Transvaal and Free State are prescriptive regarding the type of investments that may be made by local authorities. Investments with insurance companies are currently excluded.

(b) 10th school day of 1993

For written reply
General Affairs

Television licences: prosecutions/convictions

12 Mr P J GROENEWALD asked the Minister of Home Affairs + *(218)*
Whether he will furnish details on how many (a) Whites, (b) Blacks, (c) Coloureds and (d) Indians were (i) prosecuted for and (ii) convicted of failure to pay their television licences in 1990, 1991 and 1992, respectively, if not, why not, if so, what are the relevant details? B29E

The MINISTER OF HOME AFFAIRS

Statistics relating to prosecutions and convictions for failure to pay television licences are not kept on the basis of population groups or per calendar year

Statistics in this respect are being kept on a combined basis and according to the SABC's licence year which covers the period 1 October of a year till 30 September of the following year. During the past three licence years namely 1990, 1991 and 1992, a total of 11 473, 22 206 and 22 212 pirate viewers respectively, were traced. These users were fined by the SABC in terms of the Regulations promulgated in terms of the Broadcasting Act, Act 73 of 1976. Of the above-mentioned numbers of pirate viewers who were traced, the following numbers were prosecuted, for various reasons, namely

- * 1990 = 1 983
- * 1991 = 5 151
- * 1992 = 8 421

* Figures are included in the totals of pirate viewers

Identity documents issued

17 Mr S P BARNARD asked the Minister of Home Affairs + *(185)*
Whether more than one identity document was issued to any (a) Whites, (b) Coloureds and (c) Indians above the age of 18 years during the latest specified period of 12 months, if so, (i) how many in each case and (ii) for what reasons? B40E

The MINISTER OF HOME AFFAIRS

Statistics on the basis as required by the honourable member are not being kept systematically. A record is being kept in the Population Register of every identity document issued to an individual, but any statistics in this respect, have to be withdrawn from the Population Register on an individual basis

Re-issuing of documents occurs in the following circumstances only

- (a) upon replacement of a lost, stolen or damaged identity document,
- (b) upon insertion of a new driver's licence,
- (c) upon change of personal particulars, for instance in the case of a marriage or a divorce or change of surname, and
- (d) upon acquisition of South African citizenship by an alien who was the holder of an identity document in which his status had been indicated as alien

The previous identity document is cancelled, where available

It must be emphasised that section 18 (1) (f) of the Identification Act, 1986 (Act 72 of 1986), prohibit persons to be in possession of more than one identity document

Whites: applications for citizenship

18 Mr S P BARNARD asked the Minister of Home Affairs +

How many Whites (a) applied to his Department for citizenship (i) during the period 1 September 1991 up to and including 30 April 1992 and (ii) in every month during this period and (b) had more than one citizenship on 15 January 1993 according to the records of his Department? B41E

The MINISTER OF HOME AFFAIRS

Statistics in respect of citizenship are not kept on the basis of population groups or of applications received. Record is being kept of the number of approvals only. The total number of approvals for the period 1 September 1991 to 30 April 1992 is 28 380

The number of approvals per month during this period is as follows

September 1991	484
October 1991	520

November 1991 421
December 1991 357
January 1992 443
February 1992 2 817
March 1992 22 273
April 1992 1 065

Information in respect of persons that have more than one citizenship is also not available since statistics are not kept on the citizenship of persons applying for naturalization

(Signature)

The MINISTER OF LAW AND ORDER

Cape Town police district: crime statistics
28 Mr C W EGLIN asked the Minister of Law and Order *(215)*
How many cases of (a) murder, (b) culpable homicide, (c) assault with intent to do grievous bodily harm, (d) common assault, (e) rape, (f) robbery, (g) theft of vehicles and cycles, (h) damage to property, (i) house-breaking with intent to steal and theft and (j) possession of drugs were reported at each specified police station in the Cape Town police district in 1992? B61E

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(gu)	(h)	(i)	(j)
Cape Town	26	19	324	524	61	622	878	58	748	1 394	044
Camps Bay	0	0	16	29	4	9	59	9	50	229	001
Maitland	10	10	109	153	17	100	93	25	117	500	009
Milnerton	22	11	136	155	19	37	93	50	123	598	003
Pinelands	0	7	28	38	12	75	86	89	45	543	001
Sea Point	3	6	67	139	16	67	394	18	230	812	014
Kensington	8	1	175	110	18	40	27	19	92	211	013
Woodstock	21	10	113	221	16	242	352	17	135	1 059	085
Tableview	6	13	29	70	10	8	85	9	46	338	001
Melkbosstrand	3	9	13	23	1	2	3	4	9	56	001
Atlantis	24	11	264	670	73	128	52	34	343	711	020
Table Bay Harbour	3	4	107	147	9	33	65	5	65	186	005

Note (gu) — Motor vehicles

(gu) — Bicycles

Wynberg police district: crime statistics

29 Mr C W EGLIN asked the Minister of Law and Order

How many cases of (a) murder, (b) culpable homicide, (c) assault with intent to do grievous bodily harm, (d) common assault, (e) rape, (f) robbery, (g) theft of vehicles and cycles, (h) damage to property, (i) house-breaking with intent to steal and theft and (j) possession of drugs were reported at each specified police station in the Wynberg police district in 1992? B62E

The MINISTER OF LAW AND ORDER

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(gu)	(h)	(i)	(j)
Wynberg	7	4	49	172	17	129	267	34	111	588	003
Fish Hoek	14	4	102	312	16	29	91	54	139	530	006
Simonstown	2	4	22	47	6	3	10	4	21	91	000
Rondebosch	3	3	24	51	5	40	183	141	59	539	000
Munzenberg	9	4	175	294	35	104	137	60	176	578	002
Mowbray	3	8	14	68	10	52	195	27	56	425	003
Hout Bay	21	4	116	116	22	27	34	22	74	316	001
Diepriver	0	9	49	88	7	50	161	84	72	709	001

Iscor still facing tough times

By Stephen Cranston

260

STAR 25/2/93

A weaker rand-dollar exchange rate has offset some of the effects of reduced sales at lower prices from steel giant Iscor.

Nevertheless attributable income fell by 27 percent to R125 million in the six months to December and earnings per share by the same amount to 6,7c.

The dividend was reduced by a third to 2c and the dividend cover increased from 3,1 to 3,3.

Turnover increased by 5,8 percent to R4,291 billion and steel tonnages sold decreased by 1,8 percent.

There was a sharp decline in local sales, which fell by 9,9 percent but this was partly offset by a 6,5 percent increase in exports, which now constitute 53,3 percent of sales up from 49,1 percent in 1991.

The higher export component led to a reduction in the operating margin from 9,3 percent to 7,1 percent and operating profit

fell by 18,4 percent to R307 million.

MD Willem van Wyk says that the group benefited from a reduction in finance costs, which fell by 10 percent, which was caused by lower interest rates and the benefits derived from strict cash management programmes conducted in all areas of the group.

Cost control

There was more effective management of funds by the group.

Total assets have been reduced by R23 million to R10,595 billion since June, although gearing has climbed up from 30,2 percent to 31,3 percent, but is still below the 32,9 percent reported in December 1991.

Over the past year interest bearing debt has increased from R2,511 billion to R2,563 billion.

Net worth is 364c, which means that at a market price of 74c it is trading at an 80 percent discount.

Capital expenditure has been reduced to R267 million from

R393 million in the six months to December 1991 and R852 million for the 1992 financial year.

Expenditure is being restricted to essential replacements and maintenance of existing plant and equipment.

Van Wyk says that it is unlikely that the local economy or the domestic steel market will show much improvement in the second half of the financial year.

With continued surplus steel capacity worldwide, dollar steel prices will remain depressed and iron ore export prices in dollar terms will weaken over the next 12 months.

But on the positive side, he says, the encouraging trends in inflation and interest rates should benefit the group in 1993.

Van Wyk forecasts that earnings in the second half of the year will not differ materially from those in the first.

Earnings in the first and second half differed little in the last financial year, being 9,2c and 9,3c a share.

FW set to get advice on new SABC board

STAR 2572493

(260)

CAPE TOWN — A committee, or some other mechanism, to advise the State President on appointments to a new SABC board should be established soon, Home Affairs Minister Louis Pienaar said yesterday.

Speaking in debate on an interpellation from Peter Soal (DP Johannesburg North) he said he hoped that the procedure for nominations to the board would be finalised in good time for the board's re-appointment when its term expired on April 1.

The committee would be able to follow its own nomination procedures. However, the appointment of a new board would not in itself ensure impartial reporting, Pienaar said.

A code of conduct was also required, as was a media commission that would operate for

broadcasting the same as the Media Council did for printed media. All this had to be negotiated to have a foolproof system to support the board.

In making nominations to the board, the committee would be well advised to consider criteria such as merit and representation of the full South African population.

Other criteria that should be taken into consideration were that an appointee should have no financial interest in the SABC, and that people whose political opinions would cloud their objectivity in managing the affairs of the corporation should be avoided.

There also had to be a measure of continuity between the present and the incoming boards.

Soal said the DP believed the selection process should be public, and those wanting to serve

on the board had to be prepared to have their suitability for service publicly questioned so that those who emerged from the hearings would be seen by the public to be squeaky clean.

Carole Charlewood (DP Umbilo) said it was important to get professional broadcasters represented on the board.

These were the people in the SABC's engine room, whose journalistic independence had been thwarted over the years, and who had suffered the agony of being torn between their love for the broadcast media and their professional integrity.

The board itself might change for the better, but there would still be members of the old guard lower down in the corporation and it was important that lines of communication from grassroots level to the board were open and clear, she said — Sapa

SABC peers into

STm 25/2/93.

(260)

MENTION the Campaign for Open Media and its Campaign for Independent Broadcasting and chances are that many will know what these organisations' views are about the SABC, and what their demands are regarding the composition of the new SABC Board which should be appointed by April 1 when the current board's term expires.

Not as many people will know, however, what the SABC itself has to say about the envisaged changes, or whether or not it approves.

SABC Group Chief Executive Wynand Harmse wants to change all that, and has let it be known that the corporation has views of its own on these things. In a four-page document on the new board, Harmse makes a few suggestions, including that skills should be paramount in the appointment of the board's members.

Expertise and skills, says Harmse, are all-important if the new board which will steer the public broadcaster's affairs is to succeed.

This, he says, is made imperative by the "ever-changing broadcasting environment", its "peculiar financial structure" and the corporation's wide spectrum of activities and interests. Only then would the SABC "survive in a competitive market while still fulfilling its responsibility as the public broadcaster".

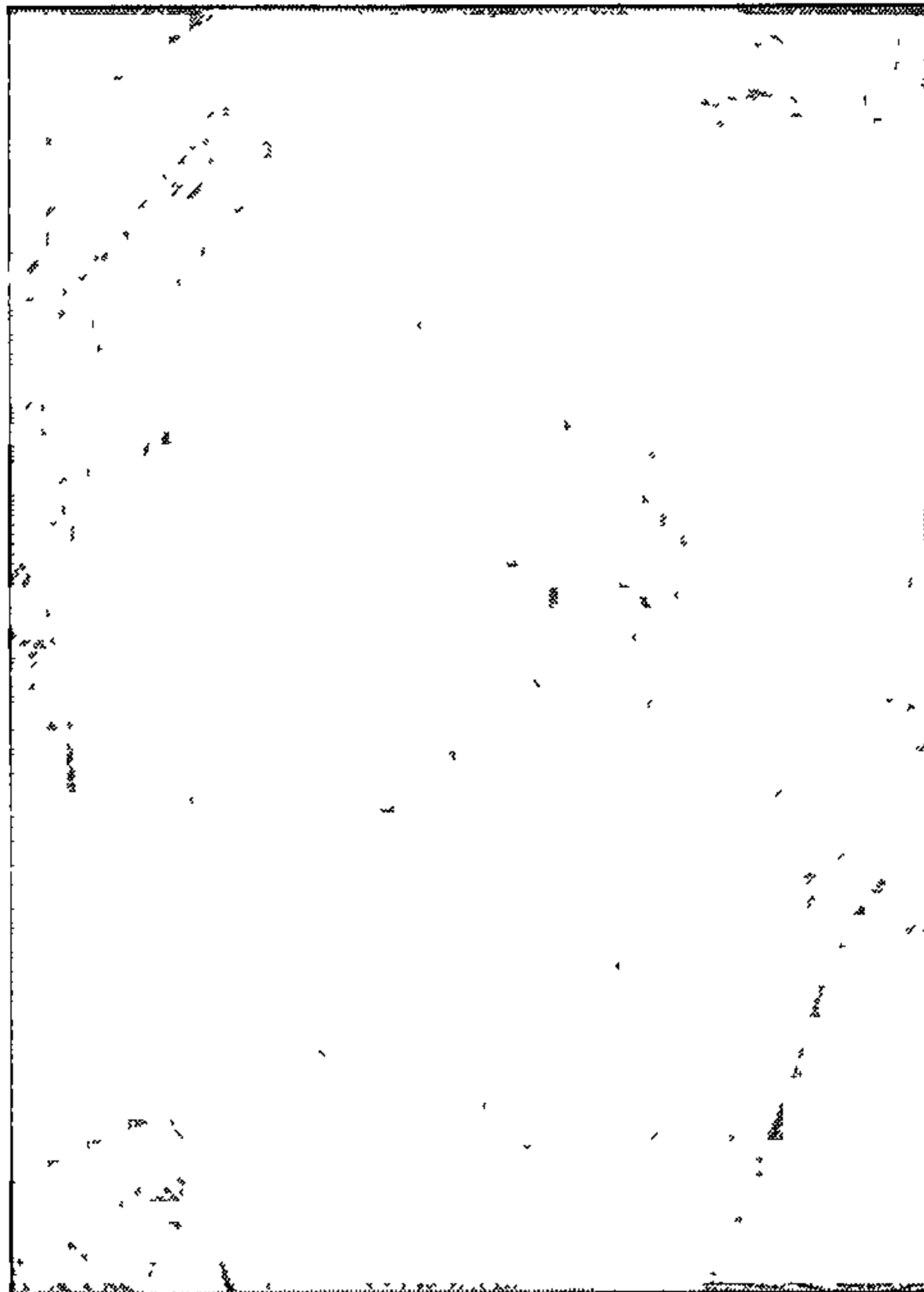
However, Harmse is fully aware that the appointment of the new board would be "a futile exercise" if members' credibilities were questionable, and he would like it to be independent and representative of our population.

Harmse says in order to effectively manage a major broadcasting organisation the board should constitute people with expertise in a wide range of fields.

These would include the social field, the creative and performing arts, communication and the media, advertising and marketing, education, finance and administration, technology and science, religious matters, sports administration, labour relations and law.

He says it is important that the chairman is also one of the board's members, because that person would "have to reflect

The SABC has not been sitting with its hands folded while the debate about itself and the composition of its new board rages on. Political Reporter KAIZER NYATSUMBA gives SABC Group Chief Executive Wynand Harmse's views on the new board.



In the hot seat . . . SABC director-general Wynand Harmse. He stresses the need for expertise and skills.

the board's impartiality in a tangible way".

"The inclusion of sufficient financial and managerial skills on the board is of vital importance, since these are key areas where decisions, which have to be taken continually, could literally make or break the corporation.

"All noble intentions to enhance art, culture, language preferences, education (and other matters) through the SABC's transmitters would come to nothing if the concept of *affordability* were not always kept in mind," he writes.

He says the current SABC management holds the view that continuity between the outgoing board and the new one is necessary "for effective management of the corporation".

The incumbent SABC management, he avers, is unanimous in its view that party-political and own interests "should be secondary to the public interest" so that the SABC as a national broadcaster would be able to play a key and conciliatory role in a future socio-political environment.

He adds "This role could probably not be fulfilled to the same extent by any other organisation or party".

Harmse further proposes that either the membership of the board be extended from 15 to 20 so that it can achieve its objectives, or that it retains its present membership but is advised by three specialist councils or advisory boards on education, information and entertainment

and sport or other programmes. These advisory councils, which would be appointed on an ad hoc basis, would make recommendations on relative issues, especially during the transitional phase.

Harmse says the SABC's public service role, especially with regard to information and education, should be given particular attention by the board. According to him, over the years the SABC's financing structure "has developed into overdependence on advertising", and this placed the corporation's public service function "under tremendous pressure".

Apart from normal functions, the new board will have to

- Ensure the corporation's political independence and neutrality.
 - Lead the SABC during the transitional period, and make sure that the SABC plays a positive, conciliatory part in the creation of a new southern African community.
 - Ensure that the corporation's commercial services are carried out and structured correctly in a new broadcasting dispensation.
 - Establish and secure a financial source base for public service programmes.
 - Ensure in particular that the SABC fulfils its information function properly "in the interests of all South Africans in order to create an informed society", and to ensure, by giving exposure to different political parties, that party-political policies and viewpoints are reflected impartially.
 - Ensure that the SABC is managed effectively and efficiently.
 - Consider fully, and make recommendations to the new government, on new broadcasting legislation and a new SABC Act.
- The new board, concludes Harmse, will have to bear joint responsibility for all policy decisions and matters affecting the corporation.
- He adds that sources for the financing of the SABC's public service function will have to be found, "especially in a new, competitive broadcasting environment" □

future

Iscor margins fall on export sales

B/DAM 25/2/93

~~260~~
260

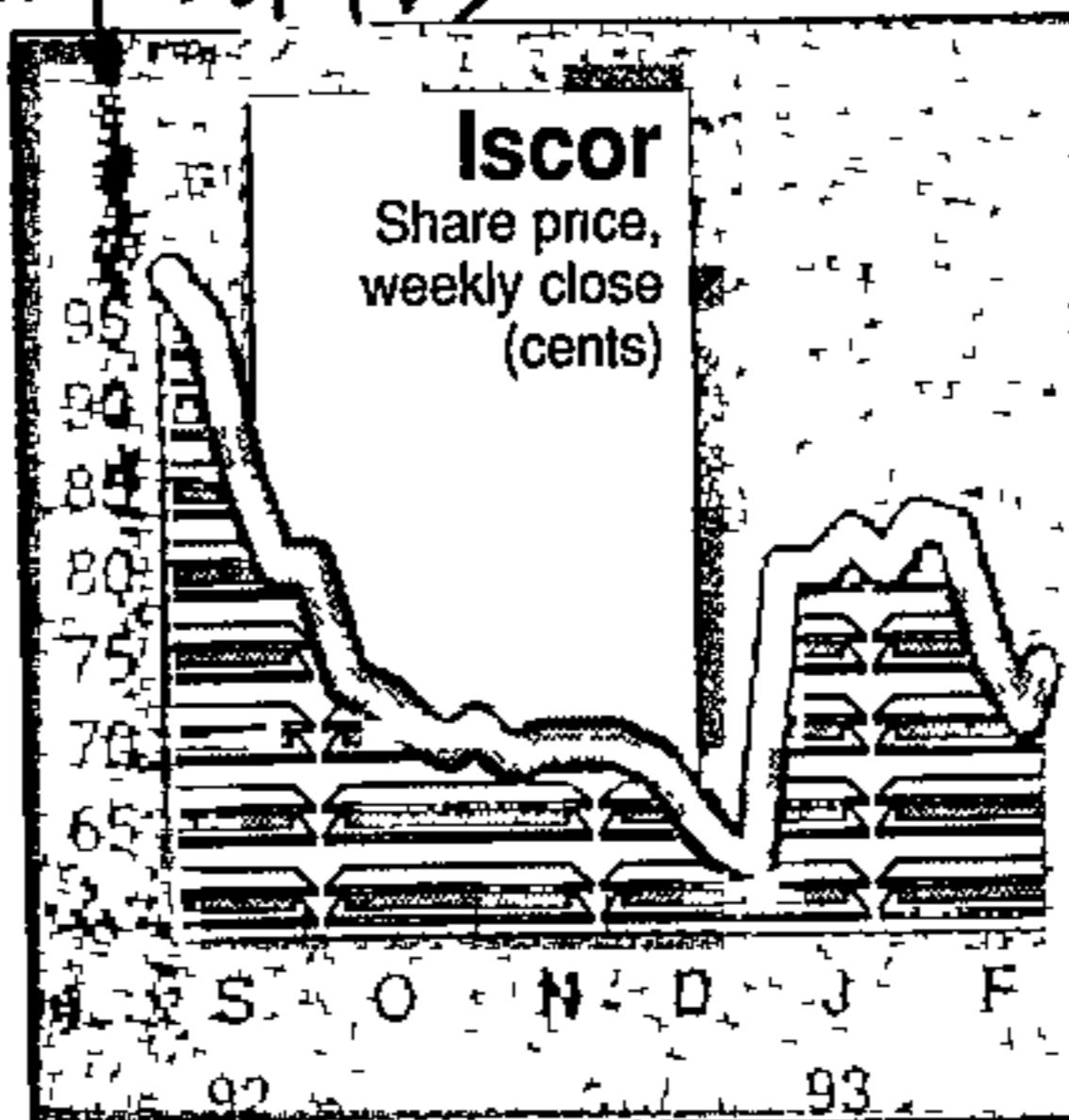
EDWARD WEST

WEAKENING international steel prices and a further swing from local to export sales continued to erode Iscor's margins, and earnings a share dropped 27% to 6,7c in the six months to-end December 1992 from 9,2c in 1991.

Today's published results show the interim dividend lower by a third to 2c (interim 1991: 3c). Iscor had forecast second-half earnings to be similar to those achieved in the first half, and year-end earnings consequently would be lower than the 18,5c achieved in the 1992 financial year.

Turnover for the half-year climbed 5,8% to R4,29bn (R4,06bn), although steel tonnages sold increased 1,8% compared with the same period in 1991. Local sales fell 9,9% because of the weak economy, while export sales increased 6,5% and now constituted 53,3% (49,1%) of total sales tonnages, Iscor said in a statement.

Profit before finance costs and tax fell 18,4% to R307m (R376m), resulting in the



Graphic LEE EMERTON Source I-NET

overall margin falling steadily to 7,15% of turnover from 8,68% at year-end and from 9,27% at the interim period in 1991. Falling margins were caused by the higher export component in the sales mix, said Iscor.

Attributable income was 27% lower at

□ To Page 2

Iscor B/DAM 25/2/93

~~260~~ □ From Page 1

R125m (R171m). Results were positively influenced by the weaker rand/dollar exchange rate and reduced finance costs.

Capital expenditure was reduced to R267m from R393m for the corresponding period last year and R852m for the 1991/92 year. Expenditure was being restricted mainly to essential replacements and maintenance of existing plants. Iscor had spent R4,3bn over the past five years on replacement and expansion.

Capital employed stabilised, with interest-bearing debt up slightly at R2,56bn from R2,51bn. The liability ratio in the first half was down to 30,4% from 33,3% at year-end, while the interim debt-to-equity ratio was slightly higher at 31,3% from 30,2% at the previous year-end.

Although interest-bearing debt was marginally higher in the period under review, a 10% reduction in financing costs was realised through more effective management of funds and lower short-term interest rates, Iscor said.

Directors forecast that surplus international steel capacity would continue to affect prices and the dollar price of steel exports would remain depressed.

Encouraging inflation and interest rate trends would benefit the group in 1993, although second-half earnings would not differ materially from the first half.

Iscor's share price was 74c yesterday, up from 61c on December 31 1992, but still below its 1989 listing price of 200c.

No deal to write off debts

THE Transvaal Provincial Administration has dismissed reports claiming that it has agreed to write off the R900 million debt owed by the Greater Soweto councils. *Sowetan 25/2/93*

TPA's MEC for Local Government Mr Burger Lategan said no such agreement had been reached between the parties in the Central Witwatersrand Metropolitan Chamber.

"Negotiations are currently concentrating on proposals for the ending of the boycott and the resumption of payments at satisfactory levels," he said.

Telkom suspends services

TELKOM yesterday suspended its services in Soweto and withdrew its workers after two of their vehicles were hijacked by striking pupils. *(25)*

The decision to suspend telephone repairs and installations was taken after at least 12 Telkom vehicles were attacked since the trouble started two weeks ago. *Sowetan 25/2/93 (25)*

A Telkom spokesman said the suspension was indefinite and could last for as long as the pupils' strike continued. *(25)*

"The last thing we can afford is to see our men's lives endangered," a spokesman said.

Meyer to address IFP

MINISTER of Constitutional Development Mr Roelf Meyer will explain the Government's view of the road ahead when he addresses the Inkatha Freedom Party central committee meeting on Sunday. *(1/5) (25/2/93)*

Dr Tertius Delport, Minister of Local Government, will also address the committee.

This follows a meeting between the Government and the IFP in Richards Bay last weekend.

IFP chairman Dr Frank Mdlalose said at the time there were "certain things they put to us which we did not understand, so they will put them before the central committee".

Eskom owed R600 million

BLACK councils owe Eskom more than R600 million while rent and service charges boycotts have led to debts totalling R2 billion. *(260)*

Responding to a question in Parliament yesterday, Minister of Local Government Dr Tertius Delport said 57 black local authorities had "fully or partially resumed" services despite outstanding rental and service charges. *(260)*

Nineteen of them, all in the Transvaal, still owed Eskom huge amounts of money, Delport said.

Sowetan 25/2/93

Sowetan 25/2/93

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Nineteen of them, all in the Transvaal, still owed Eskom huge amounts of money, Delpont said.

Source: 25/2/93

No. R. 309

26 February 1993

LABOUR RELATIONS ACT, 1956

ELECTRICAL INDUSTRY (NATAL). AMENDMENT OF MEDICAL AID FUND AGREEMENT

I, Leon Wessels, Minister of Manpower, hereby in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 30 June 1993 upon the employers' organisation and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisation or unions.

L. WESSELS,

Minister of Manpower.



SCHEDULE

INDUSTRIAL COUNCIL FOR THE ELECTRICAL INDUSTRY (NATAL)

MEDICAL AID FUND AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Electrical Contractor's Association (South Africa)

(hereinafter referred to as the "employers" or the "employers' organisation"), of the other part, and the

South African Electrical Workers' Association

and the

Metal and Electrical Workers' Union of South Africa

(hereinafter referred to as the "employees" or the "trade unions"), of the other part,

being the parties to the Industrial Council for the Electrical Industry (Natal),

to amend the Agreement published under Government Notice No R 1659 of 19 August 1988 (hereinafter referred to as the Re-enacting Agreement), as amended and extended by Government Notices Nos R 1214 of 9 June 1989, R. 396 of 23 February 1990, R 1493 of 29 June 1990, R 1872 of 10 August 1990, R 1232 of 30 May 1991, R 2048 of 23 August 1991 and R 2444 of 28 August 1992

1. SCOPE OF APPLICATION OF AGREEMENT

(1) Except as otherwise provided in this clause, the terms of this Agreement shall apply to and be observed in the Electrical Industry (Natal) by all employers and employees who are members of the employers' organisation and the trade unions, respectively, and who are engaged or employed in the Industry in the Province of Natal, excluding any portions of that area falling within the self/governing territory of KwaZulu

(2) The terms of this Agreement shall not apply to employers and their employees who are participants with the employers in any scheme providing medical benefits in existence on 3 January 1966, to which the employer concerned contributes not less than 45 cents per week for each

No. R. 309

26 Februarie 1993

WET OP ARBEIDSVERHOUDINGE, 1956

ELEKTROTEGNIJSE NYWERHEID (NATAL): WYSIGING VAN MEDIJSE HULPFONDSOORENKOMS

Ek, Leon Wessels, Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 Junie 1993 eindig, bindend is vir die werkgewersorganisasie en die vakverenigings wat die Wysigingsooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of verenigings is

L. WESSELS,

Minister van Mannekrag.

BYLAE

NYWERHEIDSRaad VIR DIE ELEKTROTEGNIJSE NYWERHEID (NATAL)

MEDIJSE HULPFONDSOORENKOMS

ooreenkomsig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Electrical Contractor's Association (South Africa)

(hierna die "werkgewers" of die "werkgewersorganisasie" genoem), aan die een kant, en die

South African Electrical Workers' Association

en die

Metal and Electrical Workers' Union of South Africa

(hierna die "werknemers" of die "vakverenigings" genoem), aan die ander kant,

wat die partye is by die Nywerheidsraad vir die Elektrotegniese Nywerheid (Natal),

tot wysiging van die Ooreenkoms gepubliseer by Goewermentskennisgewing No R 1659 van 19 Augustus 1988 (hierna die Herbekragtigingsooreenkoms genoem), soos gewysig en verleng by Goewermentskennisgewings Nos. R 1214 van 9 Junie 1989, R 396 van 23 Februarie 1990, R 1493 van 29 Junie 1990, R 1872 van 10 Augustus 1990, R 1232 van 30 Mei 1991, R 2048 van 23 Augustus 1991 en R 2444 van 28 Augustus 1992

1. TOEPASSINGSBESTEK VAN OOREENKOMS

(1) Behoudens andersluidende bepalings in hierdie klousule, is hierdie Ooreenkoms van toepassing op en moet dit nagekom word in die Elektrotegniese Nywerheid (Natal) deur alle werkgewers en werknemers wat lede van onderskeidelik die werkgewersorganisasie en die vakverenigings is en wat betrokke is by of in diens is in die Nywerheid in die provinsie Natal uitgesonderd enige gedeeltes van daardie gebied wat binne die selfregerende gebied KwaZulu val

(2) Hierdie Ooreenkoms is nie van toepassing nie op werkgewers en hul werknemers wat saam met die werkgewers deelnemers is aan 'n skema wat mediese voordele verskaf en wat op 3 Januarie 1966 bestaan het en waartoe die betrokke werkgewer minstens 45 sent per week bydra vir

employee who is a member of the scheme and otherwise covered by this Agreement whilst such scheme continues to operate and the said employers and employees continue as participants in the scheme and the employers continues to pay a contribution of not less than 45 cents per week for each such employee

(3) Notwithstanding the provisions of subclause (2), the terms of this Agreement shall apply to employers and employees in respect of any employee who is not covered by, or ceases to be covered by, a fund or scheme referred to in that subclause

2. GENERAL PROVISIONS

The provisions contained in clauses 3 to 19, inclusive of the Agreement published under Government Notice No R 2604 of 2 December 1983, as amended and re-enacted by Government Notices Nos. R. 1429 of 13 July 1984, R 994 of 23 May 1986, R 068 of 26 September 1986 and R 1659 of 19 August 1988 (as amended, re-enacted and extended from time to time), shall apply to employers and employees.

3. CLAUSE 9: CONTRIBUTIONS

Substitute the following for subclause (1)

"(1) Contributions shall be made by the employers and employees as from the date of coming into operation of this Agreement as hereinafter provided. From the wages of each employee, the employer shall deduct the undermentioned weekly amounts, including weeks in which the employee is on paid leave:

- M (member) R24.
- M + 1 (member with one dependant) R27
- M + 2 (member with two dependants) R30
- M + 3 (member with three dependants) R33
- M + 4 + (member with four or more dependants) R36 "

4. CLAUSE 10: BENEFITS

In subclause (1), substitute the following for paragraphs (a) to (f)

"(a) 100% of the scale of benefits for expenses, including expenses for confinements, other than expenses for ordinary dental services, optical services, prescriptions, special dental services and medical and surgical accessories, limited to the following maxima per financial year

Single member	Member with one or two dependants	Member with three or more dependants
(M)	(M + 1) and (M + 2)	(M + 3) and (M + 4 +)
R9 000	R12 000	R16 000

(b) 100% of the scale of benefits for ordinary dental services, including plastic dentures, limited to the following maxima per financial year

Single member	Member with one or two dependants	Member with three or more dependants
(M)	(M + 1) and (M + 2)	(M + 3) and (M + 4 +)
R1 125	R1 300	R1 500

(c) 100% of the cost of optical services, including eye-testing and spectacles, limited to the following maxima per financial year.

Single member	Member with one or two dependants	Member with three or more dependants
(M)	(M + 1) and (M + 2)	(M + 3) and (M + 4 +)
R450	R500	R550

elke werknemer wat lid van die skema is en andersins deur hierdie Ooreenkoms gedek word, terwyl die skema in werking bly en genoemde werkgewers en werknemers voortgaan om deelnemers aan die skema te wees en die werkgewers voortgaan om 'n bydrae van minstens 45 sent per week ten opsigte van elke sodanige werknemer te betaal

(3) Ondanks subklousule (2), is hierdie Ooreenkoms van toepassing op werkgewers en werknemers ten opsigte van 'n werknemer wat nie deur 'n fonds of skema bedoel in daardie subklousule gedek word nie, of wat ophou om daardeur gedek te word

2. ALGEMENE BEPALINGS

Klousules 3 tot en met 19 van die Ooreenkoms gepubliseer by Goewermentskennisgewing No R 2604 van 2 Desember 1983, soos gewysig en herbekragtig by Goewermentskennisgewings Nos. R 1429 van 13 Julie 1984, R 994 van 23 Mei 1986, R 2068 van 26 September 1986 en R 1659 van 19 Augustus 1988 (soos van tyd tot tyd gewysig, herbekragtig en verleng), is van toepassing op werkgewers en werknemers

3. KLOUSULE 9: BYDRAES

Vervang subklousule (1) deur die volgende

"(1) Bydraes moet vanaf die datum waarop hierdie Ooreenkoms in werking tree, deur die werkgewers en werknemers betaal word soos hieronder bepaal word. Die werkgewer moet weëliks, met inbegrip van die weke wanneer die werknemer met verlof met besoldiging is, ondergenoemde weeklikse bedrae van die loon van elke werknemer aftrek

- M (lid) R24
- M + 1 (lid met een afhanklike) R27
- M + 2 (lid met twee afhanklikes) R30
- M + 3 (lid met drie afhanklikes) R33
- M + 4 + (lid met vier of meer afhanklikes) R36 "

4. KLOUSULE 10: BYSTAND

In subklousule (1), vervang paragrawe (a) tot (f) deur die volgende

"(a) 100% van die voordeleskaal vir onkoste, met inbegrip van onkoste vir bevallings, uitgesonderd onkoste vir gewone tandheelkundige dienste, gesigkundige dienste, voorskrifte, spesiale tandheelkundige dienste en mediese en chirurgiese bybehore, beperk tot hoogstens die volgende per boekjaar

Enkele lid	Lid met een of twee afhanklikes	Lid met drie of meer afhanklikes
(M)	(M + 1) en (M + 2)	(M + 3) en (M + 4 +)
R9 000	R12 000	R16 000

(b) 100% van die voordeleskaal vir gewone tandheelkundige dienste, met inbegrip van tandestelle van plastiek, beperk tot hoogstens die volgende per boekjaar

Enkele lid	Lid met een of twee afhanklikes	Lid met drie of meer afhanklikes
(M)	(M + 1) en (M + 2)	(M + 3) en (M + 4 +)
R1 125	R1 300	R1 500

(c) 100% van die koste van gesigkundige dienste, met inbegrip van toets van oë en brille, beperk tot hoogstens die volgende per boekjaar

Enkele lid	Lid met een of twee afhanklikes	Lid met drie of meer afhanklikes
(M)	(M + 1) en (M + 2)	(M + 3) en (M + 4 +)
R450	R500	R550

No. R. 305**26 February 1993**

LABOUR RELATIONS ACT, 1956
BUILDING INDUSTRY, KIMBERLEY
EXTENSION OF AGREEMENT

I, Dennis van der Walt, Director Labour Relations, duly authorised thereto by the Minister of Manpower, hereby in terms of section 48 (4) (a) (i) of the Labour Relations Act, 1956, extend the periods fixed in Government Notices Nos R 2340 of 21 August 1992 and R 3386 of 24 December 1992, by a further period ending 31 March 1994.

D. VAN DER WALT,
Director Labour Relations.

No. R. 307**26 February 1993**

LABOUR RELATIONS ACT, 1956
CONTRACT CLEANING INDUSTRY (NATAL)
MAIN AGREEMENT

I, Leon Wessels, Minister of Manpower, hereby—

- (a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement which appears in the Schedule hereto and which relates to the Undertaking, Industry, trade or Occupation referred to in the heading to this notice, shall be binding, with effect from 1 March 1993 and for the period ending 28 February 1994, upon the employers' organisation and the trade union which entered into the said Agreement and upon the employers and employees who are members of the said organisation or union, and
- (b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the said Agreement, excluding those contained in clauses 1 (1), 17, 19 and 26 (1), shall be binding, with effect from 1 March 1993 and for the period ending 28 February 1994 upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the area specified in clause 1 of the said Agreement

L. WESSELS,
Minister of Manpower

SCHEDULE
INDUSTRIAL COUNCIL FOR THE CONTRACT CLEANING
INDUSTRY (NATAL)
AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

National Contract Cleaners' Association
(Natal Branch)

(hereinafter referred to as the "employers" or the "employers' organisation"), of the one part, and the

No. R. 305**26 Februarie 1993**

WET OP ARBEIDSVERHOUDINGE, 1956
BOUNYWERHEID, KIMBERLEY
VERLENGING VAN OOREENKOMS

Ek, Dennis van der Walt, Direkteur Arbeidsverhoudinge, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verleng hierby kragtens artikel 48 (4) (a) (i) van die Wet op Arbeidsverhoudinge, 1956, die tydperke vasgestel in Goewermentskennisgewings Nos R 2340 van 21 Augustus 1992 en R. 3386 van 24 Desember 1992, met 'n verdere tydperk wat op 31 Maart 1994 eindig

D. VAN DER WALT,
Direkteur: Arbeidsverhoudinge.

No. R. 307**26 Februarie 1993**

WET OP ARBEIDSVERHOUDINGE, 1956
KONTRAKSKOONMAAKNYWERHEID (NATAL).
HOOFOOREENKOMS

Ek, Leon Wessels, Minister van Mannekrag, verklaar hierby—

- (a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van 1 Maart 1993 en vir die tydperk wat op 28 Februarie 1994 eindig, bindend is vir die werkgewersorganisasie en die vakvereniging wat genoemde Ooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of vereniging is, en
- (b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van genoemde Ooreenkoms, uitgesonderd dié vervat in klousules 1 (1), 17, 19 en 26 (1) met ingang van 1 Maart 1993 en vir die tydperk wat op 28 Februarie 1994 eindig, bindend is vir alle ander werkgewers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebied in klousule 1 van genoemde Ooreenkoms gespesifiseer

L. WESSELS,
Minister van Mannekrag.

BYLAE
NYWERHEIDSRAAD VIR DIE KONTRAKSKOON-
MAAKBEDRYF (NATAL)
OOREENKOMS

ooreenkomstig die bepalings van die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Nasionale Kontrakskoonmakersvereniging
(Tak Natal)

(hierna die "werkgewers" of die "werkgewersorganisasie" genoem), aan die een kant, en die

Transport and General Workers' Union

(hereinafter referred to as the "employees" or the "trade union"), of the other part,

being the parties to the Industrial Council for the Contract Cleaning Industry (Natal)

1. SCOPE OF APPLICATION OF AGREEMENT

(1) The terms of this Agreement shall be observed in the Contract Cleaning Industry in the Province of Natal by all employers who are members of the employers' organisation and by all employees who are members of the trade union

(2) Notwithstanding the provisions of subclause (1), the terms of this Agreement shall apply only in respect of employees for whom wages are prescribed in any agreement of the Council which is binding in terms of section 48 of the Act or, where such an agreement has expired and not been extended or replaced by another agreement, in such expired agreement

2. PERIOD OF OPERATION OF AGREEMENT

This Agreement shall come into operation on such date as may be fixed by the Minister of Manpower in terms of section 48 of the Act and shall remain in force for a period of one year from the said date, or for such period or periods as may be determined by him

3. DEFINITIONS

Unless the context otherwise indicates, any expression which is used in this Agreement and which is defined in the Labour Relations Act, 1956, shall have the same meaning as in that Act, and unless inconsistent with the context—

"casual employee" means an employee who is employed by the same employer on not more than three days in any week,

"cleaner" means an employee employed to clean office, school, business or similar premises and/or the furniture in such premises and who may perform work incidental thereto,

"continuous activity" means an activity declared as such under section 33 of the Basic Conditions of Employment Act, 1983,

"Contract Cleaning Industry" means the industry in which employers and their employees are associated for the purpose of cleaning industrial and commercial premises and buildings and industrial flats let commercially, but excludes employers and employees engaged solely in the Building Industry,

"Council" means the Industrial Council for the Contract Cleaning Industry registered in terms of section 19 of the Act,

"day" means any period of 24 hours, calculated from the time an employee commences work;

"emergency work" means any work which, owing to unforeseen circumstances such as a fire, a storm, an accident, an act of violence, an epidemic, sabotage, industrial unrest, theft or a breakdown or threatened breakdown of buildings, must be done without delay,

"establishment" means any premises or part thereof in or in connection with which one or more employees of the classes referred to in clause 1 (2) are employed in the Industry,

"law" includes the common law,

"military service" means any period of service or training in terms of the Defence Act, 1957,

Vervoer- en Algemene Werkersunie

(hierna die "werknemers" of die "vakvereniging" genoem), aan die ander kant,

wat die partye is by die Nywerheidsraad vir die Kontrakskoonmaakbedryf (Natal)

1. TOEPASSINGSBESTEK VAN OOREENKOMS

(1) Hierdie Ooreenkoms moet in die Kontrakskoonmaakbedryf in die provinsie Natal nagekom word deur alle werkgewers wat lede van die werkgewersorganisasie is en deur alle werknemers wat lede van die vakvereniging is

(2) Ondanks die bepalings van subklousule (1) is hierdie Ooreenkoms van toepassing slegs ten opsigte van werknemers vir wie lone voorgeskryf word in enige ooreenkoms van die Raad wat kragtens artikel 48 van die Wet bindend is of, waar so 'n ooreenkoms verstryk het en nie verleng of deur 'n ander ooreenkoms vervang is nie, in sodanige verstreke ooreenkoms

2. GELDIGHEIDSDUUR VAN OOREENKOMS

Hierdie Ooreenkoms tree in werking op die datum wat die Minister van Mannekrag kragtens artikel 48 van die Wet vasstel en bly van krag vir 'n tydperk van een jaar vanaf genoemde datum, of vir die tydperk of tydperke wat hy bepaal

3. WOORDOMSKRYWING

Tensy uit die samehang anders blyk, het enige uitdrukking wat in hierdie Ooreenkoms gebesig en in die Wet op Arbeidsverhoudinge, 1956, omskryf word, dieselfde betekenis as in bedoelde Wet en, tensy strydig met die samehang, beteken—

"aaneenlopende bedrywigheid" 'n bedrywigheid kragtens artikel 33 van die Wet op Basiese Diensvoorwaardes, 1983, as sodanig verklaar;

"bedryfsinrigting" enige perseel of deel daarvan waarin of in verband waarmee een of meer werknemers van die klasse in klousule 1 (2) bedoel, in die Bedryf in diens is,

"dag" enige tydperk van 24 uur bereken vanaf die tyd wanneer 'n werknemer begin werk,

"deeltydse skoonmaker" 'n skoonmaker wat per maand in diens is vir hoogstens 36 gewone werkure in enige week en wie se gewone ure per dag drie, vier, vyf of ses uur kan wees,

"die Wet" die Wet op Arbeidsverhoudinge, 1956,

"Kontrakskoonmaakbedryf" die bedryf waarin werkgewers en hul werknemers met mekaar geassosieer is met die doel om nywerheids- en handelspersele en -geboue, en nywerheidswoonstelle wat kommersieel verhuur word, skoon te maak, maar omvat dit nie werkgewers en werknemers nie wat uitsluitlik by die Bounywerheid betrokke is,

"loon" die bedrag geld wat aan 'n werknemer betaalbaar is ingevolge enige ooreenkoms in die Raad ten opsigte van sy gewone werkure soos voorgeskryf by klousule 4. Met dien verstande dat as 'n werkgewer 'n werknemer ten opsigte van sodanige gewone werkure gereeld 'n hoer bedrag betaal as dié wat in enige sodanige ooreenkoms voorgeskryf word, dit sodanige hoër bedrag beteken, en "gewone loon" en "weekloon" het 'n ooreenstemmende betekenis; maar hierdie voorbehoudsbepaling mag nie so vertolk word nie dat dit besoldiging bedoel of omvat wat 'n werknemer wat in diens is op enige grondslag waarvoor daar in klousule 8 voorsiening gemaak word, ontvang bo en behalwe die bedrag wat hy sou ontvang het as hy nie op so 'n grondslag in diens was nie,

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"overtime" means that portion of any period which an employee works for his employer during any week or on any day, as the case may be, and which is in excess of the respective ordinary hours of work of such employee, but does not include any period during which an employee works for his employer on a Sunday,

"part-time cleaner" means a cleaner employed by the month on not more than 36 ordinary hours of work in any week and whose ordinary hours per day could be three, four, five or six hours,

"piece-work" means any system under which an employee's remuneration is based on the quantity of work done,

"public holiday" means New Year's Day (or the succeeding Monday whenever a New Year's Day falls on a Sunday), Good Friday, Ascension Day, Workers' Day, Republic Day, Day of the Vow and Christmas Day,

"shift worker" means an employee who is engaged on shift work in an activity in an establishment in which two or three consecutive shifts per day are worked on not more than six days per week,

"the Act" means the Labour Relations Act, 1956,

"wage" means the amount of money payable to an employee in terms of any agreement in the Council in respect of his ordinary hours of work as prescribed in clause 4 Provided that if an employer regularly pays an employee in respect of such ordinary hours of work an amount higher than that prescribed in any such agreement it means such higher amount, and "ordinary wage" and "weekly wage" shall have a corresponding meaning, but this proviso shall not be construed so as to refer to or include any remuneration which an employee who is employed on any basis provided in clause 8 receives over and above the amount which he would have received had he not been employed on such a basis,

"week" means the period of seven days within which the working week of the employee concerned ordinarily falls

"los werknemer" 'n werknemer wat hoogstens drie dae in enige week by dieselfde werkgewer in diens is;

"militêre diens" enige tydperk van diens of opleiding ingevolge die Verdedigingswet, 1957,

"noodwerk" enige werk wat weens onvoorsiene omstandighede soos 'n brand, 'n storm, 'n ongeluk, 'n gewelddaad, 'n epidemie, sabotasie, nywerheidsnorus, diefstal of die onklaarraking of dreigende onklaarraking van geboue, sonder versuim gedoen moet word,

"oortyd" die gedeelte van enige tydperk wat 'n werknemer gedurende enige week of op enige dag, na gelang van die geval, vir sy werkgewer werk en wat langer as die onderskeie gewone werkure van sodanige werknemer is, maar omvat dit nie enige tydperk wat 'n werknemer op 'n Sondag vir sy werkgewer werk nie;

"openbare vakansiedag" Nuwejaarsdag (of die daaropvolgende Maandag wanneer Nuwejaarsdag op 'n Sondag val), Goeie Vrydag, Hemelvaartdag, Werkersdag, Republiekdag, Geloftedag en Kersdag,

"Raad" die Nywerheidsraad vir die Kontrakskoonmaakbedryf geregistreer kragtens artikel 19 van die Wet,

"skofwerker" 'n werknemer wat skofwerk verrig in 'n werksaamheid in 'n bedryfsinrigting waarin twee of drie agtereenvolgende skofte per dag op hoogstens ses dae per week gewerk word,

"skoonmaker" 'n werknemer wat in diens is om kantoor-, skool-, besigheids- of dergelike persele en/of die meubels in sodanige persele skoon te maak en wat werk in verband daarmee kan verrig;

"stukwerk" 'n stelsel waarvolgens 'n werknemer se besoldiging gegrond word op die hoeveelheid werk wat verrig is,

"week" die tydperk van sewe dae waarbinne die werkweek van die betrokke werknemer gewoonlik val,

"wet" ook die gemenerereg.

4. REMUNERATION

(1) The minimum wages which an employer shall pay to his employees shall be as set out hereunder

	The Magisterial Districts of Durban, Pinetown Inanda, Chatsworth and Stanger		The Magisterial Districts of Pietermaritzburg and Howick		The Magisterial District of Newcastle		The Magisterial District of Ladysmith		Rest of Natal	
	Per week	Per month	Per week	Per month	Per week	Per month	Per week	Per month	Per week	Per month
Full time 8 hours 46 p w	140,88	610,01	128,20	555,11	119,83	518,86	117,08	506,96	113,33	490,72
Part time 3 hours 18 p w	63,36	274,35	57,76	250,10	54,00	233,82	52,74	228,36	51,00	220,83
Part time 4 hours 24 p w	84,48	365,80	77,01	333,44	72,00	311,76	70,32	304,49	68,00	294,44
Part time 5 hours 30 p w	105,60	457,25	96,26	416,81	90,00	389,70	87,90	380,61	85,00	368,05
Part time 6 hours 36 p w	126,62	548,70	115,52	500,20	108,00	467,64	105,48	456,73	102,00	441,66

4 BESOLDIGING

(1) Die minimum lone wat 'n werkgewer aan sy werknemers moet betaal, is soos hieronder uiteengesit

	Die Landdrosdistrikte Durban, Pietermaritzburg en Stanger		Die Landdrosdistrikte Pietermaritzburg en Howick		Die Landdrosdistrik Newcastle		Die Landdrosdistrik Ladysmith		Die res van Natal	
	Per week	Per maand	Per week	Per maand	Per week	Per maand	Per week	Per maand	Per week	Per maand
Voltyds 8 uur 46 p w	140,88	610,01	128,20	555,11	119,83	518,66	117,08	506,96	113,33	490,72
Deeltyds 3 uur 18 p w	63,36	274,35	57,76	250,10	54,00	233,82	52,74	228,36	51,00	220,83
Deeltyds 4 uur 24 p w	84,48	365,80	77,01	333,44	72,00	311,76	70,32	304,49	68,00	294,44
Deeltyds 5 uur 30 p w	105,60	457,25	96,26	416,81	90,00	389,70	87,90	380,61	85,00	368,05
Deeltyds 6 uur 36 p w	126,62	548,70	115,52	500,20	108,00	467,64	105,48	456,73	102,00	441,66

(2) **Casual employees:** An employer shall pay a casual employee for each day or part of a day of employment, other than employment on a public holiday as defined or on a Sunday, not less than—

- (a) one 22nd, if the maximum prescribed ordinary hours of work of such employee is nine and a quarter,
(b) one 26th, if such maximum is eight and a half,

of the montly wage prescribed for an employee in the same area who performs the same class or work as the casual employees is required to do, **plus 10 per cent:** Provided that where on any day a casual employee has worked or stood by for the work for which he was engaged and which work he was precluded from doing through circumstances beyond his control, his employer shall pay him not less than his daily wage, irrespective of whether he has on that day worked or so stood by for nine and a quarter or eight and a half hours, as the case may be. Provided further that if he was required to work or so stand by for less than four consecutive hours on any day, his wage in respect of such day may be reduced by not more than 50 per cent

(3) **Basis of contract:** For the purposes of this clause the contract of employment of an employee, other than a casual employee, shall be on a monthly basis save as is provided in subclause (1)

(4) **Calculation of wages:** (a) The hourly wage of an employee, other than casual employee, shall be his weekly wage divided by the number of hours of work normally worked by such employee in any week, which shall not be in excess of the ordinary hours of work applicable to an employee.

(b) the hourly wage of a casual employee shall be his wage for that day divided by the number of ordinary hours worked by him on such day

(c) The daily wage of an employee, other than a casual employee, shall be his weekly wage divided by the number of days normally worked by him in a week

(d) The weekly wage of an employee shall be his monthly wage divided by four comma three three

(2) **Los werknemers:** 'n Werkgewer moet 'n los werknemer vir elke dag of gedeelte van 'n dag diens, uitgesonderd diens op 'n openbare vakansiedag soos omskryf of op 'n Sondag, minstens soos volg betaal

- (a) Een 22ste, indien die maksimum voorgeskrewe gewone werkure van sodanige werknemer nege en 'n kwart is,
(b) een 26ste, indien sodanige maksimum agt en 'n half is,

van die maandloon voorgeskryf vir 'n werknemer in dieselfde gebied wat dieselfde klas werk verrig as dié wat van die los werknemer vereis word, **plus 10 persent** Met dien verstande dat indien 'n los werknemer op enige dag gewerk het of gereed was vir die werk waarvoor hy in diens geneem is en welke werk hy as gevolg van omstandighede buite sy beheer verhinder was om te verrig, sy werkgewer hom minstens sy dagloon moet betaal, ongeag of hy op dié dag nege en 'n kwart of agt en 'n half uur lank, na gelang van die geval, gewerk het of aldus gereed was. Met dien verstande voorts dat indien van hom vereis is om minder as vier agtereenvolgende uur op enige dag te werk of aldus gereed te wees, sy loon ten opsigte van sodanige dag met hoogstens 50 persent verminder kan word

(3) **Kontrakgrondslag:** By die toepassing van hierdie klousule berus die dienskontrak van 'n werknemer, uitgesonderd 'n los werknemer, behoudens die bepalings van subklousule (1) op 'n maandelikse grondslag.

(4) **Berekening van lone:** (a) Die uurloon van 'n werknemer, uitgesonderd 'n los werknemer, is sy weekloon gedeel deur die getal werkure wat sodanige werknemer gewoonlik in 'n week werk en wat nie die gewone werkure wat op 'n werknemer van toepassing is, oorskry nie

(b) Die uurloon van 'n los werknemer is sy loon vir daardie dag gedeel deur die getal gewone ure wat hy op daardie dag gewerk het

(c) Die dagloon van 'n werknemer, uitgesonderd 'n los werknemer, is sy weekloon gedeel deur die getal dae wat hy gewoonlik in 'n week werk

(d) Die weekloon van 'n werknemer is sy maandloon gedeel deur vier komma drie drie

(5) **Night-work allowance:** An employer who requires or permits an employee to do night work shall pay him, in addition to his wage, an allowance of not less than 10 per cent of his hourly wage for each hour or part of an hour worked by him on night work

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5. PAYMENT OF REMUNERATION

(1) **Employees other than casual employees:** Save as is provided in any Act or in any other agreement of the Council which is binding in terms of section 48 of the Act, any amount due to an employee, other than a casual employee, shall be paid by cheque, or into a building society account or bank account, monthly during his ordinary hours of work or within 14 minutes thereafter on the usual pay-day of the establishment for such employee (or, in the case of a shift worker, an employee performing night work or an employee employed in a continuous activity, at a time agreed upon between such employee and his employer, which time shall be during the usual office hours of the establishment but not later than 24 hours after the usual pay-day) or on termination of such employment if this takes place before the usual pay-day, and such amount shall be contained in a sealed envelope or container on which shall be recorded, or which shall be accompanied by a statement showing.

- (a) The employer's name,
- (b) the employee's name or his number on the pay roll and his class,
- (c) the period in respect of which payment is made;
- (d) the number of ordinary hours of work worked by the employee,
- (e) the number or overtime hours worked by the employee in that period,
- (f) the number of hours worked by the employee on a Sunday of a public holiday as defined;
- (g) the employee's wage,
- (h) details of any other remuneration arising out of the employee's employment,
- (i) details of any deductions made; and
- (j) the net amount paid to the employee,

and such envelope or container on which these particulars are recorded or such statement shall become the property of the employee. Provided that the particulars prescribed above may be recorded on such envelope or container or in such statement in code, which code shall be fully set out and explained in an accompanying notice or in some conspicuous place in the establishment, accessible to all employees affected

(2) **Casual employees:** An employer shall pay the remuneration due to a casual employee in cash on termination of his employment, but at least once a week

(3) **Premiums:** Subject to the provisions of any other act, no payment by or on behalf of an employee shall be accepted by an employer, either directly or indirectly, in respect of the employment or training of that employee

(4) **Purchase of goods:** An employer shall not require his employee to purchase any goods from him or from any shop, place or person nominated by him

(5) **Nagwerktoelae:** 'n Werkgewer wat van 'n werknemer vereis of hom toelaat om nagwerk te verrig, moet hom, benewens sy loon, 'n toelae betaal van minstens 10 persent van sy uurloon vir elke uur of gedeelte van 'n uur wat hy nagwerk verrig het

5. BETALING VAN BESOLDIGING

(1) **Werknemers, uitgesonderd los werknemers:** Behoudens die bepalings van enige wet of van enige ander ooreenkoms van die Raad wat kragtens artikel 48 van die Wet bindend is, moet enige bedrag verskuldig aan 'n werknemer, uitgesonderd 'n los werknemer, maandeliks per tjek, of in 'n rekening by 'n bouvereniging of 'n bank, betaal word gedurende sy gewone werkure, of binne 15 minute daarna, op die gewone betaaldag van die bedryfsinrigting vir sodanige werknemer (of, in die geval van 'n skofwerker, 'n werknemer wat nagwerk verrig of 'n werknemer wat vir 'n aaneenlopende bedrywigheid, in diens is, op 'n tyd waarvoor sodanige werknemer en sy werkgewer ooreengekom het, welke tyd gedurende die gewone kantoorure van die bedryfsinrigting moet wees, maar nie later nie as 24 uur na die gewone betaaldag) of by diensbeëindiging, as dit voor die gewone betaaldag plaasvind, en sodanige bedrag moet in 'n verseelde koevert of houer wees waarop, of wat vergesel gaan van 'n staat waarop, die volgende vermeld word.

- (a) Die werkgewer se naam;
- (b) die werknemer se naam of sy nommer op die betaalstaat en sy klas,
- (c) die tydperk ten opsigte waarvan die betaling gedoen word,
- (d) die getal gewone werkure wat die werknemer gewerk het,
- (e) die getal ure wat die werknemer gedurende daardie tydperk oortyd gewerk het,
- (f) die getal ure wat die werknemer op 'n Sondag of 'n openbare vakansiedag soos omskryf, gewerk het,
- (g) die werknemer se loon;
- (h) besonderhede van enige ander besoldiging wat uit die werknemer se diens voortspruit;
- (i) besonderhede van enige bedrae wat afgetrek is, en
- (j) die netto bedrag wat aan die werknemer betaal word,

en sodanige koevert of houer waarop hierdie besonderhede aangeteken is of sodanige staat word die eiendom van die werknemer. Met dien verstande dat die besonderhede hierbo voorgeskryf, in kodevorm op sodanige koevert of houer of in sodanige staat aangeteken kan word, welke kode volledig uiteengesit en verduidelik moet word in 'n bygaande kennisgewing of op 'n opvallende plek in die bedryfsinrigting wat toeganklik is vir alle werknemers wat daardeur geraak word

(2) **Los werknemers:** 'n Werkgewer moet die besoldiging wat aan 'n los werknemer verskuldig is, by die beëindiging van sy diens, maar minstens een maal per week, in kontant aan hom betaal

(3) **Premies:** Behoudens die bepalings van enige ander wet mag geen betaling deur of ten behoeve van 'n werknemer deur 'n werkgewer, hetsy regstreeks of onregstreeks, aangeneem word ten opsigte van die indiensneming of opleiding van daardie werknemer nie

(4) **Koop van goedere:** 'n Werkgewer mag nie van sy werknemer vereis om enige goedere van hom of by enige winkel, plek of persoon deur hom aangewys, te koop nie

(5) **Deductions:** An employer shall not levy any fines against his employee nor shall he make any deductions from his employee's remuneration other than the following.

- (a) With the written consent of the employee, a deduction for any holiday, sick, medical, insurance, savings, provident or pension fund or in respect of trade union subscriptions,
- (b) except where otherwise provided in this Agreement, whenever an employee is absent from work, other than on the instructions or at the request of his employer, a deduction proportionate to the period of his absence and calculated on the basis of the wage which such employee was receiving in respect of his ordinary hours of work at the time of such absence,
- (c) a deduction of any amount which an employer by law or order of any competent court is required or permitted to make;
- (d) whenever the ordinary hours of work prescribed in an act or in any other agreement of the Council which is binding in terms of section 48 of the Act are reduced on account of short time, a deduction not exceeding the amount of the employee's (other than a casual employee's or part-time cleaner's) hourly wage in respect of each hour of such reduction Provided that—
- (i) such deduction shall not exceed one third of the employee's monthly wage, irrespective of the number of hours by which the ordinary hours of work are thus reduced;
 - (ii) no deduction shall be made in the case of short time arising out of slackness of work, unless the employer has given his employee notice on the previous day of his intention to reduce the ordinary hours of work;
 - (iii) no deduction shall be made in the case of short time owing to the vagaries of the weather or because the building was unfit for use or is in danger of becoming unfit for use, in respect of the first hour not worked, unless the employer has given his employee notice on the previous day that no work will be available,
- (e) with the written consent of an employee, a deduction of any amount which the employer had paid or has undertaken to pay to—
- (i) any banking institution, building society, insurance business, registered financial institution, local authority or the State in respect of a payment on a loan granted to such employee to acquire a dwelling;
 - (ii) any organisation or body in respect of the rent of a dwelling or accommodation in a hostel occupied by such employee if such dwelling or hostel is provided through the instrumentality of such organisation or body wholly or partly from funds advanced for that purpose by the State or a body referred to in subparagraph (i),
- (f) with the written consent of the employee, a deduction of any amount loaned or advanced to him by the employer Provided that any deduction for the repayment of such loan or advance shall not exceed one third of the total remuneration due to the employee on the pay-day concerned. Provided further that no such deduction shall be made in respect of any period during which the employee's wage is reduced in terms of paragraph (d)

(5) **Aftrekkings:** 'n Werkgewer mag sy werknemer geen boetes opleë nie of mag geen bedrae van sy werknemer se besoldiging aftrek nie, uitgesonderd die volgende

- (a) Met die skriftelike toestemming van die werknemer, 'n bedrag vir 'n vakansie-, sieke-, mediese-, versekerings-, spaar-, voorsorg- of pensioenfonds of ten opsigte van ledegeld aan 'n vakvereniging,
- (b) behoudens andersluidende bepalings in hierdie Ooreenkoms, elke keer wanneer 'n werknemer om 'n ander rede as op las of versoek van sy werkgewer van sy werk afwesig is, 'n bedrag eweredig aan die tydperk van sy afwesigheid en bereken op die grondslag van die loon wat sodanige werknemer ten tyde van sodanige afwesigheid ten opsigte van sy gewone werkure ontvang het,
- (c) enige bedrag wat 'n werkgewer by wet of kragtens 'n bevel van 'n bevoegde hof moet of kan aftrek,
- (d) wanneer die gewone werkure voorgeskryf in 'n wet of in enige ander ooreenkoms van die Raad wat kragtens artikel 48 van die Wet bindend is, weens korttyd verminder word, 'n bedrag van hoogstens die werknemer (uitgesonderd 'n los werknemer of 'n deeltydse skoonmaker) se uurloon ten opsigte van elke uur van sodanige vermindering Met dien verstande dat—
- (i) sodanige bedrag hoogstens een derde van die werknemer se maandloon is, ongeag die getal ure waarmee die gewone werkure aldus verminder word,
 - (ii) geen bedrag in die geval van korttyd weens 'n werksiapte afgetrek word nie tensy die werkgewer sy werknemer op die vorige dag kennis gegee het van sy voorneme om die gewone werkure te verminder,
 - (iii) geen bedrag ten opsigte van die eerste uur waarin daar nie gewerk word nie, afgetrek word nie in die geval van korttyd weens die wisselvaligheid van die weer of omdat die gebou onbruikbaar was of gevaar loop om onbruikbaar te word, tensy die werkgewer sy werknemer op die vorige dag kennis gegee het dat daar geen werk sal wees nie;
- (e) met die skriftelike toestemming van 'n werknemer, enige bedrag wat die werkgewer betaal het of onderneem het om te betaal aan—
- (i) enige bankinstelling, bouvereniging, versekeringsonderneming, geregistreerde finansiële instelling, plaaslike owerheid of die Staat ten opsigte van 'n paaiement op 'n lening aan sodanige werknemer toegestaan om 'n woning te bekom,
 - (ii) enige organisasie of liggaam ten opsigte van die huur van 'n woning of huisvesting in 'n hostel waarin sodanige werknemer woon indien sodanige woning of hostel deur bemiddeling van sodanige organisasie of liggaam voorsien is geheel of gedeeltelik uit fondse vir die doel voorgeskiet deur die Staat of 'n liggaam in subparagraaf (i) bedoel,
- (f) met die skriftelike toestemming van die werknemer, enige bedrag wat deur die werkgewer aan hom geleen of voorgeskiet het Met dien verstande dat 'n bedrag wat afgetrek word vir die terugbetaling van sodanige lening of voorskot hoogstens een derde van die totale besoldiging is wat op die betrokke betaaldag aan die werknemer verskuldig is Met dien verstande voorts dat geen sodanige bedrag afgetrek word nie ten opsigte van enige tydperk waartydens die werknemer se loon kragtens paragraaf (d) verminder word

6. PROHIBITIONS ON FURTHER NEGOTIATION ON MATTERS COVERED IN THIS AGREEMENT

(28) No in-house negotiations shall take place between the employer and the trade union on any matter covered in this Agreement or in any other agreement of the Council unless further negotiations are specifically agreed to by the Council

7. HOURS OF WORK, ORDINARY AND OVERTIME, AND PAYMENT FOR OVERTIME

(1) **Ordinary hours of work:** An employer shall not require or permit an employee to work more ordinary hours of work than, in the case of—

- (a) a casual employee in an establishment in which employees normally work on—
 - (i) not more than five days in a week, nine and a quarter on any day,
 - (ii) more than five days in a week, eight and a half on any day,
- (b) a part-time cleaner, those agreed to between the employer and his employee, but not exceeding 36 hours per week and six hours per day;
- (c) a shift worker—
 - (i) 46 in any week from Monday to Saturday inclusive, and
 - (ii) subject to subparagraph (i), eight on any day,
- (d) any other employee—
 - (i) 46 in any week from Monday to Saturday, inclusive, and
 - (ii) subject to subparagraph (i), in the case of an employee who normally works on—
 - (aa) not more than five days in a week, nine and a quarter on any day;
 - (bb) more than five days in a week, eight on any day, unless the hours on one day do not exceed five, in which case the hours on any of the other days may be extended to eight and a half

(2) **Meal intervals:** An employer shall not require or permit an employee to work continuously for more than five hours without a meal interval of not less than one hour, during which interval such employee shall not be required or permitted to perform any work, and such interval shall not form part of the ordinary hours of work or overtime. Provided that—

- (a) an employer may agree with his employee to reduce the period of such interval to not less than half an hour and in that event and after the employer has informed the Secretary of the Council in writing of such agreement, the interval may be so reduced,
- (b) periods of work interrupted by intervals of less than one hour, except when proviso (a) applies, shall be deemed to be continuous,
- (c) if such interval is longer than one hour, except when proviso (f) applies, any period in excess of two hours shall be deemed to be time worked;
- (d) only one such interval during the ordinary hours of work of any employee on any day shall not form part of the ordinary hours of work,

6. VERBOD OP VERDERE ONDERHANDELING OOR AANGELEENTHEDE GEDEK IN HIERDIE OOREENKOMS

Geen interne onderhandelinge mag tussen 'n werkgewer en die vakvereniging plaasvind nie oor enige aangeleentheid wat in hierdie Ooreenkoms of in enige ander ooreenkoms van die Raad gedek word, tensy die Raad spesifiek tot verdere onderhandeling instem

7. WERKURE, GEWONE EN OORTYD, EN BETALING VIR OORTYD

(1) **Gewone werkure:** 'n Werkgewer mag nie van 'n werknemer vereis of hom toelaat om meer gewone werkure te werk nie as, in die geval van—

- (a) 'n los werknemer in 'n bedryfsinrigting waarin die werknemers gewoonlik op—
 - (i) hoogstens vyf dae in 'n week werk, nege en 'n kwart op enige dag,
 - (ii) meer as vyf dae in 'n week werk, agt en 'n half op enige dag,
- (b) 'n deeltydse skoonmaker, die waaroor die werkgewer en sy werknemer onderling ooreengekom het, maar hoogstens 36 uur per week en ses uur per dag;
- (c) 'n skofwerker—
 - (i) 46 in 'n week van Maandag tot en met Saterdag, en
 - (ii) behoudens subparagraaf (i), agt op enige dag,
- (d) enige ander werknemer—
 - (i) 46 in 'n week van Maandag tot en met Saterdag, en
 - (ii) behoudens subparagraaf (i), in die geval van 'n werknemer wat gewoonlik op—
 - (aa) hoogstens vyf dae in 'n week werk, nege en 'n kwart op 'n dag,
 - (bb) meer as vyf dae in 'n week werk, agt op 'n dag, tensy die ure op een dag hoogstens vyf is, in welke geval die ure op enige van die ander dae tot agt en 'n half verleng kan word.

(2) **Etenspouse:** 'n Werkgewer mag nie van 'n werknemer vereis of hom toelaat om meer as vyf uur aaneenlopend sonder 'n etenspouse van minstens een uur te werk nie, en gedurende sodanige pouse mag daar nie van sodanige werknemer vereis word of mag hy nie toegelaat word om enige werk te verrig nie, en sodanige pouse maak nie deel van die gewone werkure of oortyd uit nie. M&t dien verstande dat—

- (a) 'n werkgewer met sy werknemer kan ooreenkom om die duur van sodanige pouse tot minstens 'n halfuur te verkort en in daardie geval en nadat die werkgewer die Sekretaris van die Raad skriftelik van sodanige ooreenkoms in kennis gestel het, kan die pouse aldus verkort word,
- (b) werktydperke wat deur pouses van minder as een uur onderbreek word, uitgesonderd voorbehoudsbepaling (a) van toepassing is, geag word aaneenlopend te wees,
- (c) indien sodanige pouse langer as een uur duur, uitgesonderd wanneer voorbehoudsbepaling (f) van toepassing is, enige tydperk langer as twee uur geag word werktyd te wees,
- (d) slegs een sodanige pouse gedurende die gewone werkure van 'n werknemer op 'n dag nie deel van die gewone werkure uitmaak nie,

(e) when on any day by reason of overtime worked an employer is required to give an employee a second meal interval, such interval may be reduced to not less than 15 minutes,

(f) in the case of an employee who is wholly or mainly engaged in cleaning premises, if such interval is longer than two hours, any period in excess of two hours shall be deemed to form part of the ordinary hours of work

(3) **Hours of work to be consecutive:** Save as is provided in subclause (2), all hours of work of an employee on any day shall be consecutive

(4) **Limitation of overtime:** (a) Overtime shall be voluntary and shall not exceed, in the case of—

(i) a casual employee, three hours on any day,

(ii) any other employee, three hours on any day and 10 hours in any week

(b) Where practical part-time employees will be given the first opportunity to work overtime

(c) Where emergency work, as defined, needs to be performed, such work shall be performed on a compulsory basis

(5) **Payment of overtime:** An employer shall pay an employee who works overtime at a rate of not less than, in the case of—

(a) a casual employee, one and a third times his hourly wage in respect of the total period so worked by such employee on any day,

(b) any other employee, one and a third times his hourly wage in respect of the total period so worked by such employee in any week

(6) **Spread-over:** No employer shall require or permit an employee to work a spread-over of more than 12 hours. Provided that if overtime is worked the said maximum spread-over may be extended to the extent to which the ordinary hours mentioned in subclause (1), plus any overtime worked by him which does not exceed the maximum daily overtime mentioned in subclause (4), plus the time taken up by a meal interval which the employee is allowed in terms of subclause (2), exceed 12 hours during any day

(7) **Savings:** (a) Subclauses (1), (2) and (3) shall not apply to an employee engaged in a continuous activity

(b) Subclauses (2), (3), (4) and (6) shall not apply to an employee while he is engaged on emergency work

8. ANNUAL LEAVE

(1) Subject to subclause (2), an employer shall grant to his employee, other than a casual employee, in respect of each completed period of 12 months' employment with him, in the case of an employee—

(a) who normally works on not more than six days in a week, 21 consecutive days' leave;

(b) with more than 10 years' service with the same employer, 28 consecutive days' leave,

and the employee shall take such leave and the employer shall pay him in respect of such leave an amount not less than three times or four times, as the case may be, the weekly wage which the employee was receiving immediately prior to the date on which the leave commenced

(e) wanneer daar op enige dag vanwee oortyd gewerk, van 'n werkgewer vereis word om 'n tweede etenspouse aan 'n werknemer toe te staan, sodanige pouse tot minstens 15 minute verkort kan word,

(f) in die geval van 'n werknemer wat uitsluitlik of hoofsaaklik by die skoonmaak van persele betrokke is, indien sodanige pouse langer as twee uur duur, enige tydperk langer as twee uur geag word deel van die gewone werkure uit te maak

(3) **Werkure moet agtereenvolgend wees:** Behoudens die bepalings van subklousule (2) moet alle werkure van 'n werknemer op 'n dag agtereenvolgend wees

(4) **Beperking van oortyd:** (a) Oortyd is vrywillig en mag, in die geval van—

(i) 'n los werknemer, hoogstens drie uur op enige dag wees;

(ii) enige ander werknemer, hoogstens drie uur op 'n dag en 10 uur in 'n week wees

(b) Waar doentlik sal deelydse werknemers eerste die geleentheid gebied word om oortyd te werk

(c) Waar noodwerk, soos omskryf, verrig moet word, word sodanige werk op 'n verpligte grondslag verrig

(5) **Betaling vir oortyd:** 'n Werkgewer moet 'n werknemer wat oortyd werk, betaal teen 'n tarief van minstens, in die geval van—

(a) 'n los werknemer, een en 'n derde maal sy uurloon ten opsigte van die totale tydperk aldus deur sodanige werknemer op enige dag gewerk,

(b) enige ander werknemer, een en 'n derde maal sy uurloon ten opsigte van die totale tydperk aldus deur sodanige werknemer in 'n week gewerk

(6) **Werkverspreiding:** Geen werkgewer mag van 'n werknemer vereis of hom toelaat om 'n werkverspreiding van meer as 12 uur te werk nie. Met dien verstande dat indien oortyd gewerk word, bedoelde maksimum werkverspreiding verleng kan word in die mate waarin die gewone ure in subklousule (1) vermeld, plus enige oortyd deur hom gewerk wat nie die maksimum daaglikse oortyd vermeld in subklousule (4) oorskry nie, plus die tyd in beslag geneem deur 'n etenspouse wat aan die werknemer ingevolge subklousule (2) toegestaan word, 12 uur gedurende 'n dag oorskry

(7) **Voorbehoudsbepalings:** (a) Subklousules (1), (2) en (3) is nie op 'n werknemer wat 'n aaneenlopende bedrywigheid verrig, van toepassing nie

(b) Subklousules (2), (3) (4) en (6) is nie op 'n werknemer terwyl hy noodwerk verrig, van toepassing nie

8. JAARLIKSE VERLOF

(1) Behoudens subklousule (2) moet 'n werkgewer aan sy werknemer, uitgesonderd 'n los werknemer, ten opsigte van elke voltooide tydperk van 12 maande diens by die werkgewer soos volg verlof toestaan. In die geval van 'n werknemer—

(a) wat gewoonlik op hoogstens ses dae in 'n week werk, 21 agtereenvolgende dae,

(b) met meer as 10 jaar diens by dieselfde werkgewer, 28 agtereenvolgende dae,

en die werknemer moet sodanige verlof neem en die werkgewer moet hom ten opsigte van sodanige verlof 'n bedrag betaal van minstens drie maal of vier maal, na gelang van die geval, die weekloon wat die werknemer onmiddellik voor die aanvangsdatum van die verlof ontvang het

(2) the leave prescribed in subclause (1) shall be granted and be taken at a time to be fixed by the employer Provided that—

(a) if such leave has not been granted earlier, it shall, save as provided in subclause (3), be granted and be taken so as to commence within two months after the completion of the 12 months of employment to which it relates or, if the employer and employee have agreed thereto in writing before the expiration of the said period of two months, the employer shall grant such leave to the employee and the employee shall take such leave as from a date not later than two months after the expiration of the said period of two months,

(b) the period of leave shall not be concurrent with any period—

(i) during which an employee is absent on sick leave in terms of clause 9 or owing to incapacity in the circumstances set out in clause 9 (4) (a) or (b) amounting in the aggregate to not more than 10 weeks in any period of 12 months;

(ii) during which the employee is under notice of termination of employment in terms of clause 20,

(iii) during which the employee is doing military service,

(c) an employer may set off against such period of leave any days of occasional leave granted on full pay to his employee at such employee's written request during the period of 12 months of employment to which the annual leave relates

(3) (a) At the written request of his employee, an employer may permit the leave to accumulate over a period of not more than 24 months of employment Provided that—

(i) the request is made by such employee not later than two months after the expiration of the first period of 12 months of employment to which the leave relates, and

(ii) the date of receipt of the request is endorsed on the request over his signature by the employer, who shall retain the request at least until the expiration of the period of leave

(b) Subclause (2) shall *mutatis mutandis* apply to the leave referred to in this subclause

(4) the remuneration in respect of the leave prescribed in subclause (1), read with subclause (3), shall be paid not later than the last working day before the date of commencement of the leave or, at the written request of the employee, not later than the first pay-day after the expiration of the leave

(5) An employee whose employment terminated during any period of 12 months of employment before the period of leave prescribed in subclause (1) in respect of that period has accrued and been taken shall, upon such termination and in addition to any other remuneration which may be due to him, be paid in respect of each completed month of such period of employment an amount of not less than one fourth or one third, as the case may be, of the weekly wage he was receiving immediately before the date of such termination Provided that an employer may make a proportionate deduction in settlement of any debts at the employee's written request Provided further that, subject to clause 20 (4), an employee shall not be entitled to any payment by virtue of this subclause if he leaves his employment without—

(a) having given and served the period of notice prescribed in clause 20, unless the employer has waived such notice or the employee has paid the employer in lieu of notice, or

(2) Die verlof by subklousule (1) voorgeskryf, moet toegestaan en geneem word op 'n tyd wat die werkgewer bepaal Met dien verstande dat—

(a) indien sodanige verlof nie eerder toegestaan is nie, dit, behoudens subklousule (3), so toegestaan en geneem moet word dat dit begin binne twee maande na voltooiing van die 12 maande diens waarop dit betrekking het, of indien die werkgewer en die werknemer voor die verstryking van genoemde tydperk van twee maande skriftelik daartoe ooreengekom het, die werkgewer sodanige verlof aan die werknemer moet toestaan en die werknemer sodanige verlof moet neem vanaf 'n datum uiterlik twee maande na die verstryking van genoemde tydperk van twee maande,

(b) die verloftydperk nie mag saamval nie met 'n tydperk—

(i) waartydens 'n werknemer afwesig is met siekteverlof ingevolge klousule 9 of weens ongeskiktheid in die omstandighede uiteengesit in klousule 9 (4) (a) of (b), en wat altesaam hoogstens 10 weke in 'n tydperk van 12 maande beloop,

(ii) waartydens die werknemer kennis van diensbeëindiging ingevolge klousule 20 uitdien;

(iii) waartydens die werknemer militêre diens verrig,

(c) 'n werkgewer al die dae geleentheidsverlof wat op die skriftelike versoek van sy werknemer met volle betaling aan hom toegestaan is gedurende die tydperk van 12 maande diens waarop die jaarlikse verlof betrekking het, van sodanige verloftydperk kan aftrek

(3) (a) Op die skriftelike versoek van sy werknemer kan 'n werkgewer toeiaat dat die verlof oor 'n tydperk van hoogstens 24 maande ooploop: Met dien verstande dat—

(i) sodanige werknemer die versoek rig uiterlik twee maande na die verstryking van die eerste tydperk van 12 maande diens waarop die verlof betrekking het, en

(ii) die werkgewer die datum van ontvangs van die versoek daarop aanbring en dit onderteken en die versoek tot minstens die verstryking van die verloftydperk bewaar

(b) Subklousule (2) is *mutatis mutandis* van toepassing op die verlof in hierdie subklousule bedoel

(4) Die besoldiging ten opsigte van die verlof voorgeskryf by subklousule (1), gelees met subklousule (3), moet betaal word uiterlik op die laaste werkdag voor die aanvangsdatum van die verlof of, op die skriftelike versoek van die werknemer, uiterlik die eerste betaaldag na die verstryking van die verlof

(5) Aan 'n werknemer wie se diens gedurende 'n tydperk van 12 maande diens eindig voordat die verloftydperk voorgeskryf by subklousule (1) ten opsigte van daardie tydperk opgeloop het en geneem is, moet daar by sodanige diensbeëindiging en benewens enige ander besoldiging wat aan hom verskuldig is, ten opsigte van elke voltooide maand van sodanige dienstydperk 'n bedrag betaal word van minstens een vierde of een derde, na gelang van die geval, van die weekloon wat hy onmiddellik voor die datum van sodanige diensbeëindiging ontvang het Met dien verstande dat 'n werkgewer op die skriftelike versoek van die werknemer 'n eweredige aftrekking ten opsigte van die delging van enige skuld kan doen Met dien verstande voorts dat 'n werknemer, behoudens klousule 20 (4), nie enige betaling uit hoofde van hierdie subklousule geregtig is nie indien hy sy diens verlaat sonder—

(a) om die kennisgewingstermyn kennis te gee en uit te dien wat by klousule 20 voorgeskryf word, tensy die werkgewer van sodanige kennisgewing afsien of die werknemer die werkgewer betaal in plaas daarvan om kennis te gee, of

(b) cause recognised by law as sufficient

(6) An employee who has become entitled to a period of leave prescribed in subclause (1), read with subclause (3), and whose employment terminates before such leave has been granted and been taken, shall upon such termination be paid the amount he would have received in respect of the leave had the leave been granted to him and taken by him as at the date of the termination

(7) For the purposes of this clause the expressions "employment" and "period of employment" shall be deemed to include—

- (a) any period in respect of which an employer, in terms of clause 20, pays an employee in lieu of notice,
- (b) any period amounting in any 12-month period to not more than 10 weeks in the aggregate during which an employee is absent—
 - (i) on leave in terms of this clause,
 - (ii) on sick leave in terms of clause 9 or owing to incapacity in the circumstances set out in clause 9 (4) (a) or (b);
 - (iii) on the instructions or at the request of his employer, and
- (c) any period during which an employee is absent from work while on military service Provided that an employee shall not be entitled to claim as employment, in any period of 12 months of employment, more than four months of such service,

and employment shall be deemed to commence, in the case of—

- (i) an employee who, before this Agreement became binding, had become entitled to a period of annual leave in terms of any law, on the date on which he last became entitled to such leave under that law,
- (ii) an employee who was in employment before this Agreement became binding and to whom any law providing for annual leave applied but who had not become entitled to a period of leave in terms thereof, on the date on which such employment commenced,
- (iii) any other employee, on the date on which such employee entered his employer's service or on the date on which this Agreement became binding, whichever is the later

(8) (a) Notwithstanding anything to the contrary contained in this clause, an employer may for the purposes of annual leave at any time, but not more than once in any period of 12 months, close his establishment for 21 consecutive days, and in that case he shall remunerate his employee in terms of subclause (1) or of paragraph (c) hereof, as the case may be

(b) **Split leave:** Notwithstanding anything to the contrary contained in this clause, an employer may place employees on leave for not more than two occasions during a year, the total days of such leave being in the aggregate not more than the leave provided for in subclause (1)

(c) Whenever a public holiday as defined is observed on a day which would otherwise be a working day for an employee and such public holiday falls within the closed or suspension period referred to in paragraph (a), another work day shall be added to the said closed or suspension period as a further period of leave and the employee shall be paid an amount of at least his daily wage in respect of each such day added

(b) 'n regseldige rede

(6) 'n Werknemer wat geregtig geword het op 'n tydperk van verlof voorgeskryf by subklousule (1), gelees met subklousule (3), en wie se diens eindig voordat sodanige verlof toegestaan en geneem is, moet by sodanige diensbeeindiging die bedrag betaal word wat hy ten opsigte van die verlof sou ontvang het as die verlof op die datum van diensbeeindiging aan hom toegestaan en deur hom geneem was

(7) By die toepassing van hierdie klousule word die uitdrukkings "diens" en "dienstydperk" geag die volgende te omvat

- (a) Enige tydperk ten opsigte waarvan 'n werkgewer 'n werknemer ingevolge klousule 20 betaal in plaas van kennis te gee;
- (b) enige tydperk van altesaam hoogstens 10 weke in 'n tydperk van 12 maande wat 'n werknemer afwesig is—
 - (i) met verlof ingevolge hierdie klousule,
 - (ii) met siekteverlof ingevolge klousule 9 of weens ongeschiktheid in die omstandighede uiteengesit in klousule 9 (4) (a) of (b),
 - (iii) op las of versoek van sy werkgewer; en
- (c) enige tydperk wat 'n werknemer van sy werk afwesig is vir militêre diens Met dien verstande dat 'n werknemer nie daarop geregtig is om in 'n tydperk van 12 maande diens meer as vier maande van sodanige afwesigheid as diens te eis nie,

en word diens geag te begin, in die geval van—

- (i) 'n werknemer wat, voordat hierdie Ooreenkoms bindend geword het, kragtens enige wet op 'n tydperk van jaarlikse verlof geregtig geword het, op die datum waarop hy laas kragtens daardie wet op sodanige verlof geregtig geword het;
- (ii) 'n werknemer wat, voordat hierdie Ooreenkoms bindend geword het, in diens was en op wie enige wet wat vir jaarlikse verlof voorsiening maak, van toepassing was, maar wat nog nie daarkragtens op 'n tydperk van verlof geregtig geword het nie, op die aanvangsdatum van sodanige diens,
- (iii) enige ander werknemer, op die datum waarop sodanige werknemer by sy werkgewer in diens getree het of op die datum waarop hierdie Ooreenkoms bindend geword het, en wel op die jongste van die twee datums

(8) (a) Ondanks andersluidende bepalings in hierdie klousule kan 'n werkgewer vir die doel van jaarlikse verlof te eniger tyd, maar hoogstens een maal in 'n tydperk van 12 maande, sy bedryfsinrigting vir 21 agtereenvolgende dae sluit, en in daardie geval moet hy sy werknemer ingevolge subklousule (1) of ingevolge paragraaf (c) hiervan, na gelang van die geval, besoldig

(b) **Verdeelde verlof:** Ondanks andersluidende bepalings in hierdie klousule kan 'n werkgewer werknemers by hoogstens twee geleenthede gedurende 'n jaar op verlof stel en die getal dae van sodanige verlof mag altesaam hoogstens die tydperk verlof wees waarvoor in subklousule (1) voorsiening gemaak word

(c) Wanneer 'n openbare vakansiedag, soos omskryf, gevier word op 'n dag wat andersins vir 'n werknemer 'n werkdag sou wees en sodanige openbare vakansiedag binne die geslote of stakingstydperk bedoel in paragraaf (a) val, moet 'n ander werkdag by gemelde geslote of stakingstydperk gevoeg word as 'n verdere verloftydperk en moet die werknemer 'n bedrag van minstens sy dagloon betaal word ten opsigte van elke sodanige dag wat bygevoeg word

(d) An employee who, at the date on which an establishment or activity in which he is employed is closed or suspended, is not entitled to the full period of annual leave prescribed in subclause (1) shall, in respect of any leave due to him be paid by his employer on the basis set out in subclause (5), and for the purposes of annual leave thereafter his employment shall be deemed to commence on the date of such closing of the establishment or suspension of the activity.

9. SICK LEAVE

(1) Subject to subclause (2), an employer shall grant to his employee, other than a casual employee, who is absent from work through incapacity, in the case of—

- (a) an employee who normally works on not more than five days in a week, not less than 30 working days', and
- (b) any other employee, not less than 36 working days',

sick leave in the aggregate during each cycle of 36 consecutive months of employment with him, and shall pay such employee in respect of any period of absence in terms of this subclause not less than the wage he would have received had he worked during such period. Provided that—

- (i) in the first cycle of 36 months of employment an employee shall not be entitled to sick leave on full pay at a rate of more than, in the case of an employee who works on not more than five days in a week, one working day in respect of each completed period of five weeks of employment and, in the case of any other employee, one working day in respect of each completed month of employment,
- (ii) if in the first cycle of 36 months of employment an employee is absent owing to incapacity for longer than the number of days of paid sick leave he is entitled to at the time in terms of subparagraph (i), his employer shall not, at that stage, be required to effect any payment in respect of the excess sick leave taken, however, he has not previously done so, the employer shall pay the employee an amount equal to not less than the difference between the sick leave payment made earlier and the employee's wage for the full period of his incapacity, up to a maximum of 30 working days or 36 working days, as the case may be, and such compensation shall be effected at the rate of the employee's wage at the commencement of his incapacity. Provided further that where the contract of employment terminates before the end of the said first cycle the employee shall be entitled to claim payment from his employer of an amount equal to the difference between the sick leave pay already received and the wage for the full period of his incapacity, but not exceeding payment at a rate of more than one working day's wage for each completed period of five weeks of employment if the employee worked on not more than five days in a week, or more than one working day's wage for each completed month of employment if he worked on more than five days in a week, and for the purposes of this proviso the expression "wage" shall mean the wage the employee was receiving at the commencement of his incapacity,
- (iii) where an employer is by any law required to pay fees for hospital or medical treatment in respect of an employee, and pays such fees, the amount so paid may be set off against the payment due in respect of absence owing to incapacity in terms of this clause

(d) 'n Werknemer wat op die datum waarop 'n bedryfsinrigting of bedrywigheid waarin hy werksaam is, gesluit of gestaak word, nie op die volle tydperk van jaarlikse verlof voorgeskryf by subklousule (1) geregtig is nie, moet ten opsigte van enige verlof wat aan hom verskuldig is, deur sy werkgever betaal word op die grondslag in subklousule (5) uiteengesit, en vir die doel van jaarlikse verlof daarna word sy diens geag te begin op die datum waarop die bedryfsinrigting aldus gesluit of die bedrywigheid aldus gestaak word

9. SIEKTEVERLOF

(1) Behoudens subklousule (2) moet 'n werkgever aan sy werknemer, uitgesonderd 'n los werknemer, wat weens ongeskiktheid van die werk afwesig is, siekteverlof toestaan van, in die geval van—

- (a) 'n werknemer wat gewoonlik op hoogstens vyf dae in 'n week werk, altesaam minstens 30 werkdade; en
- (b) enige ander werknemer, altesaam minstens 36 werkdade,

gedurende elke siklus van 36 agtereenvolgende maande diens by hom, en moet hy die werknemer ten opsigte van enige tydperk van afwesigheid ingevolge hierdie subklousule minstens die loon betaal wat hy sou ontvang het as hy gedurende sodanige tydperk gewerk het. Met dien verstande dat—

- (i) 'n werknemer gedurende die eerste siklus van 36 maande diens nie op meer siekteverlof met volle betaling geregtig is nie as, in die geval van 'n werknemer wat op hoogstens vyf dae in 'n week werk, een werkdag ten opsigte van elke voltooide tydperk van vyf weke diens en, in die geval van enige ander werknemer, een werkdag ten opsigte van elke voltooide maand diens,
- (ii) indien 'n werknemer gedurende die eerste siklus van 36 maande diens weens ongeskiktheid langer afwesig is as die getal dae betaalde siekteverlof waarop hy op daardie tydstip kragtens subparagraaf (i) geregtig is, sy werkgever nie in daardie stadium verplig is om enige betaling ten opsigte van die langer siekteverlof wat geneem is, te doen nie, indien die werkgever dit nie reeds gedoen het nie, moet hy egter aan die werknemer 'n bedrag betaal gelyk aan minstens die verskil tussen die siekteverlofbetaling wat tevore gedoen is en die werknemer se loon vir die volle tydperk van sy ongeskiktheid, tot 'n maksimum van 30 werkdade of 36 werkdade, na gelang van die geval, en sodanige vergoeding moet betaal word teen die tarief van die werknemer se loon by die aanvang van sy ongeskiktheid. Met dien verstande voorts dat waar die dienskontrak voor die verstryking van gemelde eerste siklus eindig, die werknemer daarop geregtig is om van sy werkgever die betaling te eis van 'n bedrag gelyk aan die verskil tussen die siekteverlofbetaling wat reeds ontvang is en die loon vir die volle tydperk van sy ongeskiktheid, maar nie betaling nie teen 'n tarief van meer as een werkdag se loon vir elke voltooide tydperk van vyf weke diens indien die werknemer op hoogstens vyf dae in 'n week gewerk het, of van meer as een werkdag se loon vir elke voltooide maand diens indien hy op meer as vyf dae in 'n week gewerk het, en by die toepassing van hierdie voorbehoudsbepaling die uitdrukking "loon" die loon beteken wat die werknemer by die aanvang van sy ongeskiktheid ontvang het,
- (iii) waar 'n werkgever ingevolge enige wet gelde vir hospitaal- of mediese behandeling ten opsigte van 'n werknemer moet betaal, en sodanige gelde betaal, die bedrag wat aldus betaal is, afgetrek kan word van die betaling wat ingevolge hierdie klousule ten opsigte van afwesigheid weens ongeskiktheid verskuldig is

(2) An employer may, as a condition precedent to the payment by him of any amount claimed in terms of this clause by an employee in respect of any absence from work—

- (a) for more than two consecutive working days, or
(b) on the working day immediately preceding or the working day immediately succeeding a Sunday or public holiday as defined,

require the employee to produce a certificate signed by a registered practitioner stating the nature and duration of the employee's incapacity. Provided that when an employee has, during any period of up to eight weeks, received payment in terms of this clause or two or more occasions without producing such a certificate, his employer may, during the period of eight weeks immediately succeeding the last such occasion, require him to produce such a certificate in respect of any absence

(3) For the purpose of this clause the expression—

(a) "employment" shall be deemed to include

(i) Any period amounting in the aggregate, in any cycle of 36 months, to not more than 30 weeks, during which an employee is absent—

- (aa) on leave in terms of clause 8;
(ab) on the instructions or at the request of his employer,
(ac) on sick leave in terms of subclause (1) or owing to incapacity in the circumstances set out in subclause (4);

(ii) any period during which an employee is absent on military service. Provided that an employee shall not be entitled to claim as employment, in any period of 12 months' employment, more than four months of such service,

(iii) any period of employment which an employee has had with the same employer immediately before the date on which this Agreement became binding and any sick leave on full pay granted under this Agreement,

(b) "incapacity" means inability to work owing to any sickness or injury not caused by an employee's own misconduct. Provided that any such inability to work, caused by an accident or a scheduled disease as defined in section 2 of the Workmen's Compensation Act, 1941 (Act No 30 of 1941), shall only be regarded as incapacity during any period in respect of which no disablement payment is payable in terms of that Act

(4) **Saving:** This clause shall not apply—

(a) to an employee at whose written request an employer makes contributions, at least equal to those made by the employee, to any fund or organisation nominated by the employee, which fund or organisation guarantees to the employee, in the event of his incapacity in the circumstances set out in this clause, the payment to him of an amount not less than the wage payable in terms of subclause (1),

(b) in respect of any period of incapacity of an employee in respect of which the employer is required by any other law to pay the employee his full wage

(2) 'n Werkgewer kan, as 'n opskortende voorwaarde vir die betaling deur hom van 'n bedrag wat 'n werknemer kragtens hierdie klousule eis ten opsigte van enige afwesigheid van sy werk—

- (a) van langer as twee agtereenvolgende werkdade, of
(b) op die werkdag onmiddellik voor of die werkdag onmiddellik na 'n Sondag of 'n openbare vakansiedag soos omskryf,

van die werknemer vereis om 'n sertifikaat voor te lê wat deur 'n geregistreerde geneesheer onderteken is en waarin die aard en duur van die werknemer se ongeskiktheid vermeld word. Met dien verstande dat wanneer 'n werknemer gedurende 'n tydperk van tot agt weke by twee of meer geleenthede betaling ingevolge hierdie klousule ontvang het sonder om so 'n sertifikaat voor te lê, sy werkgewer gedurende die tydperk van agt weke onmiddellik na die laaste sodanige geleentheid van hom kan vereis om so 'n sertifikaat ten opsigte van enige afwesigheid voor te lê

(3) By die toepassing van hierdie klousule—

(a) word "diens" geag die volgende te omvat

(i) Enige tydperk van altesaam hoogstens 30 weke in 'n siklus van 36 maande wat 'n werknemer afwesig is—

- (aa) met verlof ingevolge klousule 8,
(ab) op las of versoek van sy werkgewer,
(ac) met siekteverlof ingevolge subklousule (1) of weens ongeskiktheid in die omstandighede uiteengesit in subklousule (4);

(ii) enige tydperk wat 'n werknemer afwesig is vir militêre diens. Met dien verstande dat 'n werknemer nie daarop geregtig is om in 'n tydperk van 12 maande diens meer as vier maande van sodanige afwesigheid as diens te eis nie,

(iii) enige tydperk van diens wat 'n werknemer by dieselfde werkgewer gehad het onmiddellik voor die datum waarop hierdie Ooreenkoms bindend geword het, en alle siekteverlof met volle betaling wat aan so 'n werknemer gedurende sodanige tydperk toegestaan is, word geag ingevolge hierdie Ooreenkoms toegestaan te gewees het,

(b) beteken "ongeskiktheid" onvermoe om te werk weens enige siekte of besering wat nie deur 'n werknemer se eie wangedrag veroorsaak is nie. Met dien verstande dat enige sodanige onvermoe om te werk wat veroorsaak is deur 'n ongeval of vergoedingspligte siekte soos omskryf in artikel 2 van die Ongevalwet, 1941 (Wet No 30 van 1941), slegs as ongeskiktheid beskou word gedurende enige tydperk ten opsigte waarvan geen betaling vir arbeidsongeskiktheid ingevolge daardie Wet betaalbaar is nie

(4) **Voorbehoudsbepalings:** Hierdie klousule is nie van toepassing nie—

(a) op 'n werknemer op wie se skriftelike versoek 'n werkgewer bydraes wat minstens gelyk is aan die van die werknemer, betaal aan 'n fonds of organisasie deur die werknemer benoem, welke fonds of organisasie die werknemer waarborg om in die geval van sy ongeskiktheid in die omstandighede in hierdie klousule uiteengesit, aan hom 'n bedrag te betaal van minstens die loon betaalbaar ingevolge subklousule (1),

(b) ten opsigte van enige tydperk van ongeskiktheid van 'n werknemer ten opsigte waarvan daar ingevolge enige ander wet van die werkgewer vereis word om die werknemer sy volle loon te betaal

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 10. PUBLIC HOLIDAYS AND SUNDAYS

(1) **Compensation for work on a public holiday:**

(a) Whenever an employee, other than a casual employee, does not work on a public holiday as defined and such day falls on a day which otherwise is an ordinary working day for the employee, his employer shall pay him in respect of that day an amount of not less than the wage payable to him in respect of the time (excluding overtime) ordinarily worked by him on that day of the week

(b) Whenever an employee, other than a casual employee, works on a public holiday as defined and such day falls on a day which otherwise is an ordinary working day for the employee, his employer shall pay him in respect of that day an amount equal to at least the amount which he would have had to pay to him in terms of paragraph (a) had the employee not worked on that day, plus—

- (i) an amount calculated at a rate of not less than his wage rate in respect of the whole time worked by him on that day or an amount equal to at least the wage payable to him in respect of the time (excluding overtime) ordinarily worked by him on that day of the week, whichever amount is the greater; or
- (ii) an amount calculated at a rate of not less than one third of his wage rate in respect of the whole time worked by him on that day, and grant to him, within seven days of such day, one day's leave and pay him in respect of such leave an amount of not less than the wage payable to him in respect of the time (excluding overtime) ordinarily worked by him on that day of the week

(c) Whenever an employee, other than a casual employee, works on a public holiday as defined and such day falls on a day which otherwise is not an ordinary working day for the employee, his employer shall pay him in respect of that day an amount of not less than the wage payable to him in respect of the time (excluding overtime) ordinarily worked by him on a work day, plus—

- (i) an amount calculated at a rate of not less than his wage rate in respect of the whole time worked by him on such day or an amount equal to at least the wage payable to him in respect of the time (excluding overtime) ordinarily worked by him on a working day, whichever amount is the greater, or
- (ii) an amount calculated at a rate of not less than one third of his wage rate in respect of the whole time worked by him on such day, and grant to him, within seven days of such day, one day's leave and pay him in respect of the time (excluding overtime) ordinarily worked by him on a working day.

(d) Whenever an employee, other than a casual employee, works on a public holiday as defined and such day falls on a Sunday, he shall be remunerated for such work on the basis set out in paragraph (c).

(2) **Compensation for work on a Sunday:** Subject to subclause (1) (d), whenever an employee, other than an employee engaged in a continuous activity or a casual employee, works on a Sunday, his employer shall pay him—

- (a) if he so works for not more than four hours, an amount of not less than the wage payable in respect of the time (excluding overtime) ordinarily worked by him on a weekday, or

10. OPENBARE VAKANSIEDAE EN SONDAE

(1) **Vergoeding vir werk op 'n openbare vakansiedag:**

(a) Wanneer 'n werknemer, uitgesonderd 'n los werknemer, nie op 'n openbare vakansiedag soos omskryf, werk nie en sodanige dag op 'n dag val wat vir die werknemer andersins 'n gewone werkdag is, moet sy werkgever hom ten opsigte van daardie dag 'n bedrag betaal van minstens die loon aan hom betaal ten opsigte van die tyd (uitgesonderd oortyd) wat hy gewoonlik op daardie dag van die week werk

(b) Wanneer 'n werknemer, uitgesonderd 'n los werknemer, op 'n openbare vakansiedag soos omskryf, werk en sodanige dag op 'n dag val wat vir die werknemer andersins 'n gewone werkdag is, moet sy werkgever hom ten opsigte van daardie dag 'n bedrag betaal gelyk aan minstens die bedrag wat hy ingevolge paragraaf (a) aan die werknemer sou moes betaal as die werknemer nie op daardie dag gewerk het nie, plus—

- (i) 'n bedrag bereken teen 'n tarief van minstens sy loonskaal ten opsigte van die volle tyd wat hy op daardie dag gewerk het of 'n bedrag gelyk aan minstens die loon aan hom betaalbaar ten opsigte van die tyd (uitgesonderd oortyd) wat hy gewoonlik op daardie dag van die week werk, watter bedrag ook al die grootste is; of
- (ii) 'n bedrag bereken teen 'n tarief van minstens een derde van sy loonskaal ten opsigte van die volle tyd wat hy op daardie dag gewerk het, en aan hom binne sewe dae na daardie dag een dag verlof toestaan en hom ten opsigte van sodanige verlof 'n bedrag betaal van minstens die loon aan hom betaalbaar ten opsigte van die tyd (uitgesonderd oortyd) wat hy gewoonlik op daardie dag van die week werk

(c) Wanneer 'n werknemer, uitgesonderd 'n los werknemer, op 'n openbare vakansiedag soos omskryf werk en sodanige dag op 'n dag val wat vir die werknemer andersins 'n gewone werkdag is nie, moet sy werkgever hom ten opsigte van daardie dag 'n bedrag betaal van minstens die loon aan hom betaalbaar ten opsigte van die tyd (uitgesonderd oortyd) wat hy gewoonlik op 'n werkdag werk, plus—

- (i) 'n bedrag bereken teen 'n tarief van minstens sy loonskaal ten opsigte van die volle tyd wat hy op daardie dag gewerk het of 'n bedrag gelyk aan minstens die loon aan hom betaalbaar ten opsigte van die tyd (uitgesonderd oortyd) wat hy gewoonlik op 'n werkdag werk, watter bedrag ook al die grootste is; of
- (ii) 'n bedrag bereken teen 'n tarief van minstens een derde van sy loonskaal ten opsigte van die volle tyd wat hy op daardie dag gewerk het, en aan hom binne sewe dae na daardie dag een dag verlof toestaan en hom betaal ten opsigte van die tyd (uitgesonderd oortyd) wat hy gewoonlik op 'n werkdag werk

(d) Wanneer 'n werknemer, uitgesonderd 'n los werknemer, op 'n openbare vakansiedag soos omskryf, werk en sodanige dag op 'n Sondag val, moet hy vir sodanige werk besoldig word op die grondslag in paragraaf (c) uiteengesit

(2) **Vergoeding vir werk op 'n Sondag:** Behoudens subklousule (1) (d), wanneer 'n werknemer, uitgesonderd 'n werknemer wat in 'n aaneenlopende bedrywigheid werksaam is of 'n los werknemer, op 'n Sondag werk, moet sy werkgever hom soos volg betaal

- (a) Indien hy hoogstens vier uur aldus werk, 'n bedrag van minstens die loon betaalbaar ten opsigte van die tyd (uitgesonderd oortyd) wat hy gewoonlik op 'n weekdag werk; of

(b) if he so works for longer than four hours, an amount which shall not be less than either an amount calculated at a rate of double his wage rate in respect of the whole time worked by him on such Sunday, or an amount equal to at least double the wage payable to him in respect of the time (excluding overtime) ordinarily worked by him on a weekday, whichever amount is the greater, or

(c) an amount calculated at a rate of not less than one and one third times his wage rate in respect of the whole time worked by him on such Sunday, and grant him, within seven days of such Sunday, one day's leave and pay him in respect of such leave an amount of not less than the wage payable to him in respect of the time (excluding overtime) ordinarily worked by him on that day of the week

(3) **Compensation to a casual employee for work on a paid holiday of a Sunday:** Whenever a casual employee works on a paid holiday or on a Sunday, his employer shall pay him in respect of the total period worked by him on such day an amount calculated at a rate of not less than double the hourly wage prescribed for, or double the lowest hourly wage actually being paid to, an employee in the same area who performs for him the same class of work as the casual employee is required to do, whichever is the greater amount. Provided that where the employer requires a casual employee to work for less than four hours on such day, he shall be deemed to have worked for hours

(4) **Compensation for work partly on a public holiday or Sunday:** Whenever an employee works for a period which falls—

- (a) partly on a public holiday as defined or on a Sunday and partly on any other day, or
- (b) partly on a public holiday as defined and partly on a Sunday,

the whole period shall, for the purposes of calculating the compensation payable to such employee, be deemed to have been worked on the day on which the major portion of such period falls

(5) Remuneration payable in terms of this clause to an employee, other than a casual employee, shall be paid to him not later than the pay-day next succeeding the day in respect of which such remuneration is payable

(6) Should an employee not work on either 21 March or 16 June such absence from work shall be treated by the employer on the basis of "no work, no pay, no penalty"

11. STUDY LEAVE AND QUALIFICATIONS

(1) An employer shall grant to an employee, other than a casual employee, one day's leave at full pay, to prepare for each examination and one day's leave at full pay to write each examination conducted by a registered educational body. Provided that such employee produces satisfactory proof that he is allowed to write and has written such examination

(2) An employer shall keep on file all educational qualifications of his employees. Provided that it shall be incumbent upon the employee to provide his employer with copies of his educational qualifications

(b) indien hy langer as vier uur aldus werk, 'n bedrag van minstens of 'n bedrag bereken teen 'n tarief van dubbel sy loonskaal ten opsigte van die volle tyd wat hy op daardie Sondag gewerk het, of 'n bedrag gelyk aan minstens dubbel die loon aan hom betaalbaar ten opsigte van die tyd (uitgesonderd oortyd) wat hy gewoonlik op 'n weekdag werk, watter bedrag ook al die grootste is; of

(c) 'n bedrag bereken teen 'n tarief van minstens een en een derde maal sy loonskaal ten opsigte van die volle tyd wat hy op daardie Sondag gewerk het en aan hom binne sewe dae na daardie Sondag een dag verlof toestaan en hom ten opsigte van sodanige verlof 'n bedrag betaal van minstens die loon aan hom betaalbaar ten opsigte van die tyd (uitgesonderd oortyd) wat hy gewoonlik op daardie dag van die week werk

(3) **Vergoeding aan 'n los werknemer vir werk op 'n betaalde vakansiedag of 'n Sondag:** Wanneer 'n los werknemer op 'n betaalde vakansiedag of op 'n Sondag werk, moet sy werkgever hom ten opsigte van die volle tyd wat hy op sodanige dag gewerk het, 'n bedrag betaal, bereken teen 'n tarief van minstens dubbel die uurloon voorgeskryf vir of dubbel die laagste uurloon werklik betaal aan 'n werknemer in dieselfde gebied wat vir hom dieselfde klas werk verrig as wat van die los werknemer vereis word, watter bedrag ook al die grootste is. Met dien verstande dat waar die werkgever van 'n los werknemer vereis om minder as vier uur op sodanige dag te werk, hy geag word vier uur lank te gewerk het

(4) **Vergoeding vir werk gedeeltelik op 'n openbare vakansiedag of Sondag:** Wanneer 'n werknemer vir 'n tydperk werk wat—

- (a) gedeeltelik op 'n openbare vakansiedag soos omskryf of op 'n Sondag val en gedeeltelik op enige ander dag, of
- (b) gedeeltelik op 'n openbare vakansiedag soos omskryf en gedeeltelik op 'n Sondag val,

word daar by die berekening van die vergoeding aan sodanige werknemer betaalbaar, geag dat hy die volle tydperk gewerk het op die dag waarop die grootste gedeelte van sodanige tydperk val

(5) Besoldiging wat ingevoige hierdie klousule aan 'n werknemer, uitgesonderd 'n los werknemer, betaalbaar is, moet aan hom betaal word uiterlik op die eersvolgende betaaldag na die dag ten opsigte waarvan sodanige besoldiging betaalbaar is

(6) Indien 'n werknemer nie op óf 21 Maart óf 16 Junie werk nie, behandel die werkgevers sodanige afwesigheid van die werk op die grondslag van "geen werk, geen betaling, geen boete"

11. STUDIEVERLOF EN KWALIFIKASIES

(1) 'n Werkgever moet aan 'n werknemer, uitgesonderd 'n los werknemer, een dag se verlof met volle betaling toestaan om vir elke eksamen wat deur 'n geregistreerde opvoedkundige liggaam afgeneem word, voor te berei en een dag se verlof met volle betaling om elke sodanige eksamen af te lê. Met dien verstande dat sodanige werknemer bevredigende bewys lewer dat hy toegelaat word om sodanige eksamen af te lê en dat hy die eksamen afgelê het

(2) 'n Werkgever moet alle opvoedkundige kwalifikasies van sy werknemers op lêer hou. Met dien verstande dat dit die werknemer se plig is om afskrifte van sy opvoedkundige kwalifikasies aan sy werkgever te verskaf

12. MATERNITY LEAVE

(1) For the purposes of this clause "a pregnant female employee" shall mean a pregnant female with 12 months' or more continuous service with her employer.

(2) Three months prior to the expected date of confinement a pregnant female employee shall—

- (a) complete the employer's maternity leave form,
- (b) hand the duly completed maternity leave form to the employer, together with a medical certificate from a registered medical practitioner certifying—
 - (i) the expected date of confinement, and
 - (ii) that the pregnant female is fit to work until four weeks prior to the expected date of confinement.

(3) A pregnant female employee shall cease working four weeks prior to the expected date of confinement and return to work not later than 12 weeks after the date of birth of the child

(4) A pregnant female employee shall be entitled to one day's paid leave per month for the three months prior to confinement to attend a pre-natal clinic. Satisfactory proof of attendance at the pre-natal clinic must be provided to the employer

(5) On her return to work such female employee shall—

- (a) be paid one third of one month's wages she was earning when she went on maternity leave, and
- (b) be placed in the same or a similar job she occupied when she went on maternity leave

(6) Maternity leave provided for in this clause shall be regarded as unbroken service for the purposes of calculating length of service only

(7) The provisions of this clause shall apply to—

- (a) still births, and
- (b) legal adoptions, provided the adopted child is less than one year old

13. PROHIBITION ON PIECE-WORK

No employer shall employ an employee on piece-work

14. UNIFORMS, OVERALLS, PROTECTIVE CLOTHING AND SAFETY EQUIPMENT

(1) An employer shall supply and maintain in serviceable and clean condition, free of charge, any uniform, overall, gumboots or other protective clothing which he requires his employee to wear or which by any law he is required to provide for his employee, and any such uniform, overall, gumboots or other protective clothing shall remain the property of the employer

(2) An employee shall have two serviceable uniforms at any time

(3) Where required the employer shall provide employees with safety belts

(4) No employer shall require any employee to make any deposit to him or any other person for any uniform, overall, protective clothing and safety equipment provided for in this clause

15. NIGHT WORK

(1) Whenever an employee finishes work between the hours of 21 00 and 04 00, the employer shall provide such employee with transport to the nearest public transport pick-up point

12. KRAAMVERLOF

(1) By die toepassing van hierdie klousule beteken " 'n swanger vroulike werknemer" 'n swanger vrou met 12 maande of meer aaneenlopende diens by haar werkgewer.

(2) Drie maande voor die verwagte datum van die bevaling moet 'n swanger vroulike werknemer—

- (a) die werkgewer se kraamverlofvorm invul;
- (b) die behoorlik ingevulde kraamverlofvorm by die werkgewer inlewer, tesame met 'n mediese sertifikaat van 'n geregistreerde geneesheer waarna verklaar word—
 - (i) die verwagte datum van die bevaling; en
 - (ii) dat die swanger vrou in staat is om te werk tot vier weke voor die verwagte datum van die bevaling.

(3) 'n Swanger vroulike werknemer moet vier weke voor die verwagte datum van die bevaling ophou werk en uiterlik 12 weke na die geboortedatum van die kind na die werk terugkeer.

(4) 'n Swanger vroulike werknemer is geregtig op een dag se betaalde verlof per maand vir die drie maande voor die bevaling om 'n voorgeboortelike kliniek te besoek. Die werkgewer moet van bevredigende bewys voorsien word dat die voorgeboortelike kliniek besoek is

(5) By haar terugkeer na die werk moet sodanige vroulike werknemer—

- (a) een derde van een maand se loon betaal word van wat sy verdien het toe sy met kraamverlof gegaan het; en
- (b) geplaas word in dieselfde pos wat, of 'n soortgelyke pos as wat, sy beklee het toe sy met kraamverlof gegaan het

(6) Kraamverlof waarvoor in hierdie klousule voorsiening gemaak word, word slegs vir die berekening van die diens-tydperk geag ononderbroke diens te wees.

(7) Die bepalinge van hierdie klousule is van toepassing op—

- (a) doodgeboortes, en
- (b) wettige aannemings, mits die aangenome kind minder as een jaar oud is

13. VERBOD OP STUKWERK

Geen werkgewer mag 'n werknemer vir stukwerk in diens neem nie

14. UNIFORMS, OORPAKKE, BESKERMENDE KLERE EN VEILIGHEIDSTOERUSTING

(1) 'n Werkgewer moet enige uniform, oorpak, rubberstewels of ander beskermende klere wat hy van sy werknemer vereis om te dra of wat hy ingevolge enige wet verplig is om aan sy werknemer te verskaf, gratis verskaf en in 'n dienlike en skoon toestand hou, en enige sodanige uniform, oorpak, rubberstewels of ander beskermende klere bly die eiendom van die werkgewer.

(2) 'n Werknemer moet te eniger tyd twee dienlike uniforms hê

(3) Waar nodig moet die werkgewer sy werknemers van veiligheidsgordels voorsien

(4) Geen werkgewer mag van 'n werknemer vereis nie om geld by hom of enige ander persoon te deponeer vir enige uniform, oorpak, beskermende klere en veiligheidstoerusting waarvoor in hierdie klousule voorsiening gemaak word.

15. NAGWERK

(1) Wanneer 'n werknemer tussen die ure 21 00 en 04 00 ophou werk, moet die werkgewer sodanige werknemer voorsien van vervoer tot by die naaste oplaai-punt vir openbare vervoer

(2) No pregnant female employee who is more than five months pregnant shall be required or be permitted to work after 20 00 or commence work before 06 00

16. PROHIBITION OF EMPLOYMENT

An employer shall not employ any person under the age of 15 years or require or permit any female employee to work during the period commencing four weeks prior to the expected date of her confinement and ending eight weeks after the date of her confinement

17. SUBSCRIPTIONS TO TRADE UNIONS

Upon being requested in writing by an employee to do so, an employer shall deduct from the wages of that employee the amount of the employee's subscription payable to trade union and shall, by the 10th day of each succeeding month hand the amount so deducted to the official appointed by the trade union concerned to receive it or, alternatively, shall send it by post to the registered office of the trade union

18. EXPENSES OF THE COUNCIL

For the purpose of meeting the expenses of the Council, every employer shall deduct from the monthly wage of each of his employees (other than casual employees) an amount of R1,00. To the aggregate of the amounts so deducted the employer shall add an equal amount and forward the total sum to the Secretary of the Council not later than the 20th day of the following month.

19. SHOP STEWARDS RIGHTS

(1) An employer shall recognise one shop steward for each 30 union members in his employ.

(2) An employer shall—

(a) grant the chairperson of his shop steward committee five days' paid leave per year to attend to union affairs, and

(b) grant any other shop steward three days' paid leave per year to attend to union affairs,

(c) enter into negotiations with the in-house shop stewards for further unpaid leave to attend to union affairs.

(3) Shop stewards shall have reasonable access to a telephone at the employer's premises or where the employer has a telephone on a contract site to contact the union.

(4) The in-house shop steward committee shall consist of not less than three and not more than 14 shop stewards

(5) For the purposes of this clause "shop steward" shall mean a shop steward elected in terms of the union constitution.

20. TERMINATION OF EMPLOYMENT

(1) An employer or his employee, other than a casual employee, who desires to terminate the contract of employment, shall give—

(a) during the first four weeks of employment, not less than one working day's,

(b) after the first four weeks of employment, not less than two weeks',

(2) Van 'n swanger vroulike werknemer wat meer as vyf maande swanger is, mag nie vereis word of sy mag nie toegelaat word om na 20 00 te werk of voor 06 00 te begin werk nie

16. VERBOD OP INDIENSNEMING

'n Werkgewer mag nie iemand onder die ouderdom van 15 jaar in diens neem nie of van 'n vroulike werknemer vereis of haar toelaat om gedurende die tydperk van vier weke voor die verwagte datum van haar bevalling begin en agt weke na die bevallingsdatum eindig, te werk nie

17. LEDEGELD AAN VAKVERENIGINGS

Wanneer hy skriftelik deur 'n werknemer daartoe versoek word, moet 'n werkgewer die bedrag van die werknemer se ledegeld wat aan die vakvereniging betaalbaar is, van daardie werknemer se loon aftrek en die bedrag wat aldus afgetrek is, teen die 10de dag van elke daaropvolgende maand oorhandig aan die beamppte wat deur die betrokke vakvereniging aangestel is om dit in ontvangs te neem of dit anders per pos aan die geregistreerde kantoor van die vakvereniging stuur

18. UITGAWES VAN DIE RAAD

Ten einde die uitgawes van die Raad te bestry moet elke werkgewer 'n bedrag van R1,00 van die maandloon van elk van sy werknemers (uitgesonderd los werknemers) aftrek. Die werkgewer moet 'n gelyke bedrag by die som van die bedrae aldus afgetrek, voeg en die hele bedrag uiterlik op die 20ste dag van die daaropvolgende maand aan die Sekretaris van die Raad stuur

19. VAKVERENIGINGVERTEENWOORDIGERS SE REGTE

(1) 'n Werkgewer moet een vakverenigingverteenvoorder vir elke 30 vakvereniginglede in sy diens erken

(2) 'n Werkgewer moet—

(a) aan die voorsitter van sy komitee van vakverenigingverteenvoorders vyf dae betaalde verlof per jaar toestaan om na vakverenigingsake om te sien, en

(b) aan enige ander vakverenigingverteenvoorder drie dae betaalde verlof per jaar toestaan om na vakverenigingsake om te sien,

(c) met die interne vakverenigingverteenvoorders onderhandelinge aanknoop oor verdere onbetaalde verlof om na vakverenigingsake om te sien

(3) Vakverenigingverteenvoorders moet redelike toegang hê tot 'n telefoon by die werkgewer se perseel, of waar die werkgewer 'n telefoon op 'n kontrakperseel het, om met die vakvereniging in verbinding te tree

(4) Die interne komitee van vakverenigingverteenvoorders bestaan uit minstens drie en hoogstens 14 vakverenigingverteenvoorders

(5) By die toepassing van hierdie klousule beteken "vakverenigingverteenvoorder" 'n vakverenigingverteenvoorder wat ingevolge die vakvereniging se konstitusie verkies is.

20. DIENSBEËINDIGING

(1) 'n Werkgewer of sy werknemer, uitgesonderd 'n los werknemer, wat die dienskontrak wil beëindig, moet—

(a) gedurende die eerste vier weke diens, minstens een werkdag kennis,

(b) na die eerste vier weke diens, minstens twee weke kennis,

notice of termination of contract, which shall be in writing except when given by an employee who is unable to write, or an employer or employee may terminate the contract without notice by paying the employee or the employer, as the case may be, in lieu of such notice not less than in the case of—

- (i) one working day's notice, the daily wage the employee is receiving at the time of such termination,
- (ii) two weeks' notice, double the weekly wage the employee is receiving at the time of such termination

Provided that this shall not affect—

- (aa) the right of an employer or his employee to terminate the contract without notice for any cause recognised by law as sufficient,
- (ab) any written agreement between an employer and his employee which provides for a period of notice of equal duration on both sides and for longer than that prescribed in this clause,
- (ac) the operation of any forfeitures or penalties which by law may be applicable in respect of an employee who deserts

Provided further that where the wage of an employee at the date of termination has been reduced by deductions in respect of shorttime, the expression "is receiving at the time of such termination" shall, when an employer pays an employee in lieu of notice, be deemed to mean "would have received at the time of such termination had no deduction been made in respect of shorttime"

(2) Where there is an agreement in terms of proviso (ab) to subclause (1), the payment in lieu of notice shall be commensurate with the period of notice agreed upon

(3) The notice prescribed in subclause (1) shall be given on any working day Provided that—

- (a) the period of notice shall not run concurrently with, nor shall notice be given during, an employee's absence on leave granted in terms of clause 8, or on sick leave granted in terms of clause 9, or owing to incapacity in the circumstances set out in clause 9 (4) (a) or (b) where such absences amount in the aggregate to not more than 10 weeks in any period of 12 months' employment with the same employer, and
- (b) a period of notice shall not run concurrently with, and notice shall not be given during, an employee's absence on military service, except where an employee so requests and his employer agrees thereto in writing

(4) Notwithstanding anything to the contrary in this Agreement, where an employee terminates his contract of employment by leaving his employment without having given and served the required period of notice or without paying his employer in lieu of notice, his employer may appropriate to himself, from any moneys which he owes to such employee by virtue of any provisions of this Agreement, an amount of not more than that which the employee would have had to pay him in lieu of notice Provided that where an employer has so appropriated an amount in lieu of notice, the employee shall, for the purposes of clause 8 (5), be deemed to have paid the employer in lieu of notice.

van die beëindiging van die kontrak gee, wat skriftelik gedoen moet word, uitgesonderd in die geval van 'n werknemer wat nie kan skryf nie, of 'n werkgever of 'n werknemer kan die kontrak sonder kennisgewing beëindig deur, in plaas van sodanige kennisgewing, die werknemer of die werkgever, na gelang van die geval, soos volg te betaal In die geval van—

- (i) een werkdag kennisgewing, minstens die dagloon wat die werknemer ten tyde van sodanige beëindiging ontvang,
- (ii) twee weke kennisgewing, minstens dubbel die weekloon wat die werknemer ten tyde van sodanige beëindiging ontvang

Met dien verstande dat—

- (aa) die reg van 'n werkgever of sy werknemer om die kontrak op 'n regsgeldige grond sonder kennisgewing te beëindig,
- (ab) 'n skriftelike ooreenkoms tussen 'n werkgever en sy werknemer waarin voorsiening gemaak word vir 'n kennisgewingstermyn wat vir beide partye ewe lank is en langer is as dié wat by hierdie klousule voorgeskryf word,
- (ac) die werking van enige verbeurings of boetes wat by wet van toepassing is ten opsigte van 'n werknemer wat dros, nie hierdeur geraak word nie

Met dien verstande voorts dat waar die loon van 'n werknemer op die datum van die beëindiging verminder is deur aftrekkings ten opsigte van korttyd, die uitdrukking "ten tyde van sodanige beëindiging ontvang", wanneer 'n werkgever 'n werknemer betaal in plaas van kennis te gee, geag word te beteken "ten tyde van sodanige beëindiging sou ontvang het as geen bedrag ten opsigte van korttyd afgetrek was nie"

(2) Waar daar 'n ooreenkoms ingevolge voorbehoudsbepaling (ab) van subklousule (1) bestaan, moet die betaling in plaas van kennisgewing eweredig wees aan die kennisgewingstermyn waarvoor daar ooreengekom is

(3) Die kennisgewing by subklousule (1) voorgeskryf, moet op 'n werkdag geskied Met dien verstande dat—

- (a) die kennisgewingstermyn nie mag saamval nie met en kennis nie gegee mag word nie tydens 'n werknemer se afwesigheid met verlof toegestaan ingevolge klousule 8 of met siekteverlof toegestaan ingevolge klousule 9 of weens ongeskiktheid in die omstandighede uiteengesit in klousule 9 (4) (a) of (b), waar sodanige afwesighede altesaam hoogstens 10 weke in 'n tydperk van 12 maande diens by dieselfde werkgever beloop, en
- (b) 'n kennisgewingstermyn nie mag saamval nie met en kennis nie gegee mag word nie tydens 'n werknemer se afwesigheid vir militêre diens, behalwe waar 'n werknemer aldus versoek en sy werkgever skriftelik daartoe instem

(4) Ondanks andersluidende bepalings in hierdie Ooreenkoms, kan 'n werkgever waar sy werknemer sy dienskontrak beëindig deur sy diens te verlaat sonder om die vereiste kennisgewingstermyn kennis te gee en uit te dien of sonder om sy werkgever te betaal in plaas van kennis te gee, hom uit enige gelde wat hy sodanige werknemer uit hoofde van enige bepalings van hierdie Ooreenkoms skuld, 'n bedrag toe-eien van hoogstens dit wat die werknemer hom sou moes betaal het in plaas van kennis te gee Met dien verstande dat waar 'n werkgever hom aldus 'n bedrag in plaas van kennisgewing toegee het, die werknemer by die toepassing van klousule 8 (5) geag word die werkgever te betaal het in plaas van kennis te gee het

21. CERTIFICATE OF SERVICE

Except where the contract of employment of an employee is terminated on the grounds of desertion or where the employee is a casual employee, the employer shall, upon termination of any contract of employment, furnish the employee with a certificate of service showing the full names of the employer and of the employee, the class in which the employee was wholly or mainly engaged, the date of commencement and the date of termination of the contract and the monthly wage of the employee on the date of such termination

22. VICTIMISATION

(1) Any employer who dismisses any employee employed by him or reduces the rate of his remuneration or alters the terms or conditions of his employment to terms or conditions less favourable to him or alters his position relative to other employees employed by him to his disadvantage, by reason of the fact or because he suspects or believes, whether or not the suspicion or belief is justified or correct, that—

- (a) the employee has given information which by or under this Agreement he is requested to give, or which relates to the terms or conditions of his employment or those of other employees of his employer to the Industrial Council or executive or other committee of the Industrial Council, or to a mediator, assessor, arbitrator or umpire appointed by the Industrial Council, to the Industrial Court or to a member of the Industrial Court or has acted contrary to any lawful requirement of an agent or designated agent, or has given evidence before a court of law, or
- (b) the employee has refused or omitted to perform any act which an employer may not require or permit the employee to do in terms of the provisions of this Agreement or any other agreement of the Council, or
- (c) the employee belongs or has belonged to any trade union or any other similar association of employees, or takes part or has taken part outside of working hours or, with the consent of the employer, within working hours, in the formation of or in the lawful activities of any such trade union or as any such trade union or association,

shall be in breach of the provisions of this Agreement

23. RECORDS TO BE MAINTAINED

(1) Every employer shall keep or cause to be kept a wage register as prescribed by the Council in respect of all employees in his employ showing all the particulars provided for

(2) An employer shall maintain an attendance register substantially in the form as prescribed by the Council in respect of each of his employees, in which he shall record in ink or indelible pencil the particulars provided for

(3) An employer may, instead of an attendance register, provide a semi-automatic time recorder together with the necessary cards which shall be as prescribed by the Council, and supply to each employee such card indicating the name and number of the employee and the date of termination of the week in respect of which it is to be used

21. DIENSSERTIFIKAAT

Behalwe waar die dienskontrak van 'n werknemer beëindig word op grond daarvan dat hy gedros het of waar die werknemer 'n los werknemer is, moet die werkgewer by beëindiging van 'n dienskontrak, die werknemer van 'n dienssertifikaat voorsien waarin die volle name van die werkgewer en van die werknemer, die klas waarin die werknemer uitsluitlik of hoofsaaklik in diens was, die aanvangsdatum en die datum van beëindiging van die kontrak en die maandloon van die werknemer op die datum van sodanige beëindiging vermeld word

22. VIKTIMISASIE

(1) 'n Werkgewer wat enige werknemer in sy diens ontslaan of die skaal van sy besoldiging verminder of die bedinge of voorwaardes van sy diens verander tot bedinge of voorwaardes wat minder gunstig vir hom is of sy posisie in verhouding tot dié van ander werknemers in sy diens tot sy nadeel verander uit hoofde van die feit of omdat hy vermoed of meen, hetsy die vermoede of mening geregverdig of juis is al dan nie, dat—

- (a) die werknemer inligting wat hy by of kragtens hierdie Ooreenkoms versoek word om te verstrek, of wat betrekking het op die bedinge of voorwaardes van sy diens of dié van ander werknemers van sy werkgewer, verstrek het aan die Nywerheidsraad of uitvoerende of ander komitee van die Nywerheidsraad, of aan 'n bemiddelaar, assessor, arbiter of eindbesliser deur die Nywerheidsraad aangestel, aan die Nywerheidshof of aan 'n lid van die Nywerheidshof, of in stryd met enige wettige vereiste van 'n agent of aangewese agent opgetree het of getuie is voor 'n geregshof afgelê het, of
- (b) die werknemer geweier het of versuim het om 'n handeling te verrig wat 'n werkgewer ingevolge die bepalinge van hierdie Ooreenkoms of enige ander ooreenkoms van die Raad nie van die werknemer mag vereis of hom nie mag toelaat om te verrig nie,
- (c) die werknemer aan 'n vakvereniging of enige ander dergelike vereniging van werknemers behoort of behoort het of buite werkure of, met die toestemming van die werkgewer, binne werkure aan die oprigting van of aan die wettige bedrywighede so 'n vakvereniging of ander vereniging deelneem of deelgeneem het,

tree in stryd met die bepalinge van hierdie Ooreenkoms op

23. REKORDS MOET GEHOU WORD

(1) Elke werkgewer moet 'n loonregister, soos deur die Raad voorgeskryf, ten opsigte van alle werknemers in sy diens byhou of laat byhou waarin al die besonderhede waarvoor voorsiening gemaak word, vermeld word

(2) 'n Werkgewer moet 'n bywoningsregister, wesentlik in die vorm soos deur die Raad voorgeskryf, ten opsigte van elk van sy werknemers byhou waarin hy die besonderhede waarvoor voorsiening gemaak word met ink of inktlood aanteken

(3) 'n Werkgewer kan in plaas van 'n bywoningsregister 'n halfoutomatiese tydregistreerder tesame met die nodige kaarte soos deur die Raad voorgeskryf verskaf en elke werknemer voorsien van so 'n kaart met die naam en nommer van die werknemer daarop asook die datum van die einde van die week ten opsigte waarvan die kaart gebruik moet word

(4) Unless prevented from doing so by unavoidable cause, an employee shall in respect of each day worked by him and on that day, in an establishment where a semi-automatic time recorder is provided, make an entry by means of such recorder on a card supplied in terms of subclause (3) to show the following

- (a) The time he commenced work, (286)
- (b) the time of commencement and termination of all meal and other intervals which are not reckonable as ordinary hours of work, and
- (c) the time of finishing work for the day

(5) All records in terms of this clause shall remain the property of the employer and shall be retained for a period of three clear years subsequent to the date of the last entry therein

24. REGISTRATION OF EMPLOYERS

(1) Every employer shall within one month from the date on which this Agreement comes into operation and every employer entering the Industry after that date shall within one month of commencement of operation by him, forward to the Secretary of the Council, at P O Box 11681, Marine Parade, 4056, the following particulars, which shall be in writing and signed by the employer

- (a) Name of business in full,
- (b) street and postal address of business,
- (c) (i) in the case of a sole proprietor, the identity number and name of the proprietor,
- (ii) in the case of a partnership, the identity numbers and names of the partners, and a certified copy of the partnership agreement,
- (iii) in the case of a company, the identity numbers and names of the directors, and a copy of the certificate of incorporation,
- (iv) in the case of a close corporation, the identity numbers and names of the members, and a copy of the certificate of incorporation;
- (v) in the case of any other body corporate or juristic person, the names and identity numbers of the persons responsible for the administration of such body corporate or juristic person

(2) The Secretary of the Council shall maintain a register of all employers registered in terms of subclause (1)

(3) A certificate of registration signed by either the Chairman or the Secretary of the Council shall be issued to every employer registered

(4) Every registered employer shall notify the Council within 14 days of any change in the particulars furnished by him on registration, including changes in any partnership or partnership agreement, changes in the directors of company, changes in the members of a close corporation and changes in the persons responsible for the administration of any other body corporate or juristic person

25. ADMINISTRATION

The Council shall be the body responsible for the administration of this Agreement and may issue expressions of opinion and rulings not inconsistent with the provisions thereof for the guidance of employers and employees

(4) Tensy hy deur 'n onvermydelike oorsaak verhinder word om dit te doen, moet 'n werknemer ten opsigte van elke dag wat hy gewerk het en op daardie dag, in 'n bedryfsinrigting waar 'n halfoutomatiese tydregistreerder verskaf word, 'n inskrywing deur middel van sodanige registreerder doen op 'n kaart wat ingevolge subklousule (3) voorsien word en wat die volgende moet toon

- (a) Die tyd waarop hy begin werk het,
- (b) die tyd waarop alle etens- en ander pouses wat nie as gewone werkure gereken word nie, begin en geëindig het,
- (c) die tyd waarop werk vir die dag beëindig is

(5) Alle rekords ingevolge hierdie klousule bly die eiendom van die werkgewer en moet bewaar word vir 'n tydperk van drie volle jaar na die datum van die laaste inskrywing daarin

24. REGISTRASIE VAN WERKGEWERS

(1) Elke werkgewer moet binne een maand vanaf die datum waarop hierdie Ooreenkoms in werking tree en elke werkgewer wat na daardie datum tot die Bedryf toetree, moet binne een maand nadat hy met sy onderneming begin het, die volgende besonderhede, wat op skrif en deur die werkgewer onderteken moet wees, deurstuur aan die Sekretaris van die Raad, Posbus 11681, Marine Parade, 4056

- (a) Die volle naam van die besigheid,
- (b) die straat- en posadres van die besigheid,
- (c) (i) in die geval van 'n enkele eienaar, die identiteitsnommers en naam van die eienaar,
- (ii) in die geval van 'n vennootskap, die identiteitsnommers en name van die vennote, en 'n gewaarmerkte afskrif van die vennootskaps-ooreenkoms,
- (iii) in die geval van 'n maatskappy, die identiteitsnommers en name van die direkteure, en 'n afskrif van die sertifikaat van inkorporasie,
- (iv) in die geval van 'n beslote korporasie, die identiteitsnommers en name van die lede, en 'n afskrif van die sertifikaat van inkorporasie,
- (v) in die geval van enige ander liggaam met regspersoonlikheid of regspersoon, die name en identiteitsnommers van die persone verantwoordelik vir die administrasie van sodanige liggaam met regspersoonlikheid of regspersoon

(2) Die Sekretaris van die Raad moet 'n register byhou van alle werkgewers geregistreer ingevolge subklousule (1)

(3) 'n Registrasiesertifikaat onderteken deur of die Voorzitter óf die Sekretaris van die Raad moet aan elke werkgewer wat geregistreer word, uitgereik word

(4) Elke geregistreerde werkgewer moet die Raad binne 14 dae in kennis stel van enige verandering in die besonderhede deur hom by registrasie verstrekk, met inbegrip van veranderinge in enige vennootskap of vennootskaps-ooreenkoms, veranderinge in die direkteure van 'n maatskappy, veranderinge in die lede van 'n beslote korporasie en veranderinge in die persone verantwoordelik vir die administrasie van enige ander liggaam met regspersoonlikheid of regspersoon

25. ADMINISTRASIE

Die Raad is die liggaam verantwoordelik vir die administrasie van hierdie Ooreenkoms en kan vir die leiding van werkgewers en werknemers meningsuitings en beslissings uitreik wat nie met die bepalings daarvan strydig is nie

26. AGENTS

(1) The Council shall appoint one or more specified persons as agents to assist in giving effect to the terms of this Agreement and any other agreement administered by it. An agent may enter any establishment and question any employer or employee during his inspection and inspect the records prescribed in clause 23, and it shall be the duty of every employer and employee to permit such agents to institute such enquiries and to examine such books and/or documents and to interrogate such persons as may be necessary for the purpose of ascertaining whether the terms of this Agreement or any other agreement of the Council are being observed.

(2) The Council may request the Minister to appoint an agent as a designated agent in terms of the provisions of section 62 (1) of the Act

27. EXEMPTIONS

(1) The Council may grant exemption from any of the provisions of this Agreement or any other agreements administered by it and which are binding in terms of section 48 of the Act, for any good or sufficient reason

(2) The Council shall fix in respect of any person granted exemption under the provision of subclause (1) the conditions subject to which such exemption shall operate. Provided that the Council may, if it deems fit, after one week's written notice to the person concerned, withdraw any licence of exemption

(3) The Secretary of the Council shall issue to every person granted exemption in accordance with the provisions of this clause a licence signed by him setting out—

- (a) the full name of the person concerned,
- (b) the provisions of the Agreement from which exemption is granted;
- (c) the conditions fixed in terms of the provisions of subclause (2) subject to which such exemption is granted; and
- (d) the period during which the exemption shall operate.

(4) The Secretary of the Council shall—

- (a) number consecutively all licences issued,
- (b) retain a copy of each licence issued, and
- (c) where an exemption is granted to an employer, forward a copy of the licence of exemption to the employer concerned

Signed at Durban, on behalf of the parties, this 3rd day of February 1993

D. REYNOLDS,
Chairman

T. DAVIES,
Vice-Chairman

C. BYRON,
Secretary

26. AGENTE

(1) Die Raad moet een of meer gespesifiseerde persone aanstel as agente om hulp te verleen met die uitvoering van die bepalings van hierdie Ooreenkoms en enige ander ooreenkoms wat hy administreer. 'n Agent kan enige bedryfsinrigting betree en enige werkgewer of werknemer tydens sy inspeksie ondervra en die rekords wat by klousule 23 voorgeskryf word, nagaan, en dit is die plig van elke werkgewer en werknemer om sodanige agente toe te laat om sodanige navrae te doen en om sodanige boeke en/of dokumente na te gaan en om sodanige persone te ondervra as wat nodig is ten einde vas te stel of die bepalings van hierdie Ooreenkoms of enige ander ooreenkoms van die Raad nagekom word.

(2) Die Raad kan die Minister versoek om 'n agent as 'n aangewese agent ingevolge die bepalings van artikel 62 (1) van die Wet aan te stel.

27. VRYSTELLINGS

(1) Die Raad kan om enige goeie of voldoende rede vrystelling verleen aan enige van die bepalings van hierdie Ooreenkoms of enige ander ooreenkoms wat hy administreer en wat ingevolge artikel 48 van die Wet bindend is

(2) Die Raad moet die voorwaardes onderworpe waaraan sodanige vrystelling geld, vasstel ten opsigte van enige persoon aan wie vrystelling kragtens die bepalings van subklousule (1) verleen word: Met dien verstande dat die Raad, indien hy dit goedvind, na een week se skriftelike kennisgewing aan die betrokke persoon, 'n vrystellingsertifikaat kan intrek

(3) Die Sekretaris van die Raad moet aan elke persoon aan wie vrystelling ooreenkomstig die bepalings van hierdie klousule verleen is, 'n vrystellingsertifikaat deur hom onderteken, uitreik waarin die volgende vermeld word

- (a) Die volle naam van die betrokke persoon,
- (b) die bepalings van die Ooreenkoms waarvan vrystelling verleen word,
- (c) die voorwaardes ingevolge die bepalings van subklousule (2) vasgestel onderworpe waaraan sodanige vrystelling verleen word; en
- (d) die tydperk waartydens die vrystelling geld

(4) Die Sekretaris van die Raad moet—

- (a) alle vrystellingsertifikate wat uitgereik word, agtereenvolgens nommer;
- (b) 'n afskrif van elke vrystellingsertifikaat wat uitgereik word, hou, en
- (c) waar vrystelling aan 'n werkgewer verleen word, 'n afskrif van die vrystellingsertifikaat aan die betrokke werkgewer deurstuur

Namens die party, op hede die 3de dag van Februarie 1993 te Durban onderteken

D. REYNOLDS,
Voorsitter

T. DAVIES,
Ondervoorsitter

C. BYRON,
Sekretaris.

Welfare groups don't want state-run lottery

JOHANNESBURG — Two welfare organisations, the Kagiso and Viva trusts, yesterday expressed their concern at a recommendation by the Howard Commission into gambling that the state should run a national lottery

"We are concerned (about) a cash-strapped government exploiting both welfare and public

weakness," Kagiso and Viva said in a joint statement. CT 13/2/93

"The charitable incentive would be removed should the state run a national lottery"

But they were not opposed to a single national lottery and claimed they were the best-placed to control and administer such a lottery. — Sapa

- 4.2 7 Waar die beëdigde verklaring, ten opsigte waarvan uitsetbelasting ingevolge paragraaf 4.2.6 bereken is wel later deur die verskaffer binne **een jaar** vanaf die datum van die transaksie ontvang word, kan die bedrag wat voorheen by Blok 12 van vorm BTW 201 ingesluit is ten opsigte van daardie lewering, as 'n insetbelastingkrediet by Blok 18 van die vorm BTW 201 vir die belastingtydperk waarin die beëdigde verklaring ontvang word, geëis word.
- 4.2 8 Die belastingkoers vir doeleindes van paragrawe 4.2 6 en 4 2.7 is die koers wat van toepassing is op die datum waarop die belastingfaktuur uitgerek is
- 4 3 Die voorskrifte vervat in hierdie deel van die skema word geag op 1 Februarie 1993 in werking te getree het.

(26 February 1993)/(26 Februarie 1993)

NOTICE 170 OF 1993 298

SOUTH AFRICAN LAW COMMISSION

The South African Law Commission hereby releases its working paper entitled "A FATHER'S RIGHT IN RESPECT OF HIS ILLEGITIMATE CHILD" The working paper deals mainly with the alleged unfair and unjust position of a father of an illegitimate child in the sense that such a father must pay maintenance for his illegitimate child but has dubious participation regarding legal proceedings involving the child and has no rights regarding access to and custody of the child. In this working paper the Commission has concluded that the present common law position in terms of which the mother of an illegitimate child has exclusive rights of custody, access and guardianship does not meet the needs of the present-day society. The Commission recommends certain amendments to rectify this position

The Commission invites all interested persons and bodies to comment on the working paper in question or to make suggestions for the development, improvements, modernisation or reform of this branch of the law.

It would be appreciated if written comments or suggestions could reach the Commission by 30 April 1993 at the address given below

The working paper is obtainable free of charge from the Commission on request

The Commission's offices are on the Eight Floor, NG Kerk Sinodale Sentrum, 228 Visagie Street, Pretoria Correspondence should be addressed to.

The Secretary
South African Law Commission
Private Bag X668
PRETORIA
0001.

Telephone: (012) 322-6440 (Mrs P. Kotze).

(26 February 1993)

NOTICE 171 OF 1993

The Department of Finance announces hereby that transfer documents for registration in respect of the undermentioned Republic of South Africa Internal

KENNISGEWING 170 VAN 1993

SUID-AFRIKAANSE REGSKOMISSIE

Die Suid-Afrikaanse Regskommissie stel hiermee sy werkstuk getitel " 'n VADER SE REGTE TEN OPSIGTE VAN SY BUIE-EGTELIKE KIND" vry Die werkstuk handel oor die beweerde onredelike en onregverdigde posisie van die vader van 'n buite-egtelike kind in die sin dat so 'n vader onderhoud vir by buite-egtelike kind moet betaal, maar twyfelagtige inspraak het ten opsigte van die regsverrigtinge waarby dié kind betrokke is en geen regte van toegang en toesig en beheer ten opsigte van die kind het nie. Die Kommissie kom in hierdie werkstuk tot die gevolgtrekking dat die gemeenregtelike posisie soos dit tans nog geld, waarvolgens die moeder van 'n buite-egtelike kind uitsluitlik oor regte soos toesig en beheer, toegang en voogdy beskik, nie aan die hedendaagse behoeftes van die gemeenskap voldoen nie. Die Kommissie doen sekere wetswysigings aan die hand om die posisie reg te stel

Die Kommissie nooi alle belanghebbende persone en instansies uit om kommentaar te lewer op die onderhawige werkstuk of om voorstelle te doen vir die ontwikkeling, verbetering, modernisering of hervorming van hierdie faset van die reg.

Dit sal waardeer word indien skriftelike kommentaar of voorstelle die Kommissie teen 30 April 1993 by onderstaande adres bereik.

Die werkstuk is op aanvraag gratis van die Kommissie verkrygbaar.

Die Kommissie se kantore is op die Agste Verdieping, NG Kerk Sinodale Sentrum, Visagiestraat 228, Pretoria Korrespondensie moet asseblief gerig word aan

Die Sekretaris
Suid-Afrikaanse Regskommissie
Privaat Sak X668
PRETORIA
0001.

Telefoon: (012) 322-6440 (Mev P Kotze).

(26 Februarie 1993)

KENNISGEWING 171 VAN 1993

Die Departement van Finansies maak hiermee bekend dat oodragdokumente vir registrasie ten opsigte van die ondergemelde Republiek van Suid-Afrika

TIM MARSLAND

SABC to resort to the capital market

THE SABC would have to resort to raising funds from the capital market in the next few years to fund capital expenditure, group GM finance Steve Schubach said yesterday. Currently, capex was financed by operational income.

He said the pressure was on in terms of financing the corporation's capital spending programme, concentrated on upgrading its television facilities.

The SABC already has a presence in the capital market, with R77m in loans maturing between 1995 and 2000.

Schubach said the corporation had not raised any money from the market in the past 18 months.

The SABC was not planning to raise

money from the market in the immediate future, but it would have to see what happened under a new political dispensation.

Capex in the current year would be R109m. In 1991, the latest published accounts for the SABC, the surplus was R35m while capex was R88m. The corporation is due to report its financial results for the 1991/92 year in the next few weeks and market sources have suggested the only divisions to show profit will be some radio operations.

Schubach said the corporation invested surplus funds in the capital and other markets, depending on the best return

26/12/93

260



SASOL

260 

FM 26/2/93

Balance sheet to the rescue

With low world oil prices, declining chemical prices and an unchanged rand/dollar exchange rate, Sasol has done well to maintain attributable growth. And, as in the last interim period, its sound balance sheet has come to the rescue.

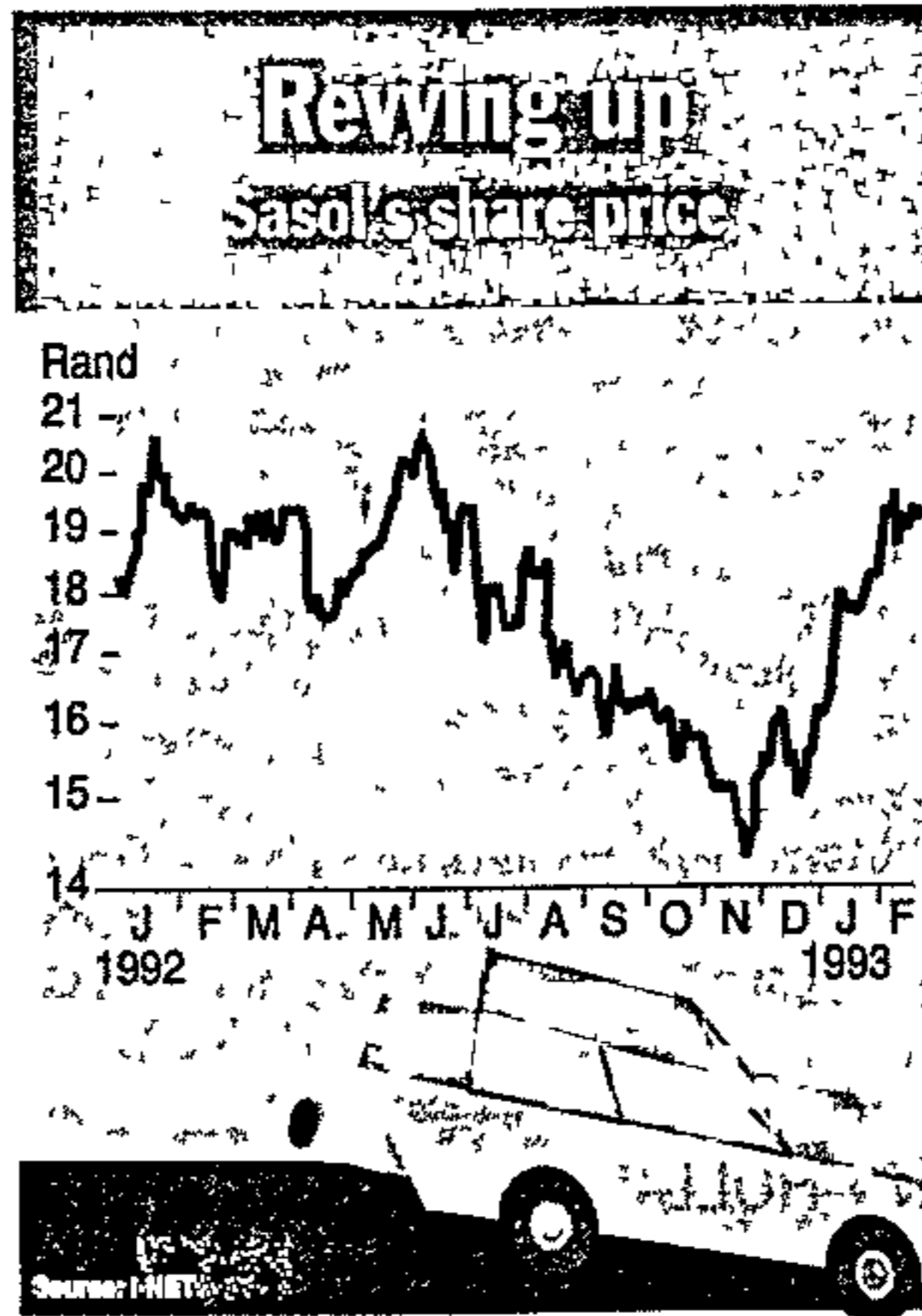
A 46% reduction in the interest bill to R64m, helped by paying off a further R400m-odd on its Sasol 3 loan from increased cash holdings, and a 24% drop in the tax bill to R159m largely through using assessed tax losses from the collieries and Sasol 3, kept attributable profit roughly in line with inflation.

The 4,7% increase in EPS comes from Sasol deducting from attributable earnings the after-tax interest cost of the 56m convertible debentures, which raised R1,03bn last year.

That leaves the impression Sasol is marking time. Yet, despite management's conservative prediction that second-half profit growth should roughly equal that of the first, there are encouraging signs that it could improve.

For one, the rand is weakening, with economists estimating an average R/\$ rate of 3,20-3,30 over the next six months. That compares with the average of about R2,85 Sasol was getting for exports in the first half.

Also, full benefits of the cost control programme will only be fully felt in the second half and next financial year, though most of the one-off costs of rationalisation have been absorbed. And tax benefits from the R3,5bn



remain extremely capital-hungry. Yet Kennedy says the group is confident it can fund most new projects from its own resources.

"We have a strong cash flow," he says. "New projects provide a home for that cash." He says Sasol has no plans for a further rights issue, which should draw a collective sigh of relief from shareholders.

At operating level, Sasol had a difficult first half, largely for reasons beyond its control. It can do little about depressed local and international conditions.

High production volumes

That must have been frustrating for the strong performers, such as Secunda Collieries, Sasol 2 and 3, Polymers and Explosives. All are reported to have maintained high production volumes, some in the face of declining prices.

It shows in Sasol's operating margins, which have narrowed to 20,2%, from the year-ago 21,9%.

The export market can't be too attractive now, though Kennedy says businesses like Polymers have improved volumes and exported a lot. "We have marketed our products successfully and established a foothold in international markets. All we need now is for the world economy to turn," he says.

Since last November, the market seems to have regained some confidence in Sasol. The share has climbed from 1 450c to 1 910c, close to the high of 2 075c.

The rating has improved but is still below the sector average and well below competitor Engen's. Part of this can be ascribed to negative sentiment about tariff protection which Sasol enjoys, though the larger insti-

tutions — believed to be behind the recent price recovery — seem to be discounting this influence.

Shaun Harris

PREMIER GROUP

Biting Bonnita

Premier's venture into the dairy industry seems to make sense, given its policy of focusing on branded staple foods. Spending R100m for a 28,6% share is not a large outlay, only about 3% of Premier's market cap. But for Bonnita — formerly Cape Dairy Co-operative (CDC) — it's a much needed injection of capital.

Strong cash flow from Metro Cash & Carry has helped Premier cut borrowings, as has partial disinvestment in underperforming assets. Gearing is now conservative, at about 10%. That suggests plans to raise the Bonnita interest later to 40% at a cost of R50m, through a cash offer for some 26m convertible debentures, will not unduly pressure the balance sheet. Premier CE Peter Wrighton says gearing will stay below 30%.

Information on Bonnita, as the restructured CDC was renamed last June, is scarce. Annual turnover in the year to February 1993 was R680m and is forecast at around R750m this year. But this gives no clear insight into profitability or competitiveness.

Says an analyst: "Co-ops don't have bottom lines, so they tend to overpay farmers. This may be a problem with a private company." Wrighton insists. "Farmers are crucial to operations, so must always be viable." He adds that Bonnita is profitable, margins are equal to or better than Premfood's.

The market has little experience with this industry and examples on which it can draw are not particularly comforting. Tiger Oats's investment in fruit and vegetable canning co-operative Langeberg Holdings brought years of restructuring and losses before it proved highly profitable. ICS's dairy division has underperformed for several years.

"To use these as benchmarks is unfair," says Wrighton. "Bonnita's management is strong, entrepreneurial and — more important — proactive. This, in particular, is borne out by the decision to move towards a private company." He feels Premier and Bonnita have similar cultures.

Technology is good. Wages are in line with industries in which Premfood operates. Bonnita is responsible for a quarter of SA milk production and operates southern Africa's largest milk powder and cheese factories.

Wrighton contends that, for Bonnita, the chronic problem of excess milk production is reduced by powdered milk operations. How-

SQUEEZING THE BARREL

Six months to	Dec 25 '91	Jun 25 '92	Dec 25 '92
Turnover (Rm)	3 963	3 891	4 080
Operating income (Rm)	869	890	822
Attributable (Rm)	533	620	584
Earnings (c)	94,6	107,4	99
Dividends (c)	36,5	41,5	38

capital programme will be enjoyed over the next two years.

But investors must be starting to wonder when the benefits will start to be seen from that ambitious programme. GM Russell Kennedy admits there was little in the first half, pointing out most new projects will be commissioned in the 1994 year. "That's when the benefits will start, with the major surge coming in the 1995 year," he says.

That won't be the end of Sasol's capital spending. Kennedy says Sasol has more potential projects than it can handle and announcements on new ventures will be made this year.

All of which makes it look like Sasol will

Great leap forward for the SABC

STAR 26/2/93

(260)

IF seven months ago Christo Pretorius had resigned his job as SABC industrial relations head, few would have wanted it.

Then, South Africa's national broadcaster was entangled in the longest and most bitter wage dispute in its history, which crippled especially its black radio and television services.

For nearly two months, more than 1 000 black SABC staffers countrywide — including news readers, journalists and technicians — withdrew their labour to back a 20 percent wage increase and a R1 500-a-month minimum rate.

The corporation was roundly condemned by nearly all black political groups over its handling of the dispute.

But today, with the strike behind him, Pretorius is an industrial relations manager's envy. He obviously takes pleasure in discussing the state of relations between the SABC and its unions, notably with the Media Workers Association of SA (Mwasa), which spearheaded the strike.

Proudly, the SABC has just unveiled its "conflict-breaking policy" — a structured response to the strike agreed to in negotiations with Mwasa.

Pretorius believes this policy has placed the SABC within reach of its objective of becoming "the organisation with the most progressive labour relations policy".

"For instance, the major debate which will come up in the National Manpower Commission this year will be over the

The battle for control of the SABC has increasingly placed the corporation in the public eye. But important changes have occurred in Auckland Park's relations with its employees, reports MIKE SILUMA.

right to strike. We are ahead of that debate because, in our agreement with Mwasa and other unions, we already fully recognise that right," says Pretorius.

"After the strike we entered into a programme, which enabled us to develop a lot of common ground between us. We are looking at issues, including productivity and joint training and development programmes for employees, as well as the maintenance of employment equity, in terms of which there is no discrimination on the basis of race and gender.

He says this year's wage talks with Mwasa are "going extremely well, focusing on the mutual interests of the two parties, given the state of the economy".

To an outsider, what Pretorius says may sound too good to be true. So, what does Mwasa say?

Mwasa general secretary Sithembile Khala largely corroborates Pretorius's assessment of the state of industrial relations at Auckland Park.

"The agreement reached with SABC management is a great leap forward. If it is given a chance, I'm sure it can help us to create a new SABC. On the whole, the area of conflict at the SABC has been reduced.

"We need to give much credit to the labour office of the SABC

for its co-operation, even though this does not mean we will always agree with them, or that we can guarantee that there will be no industrial action at the SABC for, say, the next 12 months," says Khala.

He says that while both parties have agreed on the need to change the SABC from being "a bastion of apartheid", they were also concerned that it should remain free of party political influences. Mwasa and management are also committed to making the SABC economically viable "in the interests of both parties".

Mwasa, as a member of the Campaign for Independent Broadcasting, wants the present SABC board to be changed. "It's important that the board's character is changed to make it non-political, democratic and knowledgeable about broadcasting issues," explains Khala.

Both Pretorius and Khala agree that talk of possible policy and staff changes at the SABC may have an unsettling effect on the corporation's more than 5 000 staffers.

In the words of Pretorius: "I think all the speculation and talk of changes has cemented the relationship between the union and the SABC because both parties fear the negative impact which such speculation might have on all employees" □

metro

TV's Jordaan jailed

By CYNIL MADLALA

26/2/93

Star 26/2/93

Former SABC TopSport director Hein Jordaan was yesterday sentenced in the Johannesburg Regional Court to an effective six years in jail for corruption and theft.

He was convicted in December on four corruption charges involving R150 000 and one count of theft involving R797 120.

IJJ Luther sentenced him to two years in jail for corruption, and seven years in jail for theft, with three years suspended for five years.

He is appealing against the sentence, and his R10 000 bail has been extended.

Jordaan was initially charged together with former National Soccer League public relations officer Abdul Bhamjee, and the court found they had stolen R797 120 from the SABC

Previously the court heard that Jordaan received a R390 000 cheque from Bhamjee "to take care" of him.

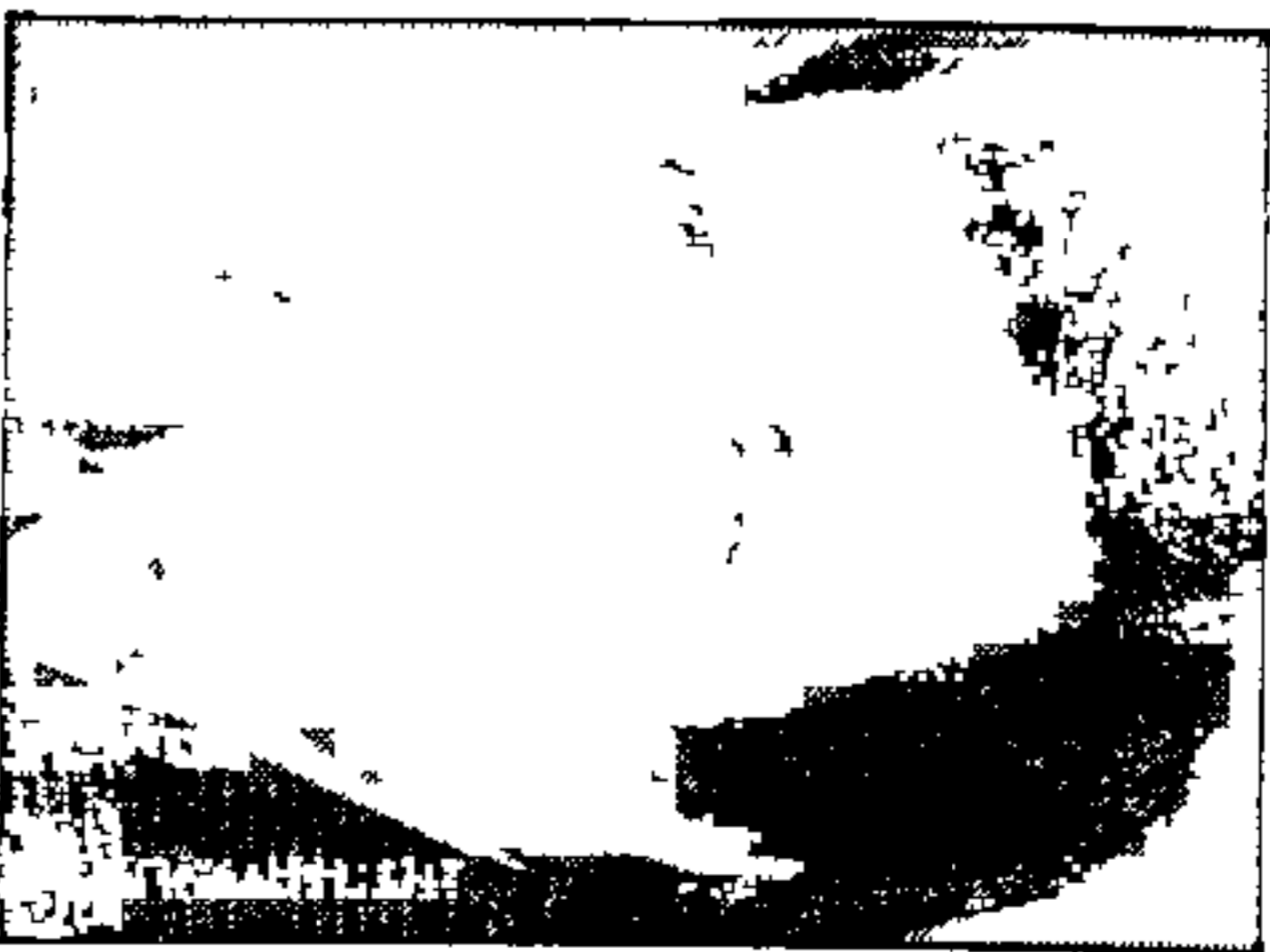
The State alleged that Bhamjee took R390 000 for himself, and he was sentenced to eight years' jail in August. He is serving this sentence concurrently with 14 years for stealing another R7,3 million from the NSL.

The court rejected Jordaan's defence that he had borrowed the money from

Bhamjee. Hans Bornman, for Jordaan, asked the court to sentence him to correctional service.

Asking the court to send Jordaan to prison, State advocate K Lawlor said the accused was motivated by greed and a desire to appear affluent.

For sentence, the magistrate took into account that Jordaan was a first offender and that his was a serious offence.



Hein Jordaan . . . appealing against sentence.

Cash-strapped SABC will go to market for funds

From TIM MARSLAND

JOHANNESBURG. — The SABC would have to resort to raising funds from the capital market in the next few years to fund capital expenditure, group GM finance Steve Schubach said yesterday. Currently, capex was financed by operational income.

He said the pressure was on in terms of financing the corporation's capital spending programme, concentrated on upgrading its television facilities.

The SABC already has a presence in the capital market, with R77m in loans maturing between 1995 and 2000.

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The SABC was not planning to raise money from the market in the immediate future, but it would have to see what happened under a new political dispensation.

Capex in the current year would be R109m. In 1991, the latest published accounts for the SABC, the surplus was R35m while capex was R88m. The corporation is due to report its financial results for the 1991/92 year in the next few weeks.

SABC board possibility

RAY HARTLEY

PRESIDENT F W de Klerk could reduce the SABC board to a "skeleton staff" of five members and extend its life if negotiations on a new board continue beyond April 1, when the existing board's term expires

A government source said yesterday it was within De Klerk's power to extend the terms of present board members. The law stated there had to be a minimum of five board members at any time.

But a Home Affairs spokesman said this was an unlikely scenario as government was committed to the establishment of a new board before April 1

The spokesman said no details could be given on the method government proposed for the appointment of the new board, as

this was the subject of delicate negotiations. (260)

TIM COHEN reports consensus has been reached that appointees to the new board will not be members of political parties. It has also been agreed that a judge should be involved in the appointing process

The Campaign for Independent Broadcasting has been lobbying for Codesa convenors Judge Ismail Mohammed and Judge Piet Schabert to convene a panel to appoint the new board

Home Affairs Minister Lous Pienaar said in Parliament, on Tuesday, he hoped a mechanism to advise De Klerk on appointments to a new board would be ready by April 1

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CONN/D.5101/4-6
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Former SABC official gets jail sentence

~~Case~~ **MARIANNE MERTEN** (260)
FORMER SABC TopSport director Hein
Jordaan was sentenced yesterday in the
Johannesburg Regional Court to an effective
six years' imprisonment for theft and
corruption. (29)

He was released on bail pending the
outcome of an appeal against the sentence

Jordaan, 46, stole and unlawfully re-
ceived a total of R797 000 of National Soccer
League (NSL) money in a plan executed
with the help of former NSL PRO Abdul
Bhamjee. — **Blom 26/2/93.**

Passing sentence, regional magistrate
I J J Luther said Jordaan had abused his
position of trust at the SABC.

"The fact that he shared the money with
Bhamjee does not lessen the seriousness of
the crime."

Although Jordaan was not a danger to
society, he had been found guilty of a serious
crime and must be punished, the mag-
istrate said.

Jordaan had already been punished to a
certain extent by being labelled a criminal
and by having lost his job. His perception
of himself had also changed completely,
Luther said.

The court found that the nature of Jord-
daan's crime indicated desperation.

Evidence at the trial was that Jordaan
had stolen the money because of personal
financial difficulties.

In spite of argument by defence advoc-
ate J J A Bornman that a prison sentence
was inappropriate because of Jordaan's
social and business standing, Jordaan was
sentenced to two years' imprisonment on
four charges of corruption. On the count of
theft he received a seven-year prison term,
three years of which were conditionally
suspended. Bornman told the court this
was Jordaan's first clash with the law.

State advocate Keim La Vlor, in asking
for a stiff prison sentence, said Jordaan
had used the stolen money for luxuries and
overseas trips for himself, his wife and
children. He submitted that Jordaan had
acted out of greed and not necessity.

Late last year Bhamjee was sentenced
to an effective eight years' imprisonment
for his part in the crime.

Sasol winner in petrol price war

By KEVIN DAVIE

SASOL will fare better than other oil companies in a deregulated market — even if it loses its 10% protection, says a leading stock market analyst. *STimes (Buss)*

Analyst Philippe Tison, of Martin and Company, says it is debatable whether the 10% which protection adds to Sasol's bottom line is worth all the negative publicity. 28/2/93.

He estimates this protection at R410-million (one-third of pre-tax profits) during Sasol's last financial year, but says Sasol has very good prospects "even after stripping out the subsidy".

Mr Tison says there is no doubt that Sasol and the oil companies benefit from the current situation: "There would be no industry winners in a deregulated market — only a range of losers."

"Consumers would be better off in certain cases but rural areas are likely to be worse off."

He says "the existing government is unlikely to unilaterally change undertakings made to Sasol, but we are working on the premise that the protection will disappear in the new SA".

Mr Tison predicts that Sasol will fare better in a deregulated market than the oil companies. "The resulting price war would have a much more damaging effect on the oil companies."

Sasol has the competitive advantage of its rapidly diversifying profit base. "Sasol

could discount in the retail area by teaming up with Zenex (which has no refinery of its own), Total (which co-owns Natref with Sasol) and Pick 'n Pay. (260)

Reduced

The oil companies are compelled to give five years' notice before adjusting their agreement with Sasol: "They cannot change the price or offtake of the Sasol product for five years"

Mr Tison says that because government guarantees a 10% to 20% return on oil company assets, SA has more service stations for its level of vehicle ownership than even the US

"(Engen's) Rob Angel has said the service station network could be reduced by as much as a third"

Mr Tison criticises Sasol's apparent unwillingness to respond publicly to the issues of protection and deregulation and its continuing obsession with secrecy

"Protection has become a contentious issue in recent times, yet the annual report contains no reference to the subject. This obsession with secrecy leaves the group open to all kinds of wild estimates."

"This was clearly illustrated in The Executive magazine article of November 1991, which Sasol was forced to refute and which was subsequently retracted by The Executive"

Sasol was trading at 1575c when Mr Tison released his report in December. He said the market was being unduly harsh on Sasol and that even after stripping out the subsidy, a share price around 2000c would be appropriate.

Sasol was trading at 1915c this week

Star 2/3/93

Paper titles move urged

CAPE TOWN — The registration of newspaper titles should be taken out of the political sphere, Dene Smuts (DP Grootes Schuur) said yesterday.

Speaking in a debate on the Imprint Amendment Bill, she said the Newspaper Press Union and Media Council were both opposed to registration of newspapers.

The Department of Home Affairs had little more than a trademark

function to avoid possible clashes between similar or identical titles.

(253) (260)
As long as a Minister could regulate registration procedures, there was a danger of political abuse. "All that is really necessary, in the public interest and for the public record, is that a newspaper's publisher, address and proprietor be printed in every copy," Smuts said. — Sapa

Star 2/3/93

Abakor to be privatised

CAPE TOWN — The Government is going ahead with the privatisation and stock exchange listing of Abakor, the State corporation which controls 41 percent of the abattoir industry, Agriculture Minister Dr Kraai van Niekerk announced last night.

The deregulation of the meat industry had removed the last obstacles to privatising the

corporation, he said.

Abakor no longer had a guaranteed market as before and would have to operate in a free market.

Abakor operates the abattoirs at Witbank, Pyramid near Pretoria, Krugersdorp, Johannesburg, Springs, Benoni, Bloemfontein, Kimberley, Cato Ridge, East London and Port Elizabeth — Political Correspondent.

NP accuses SABC of ANC bias

CT 2/3/93

Staff Reporter

260

207

MRS Elna Boesak, wife of ANC Western Cape chairman Dr Allan Boesak, was one of the producers of Sunday night's live Agenda programme, which featured her husband as one of the panelists, the SABC confirmed last night.

The National Party, represented on the panel by Mr Jac Rabie, last night sharply attacked the SABC for its "biased presentation" of the programme in the Cape Town Civic Centre.

They claimed that the way in which the programme was handled favoured the ANC and charged that the SABC did not stick to prior arrangements.

During the airing, Mr Rabie was loudly booed, howled at and jeered.

Replying to the criticism, SABC spokesman Mr Johan Pretorius said a group of people who came into the hall late had blocked certain parts of the hall and caused disruption.

He said Mrs Boesak was one of two producers — the other was Mr At Viljoen — who worked on the programme.

She was an SABC employee and all staff members were entitled to their private lives and their political beliefs "as long as their beliefs do not affect their integrity and professionalism", he said.

He was satisfied that her involvement with the programme did not affect its objectivity.

● The ANC yesterday challenged Mr Rabie to a public debate with Dr Boesak in Mitchells Plain "or any other agreed area as soon as possible after the public enthusiasm aroused by the programme".

Play neutral role, FW ⁽²⁶⁰⁾_{AKG33/2} tells SABC

PRESIDENT De Klerk says it is important for the SABC to be depoliticised because of its considerable influence.

Speaking at the SABC board's annual banquet in Cape Town last night, he said the corporation had a responsibility to ensure that it played a neutral and objective role in the situation developing in South Africa.

The SABC was regarded as "a desirable capture" by political groupings that wanted to hijack the national debate.

He did not intend to allow a situation in which any political grouping put improper pressure on the SABC.

The SABC would have to afford all parties adequate and fair opportunities to put their case — Sapa.

Depoliticise SABC ⁽²⁶⁰⁾ De Klerk

Staff Reporter

PRESIDENT FW de Klerk said last night it was important for the SABC to be depoliticised, because of its considerable influence.

The surest sign of the SABC's success would be its failure to satisfy

all points of view, he said.

Speaking at the SABC's annual cocktail party in the city, Mr de Klerk refused to elaborate on his party's dissatisfaction with Sunday's Agenda programme.

^{3/3/93}
The National Party condemned the programme as "biased".

ANC Western Cape chairman, Dr Allan Boesak, left soon after the speeches and said he was "not impressed" with the SABC's claim of independence.

NP gets no sympathy for Agenda

By BARRY STREEK
Political Staff

THE NP's howls of outrage at getting a dose of its own medicine on Sunday night's Agenda programme would receive scant sympathy, the Democratic Party said yesterday. And the African National Congress said the NP's indig-

nant response was "efficious in the extreme and highlights the necessity to remove them from SABC control with the utmost urgency".

Both reacted yesterday to a claim by the NP's House of Representatives leader, Mr Jac Rabie, that the SABC had made a "biased presentation".

The DP said the Agenda debate was successful because it took place despite the initial chaos and the format could be used to supplement conventional public meetings in the light of the disruption of town-ship meetings.

It was, however, important that broadcasting guidelines

be laid down by multi-party decisions as soon as an election date was set, if not before.

The ANC said in a statement issued by its Western Cape chairman Dr Allen Boesak, that the NP's outrage was due to the programme being overwhelming-ly carried by the ANC.

● See Teletexts — Page 7

focus on SABC

NATIONAL Soccer League clubs have come out of their cocoon to challenge the SABC over the coverage of football matches

Once more, the battle over seemingly confidential contracts, agreed upon by the NSL hierarchy and the SABC, is being led by the league's bad boy, Jomo Sono

Sono set the ball rolling last month when he refused to allow SABC-TV to cover the Caf game between his club and Swaziland's Denver Sundowns

It was the same Sono whose club Jomo Midas Cosmos was kicked out in 1989 when he challenged the then untouchable NSL hierarchy over financial arrangements entered into by the SABC and the league

The NSL executive, then under disgraced PRO Abdul Bhamjee and general manager Cyril Kobus, accused Sono of "high treason" when he demanded the contracts be made public or at least known to the clubs

None of the NSL affiliates supported Sono openly when the league accused him of trying to form a breakaway league with magnate Louis Luyt

A few months later the same Bhamjee, Kobus and SABC sports head Hein Jordaan were arrested for defrauding the corporation of millions of rands in television rights

Jordaan and Kobus have appealed against the six-year jail terms they each received, while Bhamjee is serving 14 years for the crimes

This time, the Black Prince, and reputedly the black sheep in the NSL fold, got no flak from any quarter of the soccer fraternity when he caused a storm once again on the same issue

Instead, he received support from the most unlikely quarters, including his rival from the so-called A-Team, Kaizer Chiefs MD Kaizer Motaung, and the same NSL that once kicked him out for doing the same thing

Motaung, the most powerful soccer official in the country, also banned the SABC, both radio and TV, from covering the second leg of the Africa Championship Cup between Chiefs and Botswana's LCS Gunners last month

Like Sono, Motaung demanded that the SABC pay TV and radio rights to broadcast the game live

On the other hand, the NSL seems to support the clubs' demands, though no formal statement has been made by the league

What the league has in fact done is sow more confusion in the dispute by announcing they were also fighting the SABC over the same contract

Despite the league's support for the clubs' call, the same contracts at the centre of the controversy are still kept secret from the clubs — a call Sono had made three years ago

Last month the SABC offered R20 000 to

Sowetan 4/3/93.

(260)

The "bad boy" of soccer, Jomo Sono, was dubbed a traitor when he challenged the untouchable NSL hierarchy over dubious financial arrangements with the SABC in 1989. Now Sono is once again leading the charge. **Keirosi Modisane** explains:



Safa affiliates ± 2000 clubs
Number of Cup finals a year - 5
Capacity at Rand Stadium - 40 000
How many attended - 55 000
Cost of TV licence - R158
People travelled from as far as Botswana, Swaziland and Lesotho
Sat TV soccer viewers - 2 199 000
Sun TV soccer viewers - 2 243 000

SABC TV BLACK OUT

GRAPHIC by J TSATSI

Cosmos and Chiefs for their respective continental games. Both teams refused the offer

The NSL did not interfere in either instance as "the matter was beyond their control"

It was reported that they could only intervene in NSL games and not in Caf and Fifa matches. Not even Safa, the mother, could interfere in this matter

Last week the league barred the SABC from covering their BP Top 8 quarterfinal between Roosters Sundowns and Orlando Pirates

The NSL called for a meeting with the SABC in a last minute attempt to have the game televised (live or canned). But still both sides would not budge. What happened at the stadium almost cost many lives

In their fight with the SABC, Sono and Motaung received support from Nocsa-chairman Sam Ramsamy, who lambasted the corpo-

ration for "not affording soccer the recognition it deserves"

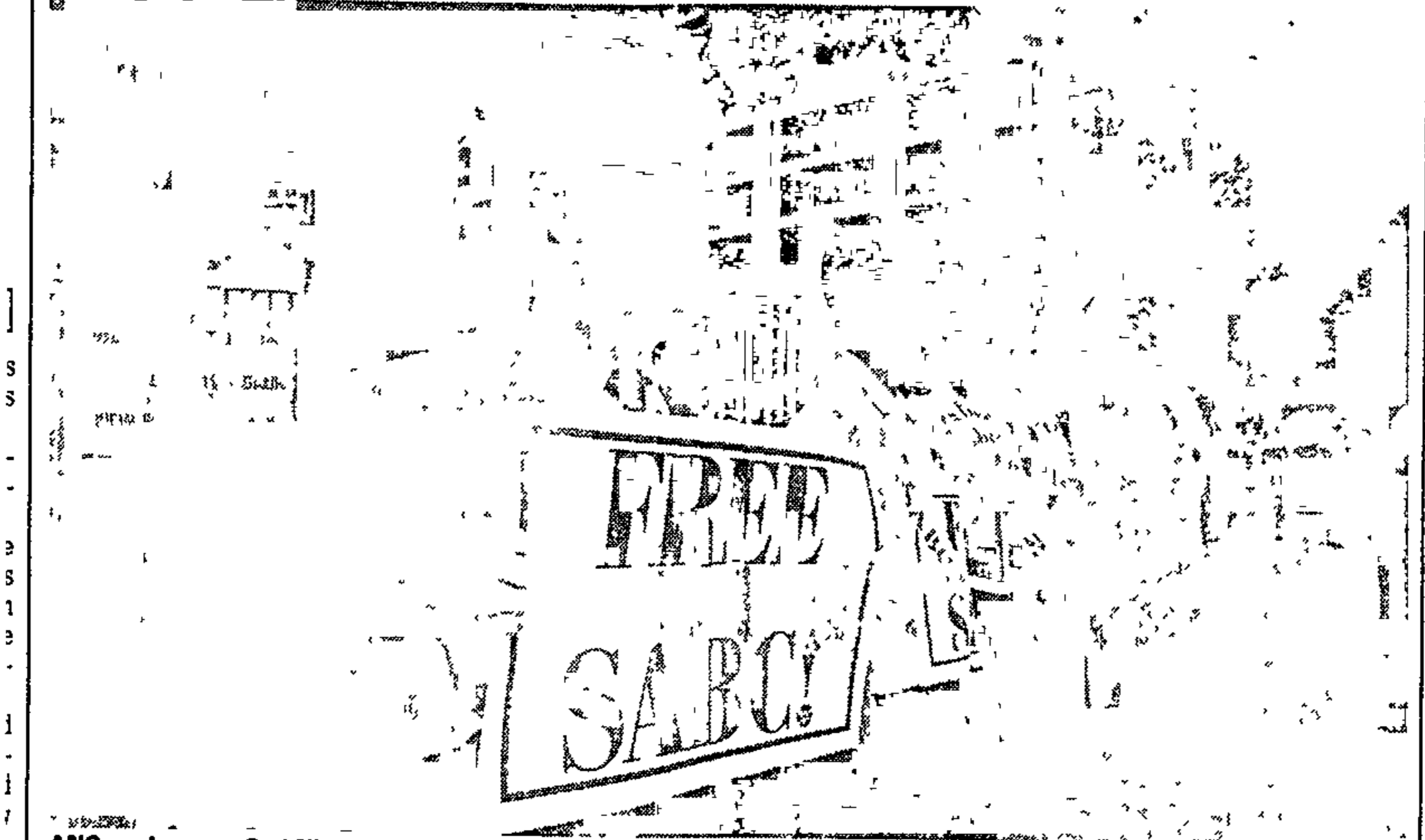
Speaking at a Soccer Media Awards banquet in Johannesburg last week Ramsamy said "There are financial disputes on the go at present that are depriving the viewing soccer public of seeing important domestic and international matches, while cricket is getting daily live coverage"

Ramsamy said the SABC had an obligation to the majority of South Africans to give proper coverage to the national sports of soccer and to pay internationally recognised fees for the right to do so

With the top three teams in the NSL taking this stand to bring to an end the shabby treatment accorded soccer, maybe the rest will join forces and secure for soccer its rightful slot as the No 1 sport of the many people of South Africa

Star 4/13/93
Protesters picket SABC (260)

Protesters under the auspices of the Campaign for Independent Broadcasting gathered outside the South African Broadcasting Corporation's offices in Auckland Park, Johannesburg, and in Cape Town yesterday to demand an autonomous and democratic body to take over the present board, whose term expires on March 31.



ANC spokesman Carl Niehaus, left, yesterday took part in a Campaign for Independent Broadcasting picket outside the SABC in Johannesburg. Similar protests were held in Durban and Cape Town. Picture ROBERT BOTHA

Demos over SABC board

BIDAY 4/3/93
LLOYD COUTTS
 DEMONSTRATIONS calling for an independent SABC board were held outside the corporation's offices in Johannesburg, Durban and Cape Town yesterday.

The picket was called by the Campaign for Independent Broadcasting (CIB), which accused government of dragging its feet on the crucial issue. The current board's term of office expires this month.

The CIB is demanding a new authority, operating independently of government and any ruling party, to regulate the broadcasting industry. Yesterday a spokesman said Home Affairs Minister Louis Pienaar had agreed to meet them by January 20, but had since denied this.

The ANC yesterday welcomed President FW de Klerk's announcement at an SABC board banquet on Tuesday that the SABC was to be depoliticised, but said it contradicted official Ministerial positions.

Government appeared to be trying to prolong the present board's life, the ANC said.

Allied 'threatened to sack ex-MD for opposing deal'

BIDAY 4/3/93
SUSAN RUSSELL

FORMER Allied MD Kevin de Villiers told the Rand Supreme Court yesterday he had received threats of dismissal and been the subject of motions of censure after publicly opposing the proposed UBS takeover in favour of the FNB offer.

De Villiers said there had also been controversy among board members as to whether a clause entitling directors to make their opposition to the takeover public was applicable in his case.

De Villiers is a key witness in a R1.5m dispute between marketing company Tytherley Investments and Absa. Tytherley MD Peter Mancer is suing Absa for part payment of a R4.5m contract he concluded with De Villiers, involving Allied's sponsorship of SA yachtsman John Martin in the 1990/91 BOC race.

De Villiers and Mancer signed the agreement in September 1990, seven months before the UBS takeover and formation of Absa. Absa is defending the claim on the grounds that the agreement was never intended to be a valid contract.

It is alleged the agreement was a device created to enable Allied to unlawfully claim benefits. Mancer and De Villiers testified that the sponsorship agreement was a valid contract, and denied it was created as a tax dodge.

Absa counsel M Tselentis SC yesterday cross-examined De Villiers about the inclusion of the clause allowing directors to publicly oppose the proposed UBS offer. "It was very sporting of them," Tselentis

remarked.

"Very correct of them, Mr Tselentis, not sporting at all," replied De Villiers.

"Once my position had emerged more clearly I tended to be excluded from negotiations," he said. "It was put in the hands of (Norman) Aldborough."

De Villiers said at that stage he had difficulty in getting board meeting memos, but there had been discussions about interpretation of the clause. He told the court there had been "long acrimonious debates", to which he was often not a party, about whether or not the clause applied to himself.

One interpretation had been that as group MD he was not a "normal" director and therefore not entitled to go public. "On my interpretation I was entitled to make my opposition public."

De Villiers added that from feedback he had he understood some board members had accepted his interpretation of the clause while others had not.

The court adjourned briefly when Mancer's counsel T Beckerling said his legal team had anticipated this line of questioning, but had been denied access to the Allied board meeting minutes from the takeover period.

After the adjournment Tselentis told Judge WJ Hartzenberg there had been misunderstanding between the attorneys acting for both parties and that the minutes would be made available.

Producer's role in debate defended

et 4/3/93 (260)
THERE was no conflict of interest in Mrs Elna Boesak, wife of ANC Western Cape chairman Dr Allan Boesak, acting as a producer of Sunday night's Agenda programme which featured her husband as a panelist, SATV news productions chief Mr Johan Pretorius said yesterday.

"I do understand the perception that there could be a conflict of interest. But in this case she was in no way involved in the influencing of the end product," he said.

Mrs Boesak was used on the programme as a producer involved in organising and logistics, said Mr Pretorius.

The National Party, represented on the panel by Mr Jac Rabie, attacked the SABC for its "biased presentation" of the programme, in which five panelists participated. — Staff Reporter, Political Correspondent

Protesters (260)
CT 4/3/93
picket SABC

THE Campaign for Independent Broadcasting staged a picket outside the Sea Point offices of the SABC yesterday.

About 40 protesters waved banners proclaiming "end NP control of the news", "free the airwaves" and "new SABC Board now"

● The ANC yesterday welcomed a statement by President F W de Klerk that the SABC will be depoliticised, but criticised the SABC Board for its continued "unilateral restructuring" of the corporation — Staff Reporter, Sapa

Star 5/3/93

Cape bank got secret help - Keys

CAPE TOWN — The South African Reserve Bank had provided assistance to the now defunct Cape Investment Bank (CIB) on various occasions from October 12 to early December 1990, Minister of Finance Derek Keys said yesterday.

In a special debate on a report of the Joint Committee on Public Accounts, he said assistance had been provided secretly so as not to alert investors of CIB's liquidity crisis and precipitate instability in the banking system and the economy.

He said the Reserve Bank, acting as a lender of last resort, had bought Eskom stock valued at more than R800 million at favourable rates after the CIB was forced to run down its portfolio of off-balance sheet Eskom stock. The stock was funded by

large depositors who were withdrawing their funds from the CIB before the introduction of the Deposit-taking Institutions Act, which restricted off-balance sheet activities by deposit-taking institutions.

The size of the portfolio and the trend in interest rates had made it difficult for CIB to off-load its Eskom stock without incurring losses.

In November 1990, CIB's auditors told the CIB board and the Bank that CIB's financial statements could not be finalised because of off-balance sheet losses of R15,37 million.

The Reserve Bank then agreed to a final assistance package of R15,37 million to remove the off-balance sheet losses. But the funds could not simply be given to CIB because

this would result in the true state of affairs being reflected in the financial statements.

A simulated transaction, in which R300 million was lent to CIB for 116 days at 1 percent, was instituted. The capital sum would be reinvested at the Reserve Bank at 17 percent as collateral.

The interest differential provided R15,37 million in CIB's favour.

Keys said the funds remained under Reserve Bank control and markets were not substantially affected by the transaction. Because the transaction would expire before the financial year-end of both parties, it had not been necessary to reflect it in financial statements.

The transaction had been neither sinister nor underhand, but

was a bona fide mechanism to provide central bank assistance to an ailing bank without attracting the public's attention.

After investigations into CIB's credit risk by its external auditors, the Office for Deposit-taking Institutions and an independent merchant bank in early 1991, it became clear that CIB was unable to survive.

The Registrar of Deposit-taking Institutions, after consulting the then-Minister of Finance, Barend du Plessis, applied for the provisional liquidation of CIB, which was granted in May 1991.

On the day that CIB was provisionally liquidated, the Reserve Bank again provided assistance by compensating all depositors up to R5 million per deposit — Sapa.

Fm 5/3/93 .

(260)

earnings growth could resume, perhaps in the second half For one, Iscor seems to have a grip on the spiralling debt which crippled earlier results This was a hangover from its R4,3bn capital spending spree in the late Eighties and early Nineties

Interest-bearing debt increased only marginally to R2,56bn Restructuring of debt from short- to medium- and long-term loans, with a 32% reduction in capex to R267m and falling interest rates, shaved R20m off the interest bill The R69m drop in operating profit negates that, but the end of the capex programme and slightly lower gearing of 31,3% shows a better trend

At least two indicators suggest second-half results could improve One is the average 9% increase in the price of domestic steel from the beginning of the year The second is that industrial unrest, one hopes, won't cost

ISCOR Fm 5/3/93.

(260)

Looking for the bottom

A worrying feature in Iscor's interim income statement is the continuing decline in operating profit, despite a marginal increase in turnover Even more worrying is the fear that management can do little now to reverse the trend

With world and local demand for steel low, and little prospect of improvement this year, Iscor probably did well to increase exports and raise turnover by 5,8% But operating profit plunged 18,3%, showing the sacrifice the steel producer is making to maintain volumes

The story is told by an operating margin which stood at 9,3% a year ago, dropped to 8,7% at the year-end in June, and is now 7,2% MD Willem van Wyk says Iscor has embarked on an active programme to boost cash flow, including extensive cost cutting, but admits that has limited benefits

But certain factors may indicate Iscor is nearing the end of its profit drought, and

Iscor's Van Wyk . extensive cost cutting



MELTDOWN

Six months to	Dec 31 '91	Jun 30 '92	Dec 31 '92
Turnover (Rbn)	4,05	4,56	4,29
Operating income (Rm)	376	372	307
Attributable (Rm)	171	175	125
Earnings (c)	9,2	9,3	6,7
Dividends (c)	3	3	2

Iscor any more sales than in the past year, when it lost about R60m

Assuming the same operating margin and turnover growth in the second half, a reduced interest bill and no further one-off costs should lift earnings Year-end EPS of at least 14c does not seem unrealistic

Exports will benefit from the weaker rand/dollar rate Export prices continue to drop, and the world market is oversupplied, but there are hopes that demand could pick up late this year and accelerate in 1994

World consumption increased by about 1 Mt last year, and is expected to rise 2%-3% in 1993. Some estimates are that this should increase world production by about 0,5% A revival in the world steel market could stimulate demand in the more profitable local market Van Wyk is pinning Iscor's hopes on "any upturn in either the world or local economy We are geared to benefit from an upswing."

It's important for Iscor to maintain capacity to at least recover variable production costs. With increased exports — now 53,3% (49,1%) of total sales — capacity usage has fallen only slightly, from 96% at year-end to about 94%

One wonders if the benefits of the capital spending programme, about half aimed at beneficiation, the remainder on maintain-

ance and replacement, are starting to be felt. Van Wyk says they are, and interim results would have been worse without this.

Shareholders would like to see more tangible benefits, but at least they can draw comfort from the fact that Iscor has probably maintained the value of its assets. Unless the world steel industry collapses completely, the rally in the share price at the beginning of the year could be extended It's likely to be a long, slow haul, but at 80c, only 22% of NAV, it could be worth holding the share on a medium-term view

Shaun Harris

TAU move 'shortsighted'

PRETORIA — The Transvaal Agricultural Union's decision to quit organised agriculture's efforts to negotiate separate labour legislation for the industry has been condemned by other unions as "disruptive, ill-timed and shortsighted".

CP MP for Lydenburg and TAU president Dries Bruwer said the reason for the move was the provision for last resort strikes among farm workers.

The only support among the provincial unions came from the Free State.

Free State Agricultural Union president and CP MP for Parys Piet Gous said the fear was that a "right to strike" clause could open the way to abuse by politicians and trade unions. Farmers could be held to ransom at critical periods in the farming cycle, which was unacceptable.

However, he said the Extension of Labour Relations Bill would be submitted to union members for comment before a final judgment was made.

BIDAY 5/3/93.

GERALD REILLY

SAAU deputy director-general Kobus Kleynhans said the Bill was submitted to the Manpower and Agriculture Ministers some time ago. The SAAU was also lobbying support among MPs and other role players. He said negotiations with Cosatu to reach a consensus on the Bill broke down last year.

Cosatu was firm that existing labour legislation — the Labour Relations Act, the Wage Act and the Basic Conditions of Employment Act — should be applied to the farming industry. It opposed separate legislation for agriculture.

Kleynhans said efforts through the Manpower Department to arrange a meeting with Cosatu to discuss the Bill had failed. Eight different dates were suggested, but none suited the organisation.

Kleynhans said the Bill provided for compulsory arbitration as well as a prohibition on strikes during peak planting and har-

vesting periods

Also provided for was voluntary "no strike" contracts with farm workers.

The TAU's decision was roundly condemned by the Natal Agricultural Union. President William Mullins said organised agriculture had agonised for months over legislation which would be fair to farmer and workers.

"We learn with absolute dismay of the TAU's disruptive and short-sighted move. In the current difficult negotiating climate, Natal rejects the TAU's unrealistic attitude and appeals to the organisation to return to negotiations."

The Eastern Province Agricultural Union and the North Cape Agricultural Union supported the contents of the Bill.

A Western Cape Agricultural Union spokesman reaffirmed support for the Bill, saying the TAU's standpoint was strange after the provincial unions and the SAAU had worked together to prepare the Bill.

● Comment: Page 10

Row brews over 'needle time'

A STORM is brewing over a proposed amendment to the Copyright Act which will force radio and television stations to pay royalties to record companies for airing their products.

At issue is the concept of "needle time" or "pay-for-play" which broadcasters believe will negatively affect an industry on the brink of deregulation.

Record companies, however, believe they are due a slice of lucrative advertising revenue generated by radio stations.

The National Association of Broadcasters (NAB) warned yesterday that it would fight the proposed amendment, which if passed by Parliament during the current session will introduce a royalty for the broadcast of sound recordings.

NAB chairman Stan Katz said the bill would benefit record companies only, and not artists and composers, who received

LLOYD COUTTS

separate royalties from record companies.

"This legislation will have a severely negative effect upon a broadcasting industry which stands on the brink of deregulation. In particular, proposed new royalty threatens the viability of the many small local and community broadcasters who are expected to apply for licences once deregulation occurs."

Record companies traditionally used free airtime to gain exposure for their products, an arrangement which would be profoundly altered by the introduction of the royalty.

Attempts in the US to introduce the concept of royalties to record companies had failed, he said.

He said NAB television members may have to charge record companies for the screening of music videos, while radio members were considering their options.

But EMI MD Mike Edwards said needle-time was "a very normal and common thing" because radio stations generated an enormous income from playing music.

"Why should they get it for free when they are generating millions in advertising revenue?" he asked.

Pirates cost 30% of SABC income

LLOYD COUTTS

THE SABC believes its licensing system is the most viable way of collecting revenue, even though it could be losing between R100m and R150m, or 30% of potential yearly income, through pirate viewing.

The corporation said yesterday it earned R317m in the financial year to September 1992 from licencing, but found it difficult to determine financial losses to pirate viewing because accurate statistics on ownership of television sets were not available.

A spokesman said, however, that according to Market Research Africa (MRA) some 3,568-million households had sets. By September 30 1992, 2 573 147 licences had been registered.

"From MRA the inference could be made that there are about 1-million pirate viewers," the spokesman said.

More than 22 000 of these viewers had been traced from October 1 1991 to September 30 1992, which had netted R3,8m in licence fees and fines.

The spokesman said alternatives had been investigated.

Cafe owners up in arms over murder, robberies

GAVIN DU VENESE

CAFE owners are up in arms



Viljoen says SABC board may stay on

SOUTH 6/3 - 10/3/93

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By Guy Berger
and Justin Pearce

THE SABC board may stay on in office after its term expires at the end of this month, says South Africa's broadcasting supremo

Chairperson of the SABC board, Prof Christo Viljoen, told this to SOUTH at the large and lavish banquet held by the board in Cape Town on Tuesday.

The Campaign for Independent Broadcasting (CIB) slammed the suggestion as "outrageous"

Speeches by Viljoen and President FW de Klerk at the banquet

were conspicuously silent on the future of the airwaves

On Wednesday over 100 people demonstrated outside the SABC building in Sea Point

"Our aim is to draw attention to the government's deliberate stalling of attempts to institute a public, democratic and transparent process of appointing a new SABC board," read a statement by the CIB which convened the picket.

Riot police confronted the demonstrators as permission had not been obtained for the picket

ANC assistant secretary Mr Willie Hofmeyr defused the situa-

tion by telephoning the City Council to secure permission

Simultaneous demonstrations were held at SABC offices around the country

The CIB says that government had previously agreed that the present board's term of office should expire on March 31

But with the recent appointment of the third minister of home affairs this year, it now seems negotiations over the SABC may be back to square one

Speaking to SOUTH on Tuesday, Viljoen acknowledged that even if an early accord was reached on how to appoint a new board, there would not be enough time to implement it by April

Rather than appoint a new body that would only be temporary, "it may be possible to extend the mandate of the present board a month at a time"

Legally, the board could even continue for two more years, he said

Viljoen also threw his weight behind present board members, saying that several of them deserved to be re-appointed to a new board

As outgoing chairman, however, he stressed that the SABC's highest body had no say in the political negotiations about the future of broadcasting.

Stating that he personally was neither a member of the Broederbond nor any political party, Viljoen asserted that the present board had always been independent of government pressure

"I admit we have not been fully representative, but we have been fully autonomous," he claimed

CIB co-chairman Mr Raymond Louw said "The longer the present board remains in office, the longer it will take to change the SABC into an independent broadcasting corporation

"The government has stretched out the process on the pretext of negotiations. But the process (of choosing a new board) has been agreed upon by all parties with only minor differences, so negotiation should not be necessary"

SACCAWU

The applications for the following vacancies which exist at its head office.

The applicants should have the following

1. Administrators

* computer literary * be able to operate a fax and a teletex * administrative skills * be capable of dealing with figures

2. Organisers

* Be able to recruit and represent workers * Be articulate in English and one African language * Be committed to Saccawu and Cosatu policies * Be able to work on their own and have initiative * Be prepared to work long hours

These vacancies exist in Vereeniging, Johannesburg, Pretoria, Witbank, East London, Durban, Bloemfontein and George

In turn, the Union offers

* Reasonable remuneration * Provident Fund * Medical Aid

Applications must reach the General Secretary, SACCAWU, PO Box 10730, Johannesburg 2000

Star 6/3/93

SABC opens (260) the window

THE SABC is about to break the mould it has created over the past few decades as a puppet of the Government when it will allow, for the first time, an independent production company to produce a series of current affairs programmes for TV1.

Current affairs or actuality programmes, such as *Agenda*, reflect on major, and sometimes controversial, issues in South Africa and often have a strong political content.

Short contributions or inserts have been accepted from independent producers in the past, but this venture would be the first time a series has been commissioned from independent producers.

The SABC is expected to conclude several months of negotiations with newly formed television production company Weekly Mail Television when it signs a contract within the next two weeks.

It is understood that a seven-part series, with each programme running for half an hour, has been agreed to in principle. The first broadcast of this series begins in three weeks' time and will be screened on Sunday evenings. If the series is well received, it is likely the contract could be extended.

Executive producer will be Harriet Gavshon, an independent producer with more than 10 years' experience working for foreign television networks in South Africa. Weekly Mail Television was formed late last year and is equally owned by the Weekly Mail newspaper and independent television production company Free Film Makers.

A SIGN of the times is the decision by the SABC to allow independently produced current affairs programmes to be shown on TV, MANDY JEAN WOODS reports.

TV current affairs by an outsider

The move has been cautiously welcomed by critics of the SABC. "This is completely new ground for the SABC and it will be a test for both parties. For the Weekly Mail, the test will be to see if it can produce good television and the test for the SABC will be to see just how open it is to independent voices," one source said.

The ANC strongly criticised the move as being a cosmetic action by the SABC to gain credibility in the run-up to an election. "This is the kind of thing an independent SABC board should do as a matter of routine," ANC spokesman Gill Marcus said.

"In fact we would like to see a percentage of all programmes — news, current affairs and others — being produced by independents, as is commonly done in a number of countries. It will ensure diversity in news and views on television. This kind of thing should be

encouraged. "But with regard to the SABC-Weekly Mail Television saga, we feel it is premature, and simply a move by the SABC to try to get credibility. It is still involved in manipulation and total control of news and current affairs programmes," she said.

Campaign for Independent Broadcasting (CIB) co-chairman Raymond Louw said he welcomed the move as an "adventurous advance" on what the SABC had done before. "We are delighted to see how the press, through the Campaign for Open Media and the CIB, has stimulated the corporation to start reassessing what it has been doing.

"But it is still only half an hour a week out of a total of dozens of hours where the SABC holds full sway over the thoughts and views of its viewers through its current affairs and news programmes."

The series is intended to complement actuality/current affairs programming which is now shown on the SABC, sources said. The series would not just be "the Weekly Mail on television". No information about the first series was disclosed.

Free Film Makers managing director Jonathan Miller has been quoted in previous reports as saying Weekly Mail Television was talking to the SABC and M-Net about the possibilities of producing current affairs programmes for them. He also indicated the company was developing longer, investigative documentaries for British television.

Weekly Mail Television, Miller noted, had already completed a number of short current affairs programmes for a Dutch television station.

NEW board will rule

ARG 6/3/93 (265)

■ The crunch has come for the SABC. This weekend, the finishing touches are being put to a plan for new-style control of the corporation to ensure impartiality and, hopefully, freedom from all political interference.

FRANS ESTERHUYSE

Weekend Argus Political Correspondent

VITAL TALKS are being held in Pretoria this weekend between the government and certain role players on procedures for choosing a new fully-representative board for the SABC.

The decision will mark the end of the SABC's decades-long role as "his master's voice" for successive National Party governments.

With the scheduled appointment of a new board this month, South Africa will enter a crucial phase of its transition.

And, if an independent, or at least impartial, broadcasting authority takes control, remaining

NP propagandists and Broederbond agents in the inner sanctums of the corporation are expected to be flushed out early on.

In Cape Town this week, SABC group chief executive Mr Wynand Harmse confirmed the new board was due to take over on April 1, but so far there appeared to be no consensus on how and when the board members would be chosen.

Mr Harmse also said there was talk of an independent broadcasting authority, but gave no details.

Pressure has been mounting on the government to appoint a board fully representative of the country's population to ensure "free and fair" broadcasting, especially during the coming election campaign.

The role of SABC television and radio — the most powerful media for influencing public opinion — is seen as vital for the first all-in non-racial elections, scheduled for early next year.

A spokesman for the Ministry of Home Affairs told Weekend Argus yesterday on-going negotiations were taking place between the government

and various role players, including the ANC, on future control of the SABC.

These talks were continuing in Pretoria this weekend. It was hoped consensus would be reached and an announcement made early next week.

A large measure of agreement already has been achieved, and discussions this weekend are centred on the process for appointing a new board.

The spokesman said the government's viewpoint was that the new board had to be as representative as possible of the full spectrum of South African society.

Political parties should have no direct representation. The board, therefore, should be "totally independent", without any pressure from political parties.

During the negotiations, all political parties and groupings, including the African National Congress, Inkatha, the Democratic Party, National Party and other parties, the self-governing territories, and the Campaign for Independent Broadcasting, were being consulted.

"We hope all remaining doubts about the impar-

tiality of the SABC will be removed when the new board is appointed," the spokesman said.

Ironically, the SABC, clearly on the threshold of transition to "independence" from Nationalist control, was embroiled in a bitter row this week after the National Party accused it of political bias.

The accusations were made after an *Agenda* programme last Sunday when ANC supporters allegedly manipulated themselves into dominating a panel discussion about the political future of "coloured" people.

The live debate, broadcast directly from Cape Town's civic centre, ended in near-chaos amid heckling, booing and flag-waving in which ANC flags seemed to dominate.

National Party information chief Mr Piet Coetzee blamed the SABC for allowing the debate to deteriorate into "a chaotic spectacle" in which the NP had been "grossly disadvantaged".

NP guests allegedly were pushed out by a group of singing, dancing late-comers who streamed into corridors and occupied the space in front of the stage. PAC supporters allegedly held their fingers

in front of the eyes of invited guests and shouted the slogan "One settler, one bullet".

The episode was followed by complaints and criticism from the public and politicians, on the one hand, and explanations, admissions and denials from SABC officials on the other.

The essence of the SABC's dilemma in this controversy was captured by Cape cartoonist Tony Grogan who showed a dog named "SABC" held on a leash, but turning round to attack its master. Other former victims of alleged SABC political bias, including the ANC, DP, Black Sash and Co-satu, looked on with smiles of amusement.

DP media spokesman Mr Peter Soal commented "Having been a lapdog of the NP for so long, the SABC now is trying to assert the independence it had neglected for so many years."

"We are at least past the stage of direct phone calls to the SABC in mid-programme like those from Mr P W Botha."

■ See also page 16 — The future shape of the SABC.

the box

The shape of the 'new' SABC

FILE b/3/98
260

It is possible only to speculate about a future broadcasting industry in South Africa

The SABC is, and remains in essence, a national public broadcaster. Its current financial structure forces the SABC also to emphasise commercial programmes because 75 percent of its income is derived from advertising

New broadcasters will have a marked impact on the SABC's income and, in our opinion, the market cannot support too many private radio stations and another open national entertainment TV channel is totally unaffordable unless alternative sources of finance for public broadcasting services/programmes are found

Public broadcasting undoubtedly will continue to survive both here and overseas, because of the needs of the communities, albeit under increased financial pressures. Over the years, the SABC's financing structure has developed into one of over-dependence on advertising. This is a unique situation and places the public service function of the SABC under tremendous pressure. Therefore, sources for the financing of its public service function will have to be found, especially in a new competitive broadcasting environment

The SABC should fulfil its general PBS role (public broadcast service) and the corporation, having access to the people country-wide, has a very special role to play in the immediate future — a conciliatory role, a role of bridge-builder, of fostering understanding and knowledge of each other; to create unity and pride, to create more positive thinking, etc.

It is, however, important to emphasise the fact that we can do only what we are able to afford financially

Because of the restructuring from functional units to business units, the SABC will have the necessary flexibility to adapt to any new developments in broadcasting

In a new South Africa it still will be important to be a responsible broadcaster

■ Among the major pieces on the board in the current political chess game is the South African Broadcasting Corporation. Its future is not clear — but, what is certain is that there will be major changes in the way it operates, as **WYNAND HARMSE**, the group chief executive of the SABC, explains . . .

that serves the market needs of all the communities. No broadcaster can survive over the longer term if it does not serve market needs. No mandate-giver can get a message across when there are no listeners or viewers. The balance is, therefore, very important

The SABC has to be prepared for whatever broadcasting structure may be arrived at by the envisaged regulator for broadcasting, costing and policies laid down by the government of the day

As far as commercial viability is concerned, the SABC believes that sufficient profits, as in any business, are necessary provisions for capital, replacement of equipment, funding of working capital requirements etc and it is important to maintain a healthy financial/cash flow position in order to ensure the continued survival of public broadcasting

Advertising income could be influenced by the number and competitiveness of new competitors. The SABC, however, is ready to be a major player in the new broadcasting environment and, as such, to secure a major portion of the available income in terms of licence fees and advertising

Broadcasting is financed primarily through three sources — advertising, subscription and licence fees while public (fiscus) funding is used in some countries. Some of these sources are exhausted while others can be skimmed even further.

□ PROSPECTS: Wynand Harmse, SABC group chief executive.

The national advertising market, for example, is well catered for. Some of the media operating in that environment are showing losses, while others are showing reasonable profits

Therefore, it could be argued that there would not be room for more national open-broadcasters which concentrate on entertainment, exploiting the advertising market. A TV service based on PBS programmes (viz education and specialist programmes) is, however, not popular with advertisers and, on the other hand, will not disrupt the market. Also, the subscription market is catered for by one broadcaster only and is showing healthy profits

There may be room for more operators in that area, but a regulator will have to research the market in this respect. South Africa does not have experience of town or city-based electronic media with the result

that commercial operators may be prepared to experiment in that area.

As far as changes in the staff structure of the SABC is concerned, we feel that more changes will have to be made. Although the SABC already ranks among the top in South Africa with regard to equal opportunities, the composition of the staff, especially at managerial and specialist levels, has still shown some shortcomings. However, the SABC is moving swiftly further to improve and develop the situation

The SABC has learned some valuable lessons from Sunday night's Agenda programme, but apart from the accusations of political bias from certain circles, we also have been praised for giving the South African viewers the opportunity to see and hear for themselves the views of the coloured community on the future of South Africa and that our staff, especially Freek Robinson, handled a difficult situation excellently. The SABC is continually being put in the dock for supposedly favouring or offending some political group or other in this country.

We hope that a totally independent monitoring mechanism as well as a complaints commission/ombudsman will be set up as soon as possible. The SABC most certainly will have its own internal co-ordination, planning and monitoring structures to ensure that its product remains objective and fair

The new board is to be decided by the government so there are no further comments at this stage

However, I make this comment on the concept of an independent broadcasting authority. There seems to be general consensus about the establishment of such a regulatory authority.

This body will have the very important task of planning the best broadcasting system/industry for South Africa, which I hope will be done in such a way that it will benefit the peoples, the talent and the work force in this country

It's Time to Turn Our Lives

By JENNIFER GRIFFIN

A MINI-VAN kicks up a cloud of red dust as it

bounces along the uneven dirt road that winds its way through Orange Farm

Johan du Plessis travels this route several times a week to survey Eskom's massive electrification project, which has provided power to more than 70 000 self-built homes in the past two years.

New billboards line the road and advertise the many uses of electricity in Orange Farm, which Eskom predicts will accommodate more than 250 000 homes in the next two years.

For years the government neglected township residents and did not provide them with basic services like electricity. But with the dawning of a "new SA", Eskom is moving into townships to meet the needs of the people.

About two years ago, Eskom set up negotiations with local authorities about the right of supply. As correspondent JENNIFER GRIFFIN reports, it was at this point Eskom began their nationwide "Electricity for All" PR campaign.

CIPRESS 7/13/93

In 1990, with the disintegration of apartheid, Eskom began negotiating with local authorities about the right of supply. It then began a massive public relations campaign for its nationwide electrification scheme with the motto: "Electricity for All."

"As a state-protected monopoly, Eskom has had guaranteed investment over the years," said Frank Vorhies, an American economist who runs Eco Plus, an independent environment and economic consultancy in Johannesburg.

"They now need to create demand so they've begun a huge public relations campaign.

"It's a new ploy on the part of Eskom to gather

subsidies from the government," he added.

"It's much better since we had electricity," said Gloria Khumalo, 32, whose tin shack now has a bright light hanging above its front door. "We had to use candles before."

Electrification has the potential to create demand for locally manufactured electric goods that don't exist on a large scale. Increased consumer demand could help the country's economic recession.

"How do you start a business with a paraffin lamp," asked William Cobbett, the ANC's representative on the National Electrification Forum, a body which includes Eskom.

The metering system Eskom has installed in newly electrified homes is simple. Each family buys a certain amount of electricity at the beginning of the month. "It puts the customer in control of the consumption," said Du Plessis.

It also puts Eskom in control of its customer. Since 1984 when Soweto's residents resorted to non-payment boycotts to protest against apartheid and the township's standard services, businesses and banks have been nervous about investing in these areas. Eskom has reduced the risk of non-payment by having its customers pay for electricity before they use it.

"With the card system, people aren't able to boycott Eskom if they think the rates are unfair," said Mashupye Matlala, a planner for the Transvaal Rural Action Committee. "People are concerned about losing their bar-

gaining power because of the new metering system."

Eskom hopes to convince more township residents to substitute electricity for the coal and wood they became accustomed to.

Eskom claims electricity pollutes the environment less than coal does. But Vorhies said in 1990, townships used only six percent of the coal burned in SA, while Eskom used 53 percent to run its electrical plants.

"Because Eskom dominates the system you don't necessarily get the most cost-effective output or efficiently-run business," said Vorhies, who proposed looking at alternative sources of energy, including solar panels and hydro-electric power.

The ANC, however, is not concerned about the company's monopoly status. It supports the rapid electrification of SA.



Newspapers act to thwart interference

S/Times 7/3/93 (260)

By CHARLES LEONARD

FEARS that a future government might seek to control the electronic media have prompted newspapermen to exclude broadcasters from the South African Media Council.

To reflect this decision, the council decided on Friday to change its name to the Press Council of South Africa — and to reject an approach by the National Association of Broadcasters.

The newly renamed council will in future only deal with complaints against the printed media, although it will seek to uphold and maintain the freedom of all media and protect it from "improper pressure".

Proposing the exclusion on behalf of the Conference of Editors, Sunday Times editor Ken Owen said editors feared that if a future government sought to control the broadcast media, as appeared likely, the print media would be open to similar interference and control if the council continued to include broadcast media.

Mr John Featherstone of the Newspaper Press Union, whose 147 full and 67 associate members all form part of the

council, said the NPU had unanimously supported the separation of the functions of print and broadcasting

All the major daily, weekly and Sunday papers belong to the NPU, as do most country papers. Magazines form part of the union's associate membership

Friday's discussion took place against the background of the NAB's application to submit their members to the jurisdiction of the Media Council

The NAB's members include the SABC, Radio 702, M-Net, Bop Radio and Bop Television

During the discussion it was pointed out that nowhere in the world was there a media council that dealt with both print and broadcast media.

It is believed the broadcasters have decided to establish a sister organisation, presumably to be known as the Broadcast Council.

NAB president Stan Katz said the association was meeting next week to discuss the move and he did not want to comment before discussions with all the members had taken place.

● See Page 20

Winter woollies from Sasol feed plant

8107 9/3/93

260

EDWARD WEST

SASOL is to build a R300m feedstock plant at Sasol Three in Secunda which could see blankets and sweaters in SA being made from coal derivatives

The plant was planned to add value to its feedstock resources and supply its new acrylic plant under construction, the group said yesterday

Acrylonitrile is a raw material for acrylic fibres and is an essential link in textile production

Once the acrylonitrile supply was assured, South Africans would be able to say that many of their blankets, sweaters and other products were made from coal, said Sasol.

Sasol acquired a licence from BP Chemicals for the acrylonitrile process and secured an existing plant with a 75 000-ton capacity from the Austrian-based Chemie Linz, group spokesmen said. It would be commissioned in 1995.

Sasol and the Industrial Development Corporation (IDC) were in the process of establishing a R320m acrylic fibre plant in Durban to supply the SA textile industry with the fibre that was imported at present.

The Durban acrylic plant would initially require 36 000 tons of acry-

lonitrile a year which would later be extended to 50 000 tons a year. About 20 000 tons of acrylonitrile production would be exported with the remainder sold locally.

Every year nearly 55 000 tons of acrylonitrile was imported at \$700 a ton. Although the acrylonitrile plant would not employ many people directly, its construction phase would provide about 1 500 job opportunities, Sasol said.

Textile Federation director Brian Brink said in acrylic terms the acrylonitrile plant was a logical step towards backward integration.

SABC dispute declared (260)

JOHANNESBURG. — The South African Broadcasting Staff Association (Sabsa) yesterday declared a dispute with SABC management for "continued bad faith demonstrated by the corporation during salary negotiations" (13/13)

Public sector's pension/provident funds:
Investment

*7 Mr B B GOODALL asked the Minister of Finance

(1) What percentage of the funds available for investment in the public sector's pension and provident funds is being handled by the private sector,

(2) whether there has been any change in the position regarding the investment guidelines for such funds since his reply to Question No 3 on 25 March 1992? B335E

The MINISTER OF FINANCE:

(1) 8,12%

(2) No

Mossgas project: cost

*8 Mr R R HULLEY asked the Minister of Mineral and Energy Affairs

(1) (a) What is the latest estimate for the final total cost of the Mossgas project and (b) in respect of what date is this estimate furnished,

(2) whether he will make a statement on the matter? B336E

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) (a) Total Project Cost—R10,7 billion Peak Funding—R11,1 billion, which excludes interest of approximately R950 million on foreign loans, payable by CEF

(b) January 1993

(2) No, a statement will only be made once the report of the Auditor-General on the economic viability of Mossgas has become available

Sasol: tariff protection

*9 Mr R R HULLEY asked the Minister of Mineral and Energy Affairs

(a) What, expressed in cents per litre, is the current rate of tariff protection extended to Sasol and (b) what was the total value of the protection tariff to Sasol during the 1990-91 and 1991-92 financial years, respectively? B337E

HOUSE OF ASSEMBLY

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

Due to the restrictions imposed by the Petroleum Products Act, 1977, it is not possible to provide detailed information through which Sasol's production can be calculated. However, to assist the hon member, I can reveal that the only products in respect of which Sasol enjoys protection are

- petrol
- illuminating paraffin
- alcohol
- diesel, and
- liquid petroleum gas

In reply to the hon member's question, I submit the following

- (a) The average tariff protection enjoyed by Sasol during the 1992 calendar year amounted to 3,1 c/l spread over all liquid fuel products sold in the RSA
- (b) R222,5 million and R537,5 million respectively for the 1990-91 and 1991-92 financial years

Bank robberies

*10 Mr A J LEON asked the Minister of Law and Order

(a) How many bank robberies occurred in the Republic of South Africa in 1992 and (b) what was the total value of the money and valuables stolen in such robberies? B341E

The MINISTER OF LAW AND ORDER

(a) 241

(b) R12 687 031,02

Hoedspruit area: automation of farm lines

*11 Mr P G SOAL asked the Minister of Posts and Telecommunications

Whether, with reference to the reply to Question No 5 on 18 March 1992, it is still the intention to complete the automation of the farm lines in the Hoedspruit area during the second half of 1993, if not, (a) why not and (b) when is the project expected to be completed? B343E

The MINISTER OF POSTS AND TELECOMMUNICATIONS

No

(a) and (b) The project has been expedited and is now expected to be completed during the first half of 1993

Will amended by Supreme Court: bequest to children

*12 Adv J J S PRINSLOO asked the Minister of Justice:†

(1) Whether two judges of the Cape of Good Hope Division of the Supreme Court, whose names have been furnished to the Minister's Department for the purpose of his reply, ordered in a recent judgment that a provision in a will be amended so as not to limit the bequest contained therein to White children only, if so, what are the relevant details,

(2) whether he intends taking any steps in this regard, if not, why not, if so, what steps,

(3) whether he will make a statement on the matter? B320E

The MINISTER OF JUSTICE

(1) Yes The following information was obtained from the judgment in the application of *The Trustee of The Marsh Memorial Homes—Re The late William Marsh Will Trust*, which judgment was delivered on 5 February 1993

The late William Marsh *inter alia* made provision in his will for the establishment of a trust, which had to be applied to "founding and maintaining a home for destitute white children, upon the same principles as those of Dr Stephenson's Home in London"

The Court pointed out that over the passing years, through socio-economic changes, the number of white children eligible for entrance to the Marsh Memorial Homes had apparently decreased. There were, however, a number of children of different pigmentation in destitute circumstances, for whom the Marsh Memorial Homes would provide a sanc-

tuary, but could not do so because of the provisions of the will. In view of the needs of destitute coloured and black children, the trustee of the Trust applied to the Court in terms of the Trust Property Control Act, 1988 (Act 57 of 1988), *inter alia*, for the alteration of the will by deleting the word "white" in the relevant paragraph

The court held that in order to succeed with the application the applicant (trustee) had to satisfy the Court that—

(a) the late William Marsh neither contemplated nor foresaw that a time would come when his charitable act in providing for a home for destitute children would be frustrated by a dearth of persons eligible to benefit therefrom as a result of a qualification imposed by him when he signed his will

(b) the provision in question is in conflict with public interest

The Court granted the application on the statutory ground relied on and held that the particular provision in the will has brought about consequences which the late William Marsh neither contemplated nor foresaw and that—

it was clearly his intention to model the institution he had in mind on one in London to which he referred as "Dr Stephenson's Home". This institution is now known as the National Children's Home, it admits (and apparently always admitted) children of all races. It is today not possible for the Marsh Memorial Homes to function fully and properly upon the same principles as those of the National Children's Home, which it was the intention which the late William Marsh had in mind when signing his will. He certainly never foresaw that his expressed desire to provide here what Dr Stephenson had established in London would, a century later, be frustrated and become incapable of fulfilment because of a limitation on eligibility based on restriction which did not inhibit the good doctor who gave his name to a home in London for destitute children. It was to the care of destitute children that Dr Stephenson devoted his Home, it was

HOUSE OF ASSEMBLY

- (d) The ECB will consider the comments of Durban and Ballito on 17 March 1993. In terms of Section 13 (5) of the Electricity Act, 1987 the ECB may, at its discretion, hear the objections in public at a time and place of which at least 14 days notice shall be given to the applicant, the transferor or transferee, as the case may be, and every objector
- (e) The ECB will decide on 17 March 1993 on the next step to be taken in the search for a solution, to ensure that a correct decision is taken which will be in the interest of the efficient supply of electricity, the consumers of electricity and in the public interest, in terms of the provisions of the Electricity Act
- (2) No

Broadcasting licences: moratorium

*24 Mr R J LORIMER asked the Minister of Home Affairs-

- (1) Whether a moratorium has been placed on the granting of new broadcasting licences and the upgrading of broadcasting facilities; if so, what are the relevant details,
- (2) whether any services of the South African Broadcasting Corporation have been extended and/or upgraded while this moratorium has been in force, if not, why not; if so, what services,
- (3) whether any extension and/or upgrading of services is being envisaged, if not, why not, if so, what is being envisaged,
- (4) whether any permission for new licences or the extension and/or upgrading of facilities has been granted to other radio stations during the moratorium period, if so, what are the relevant details? B340E

The MINISTER OF HOME AFFAIRS

- (1) The Task Group on Broadcasting in South and Southern Africa recommended that no further broadcasting licences or extensions on existing licences be granted until the recommendations of the Task Group's Report have been evaluated and implemented, but no final

(ii) 75 were not yet charged with a crime at police stations as they were only still suspects

Note

36 were released on the same day because investigations revealed that they could not be charged

Department of Forestry: newsletters in English only

*26 Mr A GERBER asked the Minister of Water Affairs and Forestry †

- (1) Whether his Department has distributed a notice entitled "Rationalization of forestry technology—newsletters" in which it is stated that newsletters will in future be issued in English only, if so, (a) how is this justified and (b) what are the further particulars,
- (2) whether his Department will consider issuing these newsletters either in both official languages or in Afrikaans and English alternately, if not, why not, if so, what are the relevant details,
- (3) whether he will make a statement on the matter? B347E

The MINISTER OF WATER AFFAIRS AND FORESTRY

- (1) Yes
- (a) To save costs by means of rationalizing publications, especially where 75 percent of the readership is English speaking and to allow for changing needs and to achieve new goals
- (b) The Forestry Technology Newsletter is an internal publication to keep the Forestry Extension Officers of the Forestry Branch of the Department of Water Affairs and Forestry up to date with technological developments in commercial forestry and also contains handy information and hints regarding forestry matters. The Newsletter was initially launched as a service between the researchers and the Extension Officers, but in the course of time this publication was

also supplied free of charge to private timber growers

- (2) Yes, for the time being the publication concerned will still be available in both official languages
- (3) Yes There are mainly two aspects which gave rise to this particular decision and on which I would like to elaborate to provide perspective on the decision. Firstly, with the view to the commercialization of the forestry and woodprocessing activities of the State with effect from 1 April 1993 it was necessary to consider the mission of the Chief Directorate Forestry Development of the Forestry Branch of the Department as this Chief Directorate will not be commercialized and will remain under central Government control, and secondly, it was necessary to look critically at all the facets of the future expenditure of this Chief Directorate due to the fact that only limited funds are available
- The Directorate Forestry Extension and Conservation of the Chief Directorate Forestry Development, which is responsible for the distribution of publications such as the one under discussion, will in future focus on the development of agroforestry and not commercial forestry activities. The reason for this change in accent is firstly to be found in the fact that certain parts of South Africa are degrading to such an extent as the result of over-utilization of vegetation that this has become a menace for the country as a whole and secondly, in the commercialization of the commercial forestry activities of the State
- I have already referred to the question of limited funds and, it having been decided that the Chief Directorate Forestry Development will rationalize its publications so as to effect savings on direct and indirect expenditure, I can announce today that it is the intention to cease the publication of the Forestry Technology Newsletter with effect from 1 June 1993. This does not mean, however, that the transfer of information will be impeded by such a step. The Extension Leaflet which was distributed separately in the past, will still be published in

Govt to announce SABC plan in days

Bloom 10/3/93
HOME Affairs Minister Louis Pienaar is expected to make an announcement within days on the election of a new SABC board

This was confirmed yesterday by Ministry administrative secretary for broadcasting Jack van der Merwe, who said procedures for the appointment or election of the board would be finalised before the end of the month

He said Pienaar and other Ministers had been involved in extensive negotiations on the issue with various political parties and interest groups in the past three months

He would not speculate on the contents of the announcement

The term of office of the current board expires on April 1.

Campaign for Independent Broadcasting (CIB) co-chairman Raymond Louw, whose organisation has been lobbying for Codesa judges Ismail Mohammed and Piet Schabert to convene a panel to appoint an independent new board, said yesterday his organisation had no idea what Pienaar would announce

(260)
LLOYD COUTTS

"The one thing that is certain is that it (the board) will not be appointed the way it was, by the State President. There has been a substantial move along the lines suggested by the CIB, in the form of civil society electing or appointing a new board.

"The big question we are concerned about is whether it will go far enough. We believe that government has got to be very careful with whatever announcement it does make, that it does not seem unable to live up to even the standards it set for itself in its own bill of rights, let alone the law commission recommendations."

Louw said government and the ANC had discussed proposals and counter-proposals on the issue. "But what will emerge is not known," he said.

Pienaar told Parliament last month a committee or some other mechanism to advise President F W de Klerk on the appointment of a new board would be established soon

Cellular system 'on track'

POSTS and Telecommunications Minister Piet Welgemoed is adamant that the introduction of a new cellular telephone service is on

BILLY PADDOCK

track despite strong objections from the ANC that he is rushing the process

The ANC said Welgemoed was forcing the new system through with undue haste because an independent regulator was not yet in place and the transitional executive council had not yet been set up.

The organisation was therefore demanding "at the very least" a 60-day delay in calling for tenders, a source said.

However, a spokesman for the Minister said yesterday as far as he was concerned "everything is still on track".

The tender would be sent out at the very latest by early next month and "the Minister wants all the tenders to be back by the end of May at the latest"

Welgemoed would announce the successful tenders in June or July

In some circles within the ANC there is speculation that the real reason for delaying the introduction of the system is that the organisation wants some of its "old friends, especially the Scandinavian countries" to have an opportunity to get in at base level



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Millions spent on Sasol tariffs

CAPE TOWN — The total value of the protection tariff paid to Sasol during the 1990/91 and 1991/92 financial years was R222,5 million and R537,5 million, Minister of Mineral and Energy Affairs George Bartlett said yesterday in reply to a question from Roger Hulley (DP Constantia). — Sapa

STAR 11/3/93.

Affirmative action for SABC (260)

THE SABC has embarked on an affirmative action programme based on an "employment equity" policy, according to the corporation's newsletter, Interkom.

An article in the publication said the corporation was seeking to redress inequalities in the composition of its staff, especially at managerial and specialist level

DAY 11/3/93
A steering committee had been appointed to implement the policy, which had been approved by top management and unions

The article said a mentorship programme aimed at identifying staff members with potential had also been launched

SABC group personnel manager Fred Coop denied employment equity was aimed at replacing white employees with blacks simply to achieve a quota reflecting the demographics of the country.

"The employment equity programme will not take away positions from people

LLOYD COUTTS

who have earned them. Employees from one race group, on whatever level, will not be dumped, simply to be replaced by employees of another race group."

He said tokenism was rejected by most black people.

There were categories of staff, however, where consideration would have to be given to justified differentiation to accommodate specific skills or the requirements of specific cultural services.

The mentorship programme would give equal opportunities to minority or disadvantaged employees.

"The bottom line is that the SABC is striving to reach a representative composition in its staff complement by good recruitment, and by developing its present personnel," Coop said

FW faces barrage of questions

Political Correspondent

PRESIDENT F W de Klerk launched his instant question time yesterday — and received a barrage of questions on corruption from both the Conservative Party and Democratic Party.

One focus of the attack was Mineral and Energy Affairs Minister Mr George Bartlett.

Former ministers Dr Gerrit Viljoen and Mr Stoffel van der Merwe, both of whom had headed the departments of Education and Training and Development Aid, also came in for a roasting. The State President denied either had received a golden handshake.

He was replying to his first questioner, Mr S P Barnard of Hercules, who said the two ministers should have been fired — instead of leaving the cabinet as millionaires.

That annoyed Mr De Klerk, who was “not prepared to have a witchhunt conducted against ministers who had left the cabinet with clean hands”.

“In no case where corruption or maladministration has been revealed were there any facts to show that the minister in charge knew about it.

“When we discovered irregularities we took firm action. This government's record is clean in handling corruption,” he told a jeering opposition.

Pay dispute at SABC

THE South African Broadcasting Staff Association (Sabsa) declared a dispute with the SABC this week for "continued bad faith demonstrated by the corporation during salary negotiations".

Sabsa, which represents 1 650 members, said no agreement could be reached on salaries and changes to basic working conditions after four meetings. The SABC this week increased its wage offer to 7,5 percent.

12/3 - 18/3/93 Reports from Sapa

Star 12/3/93

SABC board may be named

A new SABC Board may be announced today, SABC-TV news reported last night. The report follows an announcement in February by Minister of Home Affairs Louis Pienaar that the procedure for nominations to the new board would be finalised in time for the board's reappointment when its term expired on April 1.

(260)

Cosatu hits election trail

w/mail 12/3 - 18/3/93.

By FERAL HAJFAJEE

THE Congress of South African Trade Unions will hold a special congress in September this year. Economic and political developments are too fluid to hold off policy changes until next year's scheduled congress, the federation decided at its weekend central executive committee (CEC) meeting.

Until then, though, next month's campaigns conference is likely to make far-reaching decisions on mass action campaigns to give muscle to the federation's political and economic programme.

The biggest campaign is likely to focus on Cosatu's election strategy. The federation decided at the weekend "to participate in the African National Congress election structures" and also to devise a voter education programme specifically for its members.

Voter education will be taken to the factory floor and Cosatu will ask employers to grant paid leave to shop stewards skilled in voter education.

The federation is also likely to second skilled officials to the trail a few months before elections and will decide on other resources to be made available for voter education.

But delegates warned that Cosatu should "ensure that participation in this process should not lead to the weakening of the trade union movement".

To ensure that workers' interests were accommodated, the campaign should be "transparent simple . straightforward", noted delegates.

Particular attention will be given to training farmworkers and domestic workers, who are more susceptible to undue influence by their employers.

The CEC did not give its unqualified support to the federation's planned Reconstruction Accord. Instead, the meeting adopted it as a working document and provides that "the campaigns conference be mandated to adopt the main pillars of such a reconstruction programme".

The programme will be linked "to daily struggles . around issues of housing, electrification, restructuring local government, democratising the SABC, fighting VAT/tax increases".

Delegates to the CEC also outlined a number of principles on negotiations. These include an immediate election date, an independent electoral commission to oversee elections and an independent board to control the SABC.

Through the ANC, Cosatu is also likely to fight entrenched rights of veto for minority groups and any efforts to secure the "entrenchment of the current senior layer of the civil service".

The federation also demands that homelands be dismantled by the time an interim government is elected.

Other labour-focused decisions taken by the CEC include the co-ordination of strike activity in the public service to be planned at a meeting tomorrow, and plans to establish a single service sector union.

The new union would be formed by a merger between the National Education Health and Allied Workers' Union and the federation's municipal and domestic worker affiliates.

LABOUR BRIEFS

Gazankulu workers teargassed

GAZANKULU police teargassed workers at a plastic manufacturing factory, Multi Knit 2000, during a strike for union recognition on Tuesday. Managing director Tommy Rogers said the action was the "last straw" and that 360 workers had been dismissed.

He stressed that the problem stemmed from the Gazankulu government's ban on unions in the homeland. "We have been to the government with union officials about these matters and it was understood that there was no way we could do anything until the new South Africa was sorted out," said Rogers.

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Reports from Sapa

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Looking back on privatisation



Pieter van Huyssteen headed government's Privatisation Unit for five years. Last month, he left to join accountants Price Waterhouse Meynel as CE, corporate finance

FM: There's been only one privatisation — National Sorghum Breweries — since the ANC was unbanned. With the ANC's vociferous opposition, is government still committed to privatisation?

Van Huyssteen: Government's policy to commercialise and restructure public enterprises is still very much on track. Once the commercial viability of an entity is established and a competitive market exists, government will privatise. Public Enterprises Minister Dawie de Villiers's statement last month that the privatisation of Abacor would continue confirms this. De Villiers also said the domestic operations of SA Airways could be privatised soon.

There have been delays in the process, however, since P W Botha committed government to privatisation in 1988.

Yes. The single biggest problem is that most State enterprises have never operated as commercial organisations, so it's been very difficult determining profitability. In most instances they have rendered services almost regardless of cost because the taxpayer inevitably foots the bill or because they were able to finance themselves through government-guaranteed loans.

Thus, these State enterprises had to be restructured to operate on a commercial basis first before a decision to privatise could be taken. Still, one has to remember that British Airways was only fully commercialised seven years after Margaret Thatcher announced the British government's plans to do so.

What are some of the other problems you have encountered?

At a time of political transition we have had to take cognisance of a host of political groups claiming a variety of interests. But we have always stressed that privatisation is a policy with an economic objective rather than a political one. Given the poor economic climate, economic considerations have to outweigh political objections.

Another problem is high unemployment. Government doesn't want to be accused of paving the way for retrenchments in an irresponsible manner.

The bureaucratic thinking in management has also hindered reform. But one can't blame management and staff for taking time to adapt to new policies. They've always been part of a central State system that has shown little respect for cost or for using return on capital as a yardstick for performance.

Are the large pension fund deficits a major hurdle in transforming State enterprises into viable commercial entities?

Certainly the size of the pension deficit affects the enterprise's ability to make profits. The problem, however, is an historic one, caused by over-staffing, super-attractive benefits and large numbers of non-contributing pensioners.

Changing the funds' investment policies to yield better returns will improve the situation. In the past, pension funds have had no investment freedom — government limited investments to prescribed stock that yielded low returns.

What have been the successes of commercialisation over the past five years?

Splitting up the old Post Office into Telkom and the new Post Office has made profits and losses visible — a major achievement. Customer orientation has become a priority for all commercialised ventures. For example, seeing Telkom's MD make a public confession on television is a consumer first for SA. But we need another few years to

FM 12/3/93

(260)



reap the benefits of competition, especially with regard to tariffs.

The commercialisation process has enabled Transnet to take on private-sector partners, thereby improving its use of assets — for example, in Cape Town's waterfront development.

The commercialisation of Safcor (SA's forestry corporation) and Denel (spun off from Armscor) has also been successful.

But some say privatising Armscor's divisions would have been more successful than hiving them off into the commercialised Denel.

I believe that opting for the commercialisation route first was the better choice. But government and Denel should consider the advantages of joint ventures with the private sector and sell off assets where possible.

However, government must ensure that State assets don't merely become huge private monopolies when the intention was to create greater competition.

Has privatisation been successful?

The privatisation of Iscor was very successful in terms of government's objective at the time, to sell off 100% of the assets and optimise the proceeds for socio-economic infrastructure projects. It's a pity the world steel market collapsed, with severe adverse effects on Iscor's share price.

The privatisation of National Sorghum Breweries, which was accomplished by the private sale of the company to its consumers, employees and distributors (there was no listing), proved that each case should be evaluated on its own merits.

Privatising Abacor has been more difficult because the corporation has operated in an over-regulated environment that first needed to be deregulated to maximise competition.

Why the move to the private sector?

I believe that SA's economic recovery is largely dependent on the ability of the corporate world to restructure itself to operate in deregulated and competitive markets, both locally and internationally.

Judges to nominate new SABC board

DAVID BREIER (260)
Weekend Argus Political Staff

LAST-MINUTE consultations are being held between the government and the two judges who will shortly nominate a new SABC board to ensure unbiased broadcasting

Government sources disclosed this weekend that Mr

ARG 13/3/93
Danie Schutte, who takes over next month as Minister of Home Affairs, is completing details with Mr Justice Mahomed and Mr Justice Schabert, the two judges who chaired Codesa last year.

An announcement of the details is expected shortly by outgoing Minister Mr Louis Pienaar after lengthy consultations

with a wide range of groups including the ANC.

The imminent announcement will deal with the method to be used to select the new board.

According to the sources, the two judges are likely to take part in the selection process directly. They will judge applicants for the board on the basis of specific criteria which could exclude political appointees.

A new-look SABC on way?

MICHAEL MORRIS
Political Staff

ARC 13/3/93

260

THE NEW-LOOK of the SABC board is expected to be unveiled by the government today in response to increasingly strident calls for independent control.

This has been one of the key elements of demands to level the political playing field ahead of South Africa's first nonracial democratic election.

The National Party's strong influence within the SABC over decades has undermined the corporation's credibility.

Minister of Home Affairs Mr Louis Pienaar is expected to announce the new arrangements

The term of the office of the present board expires on April 1.

It is not clear to what extent the ANC and other groups have been consulted, but the issue has been prominent in negotiations between the government and the ANC.

Several weeks ago, during their three-day bilateral meeting in Cape Town, the ANC proposed that Mr Justice Mohammed and Mr Justice Schabert, the two co-chairmen of the Codesa proceedings, should be appointed to restructure the SABC board

The Campaign for Independent Broadcasting suggested the creation of an independent appointment panel through a nomination process

It said no member of the panel should be an office-bearer of any political party or have a financial or other interest in the media.

It believed the panel will call for public nominations for the new board and then conduct public hearings, with full media access, to assess potential board members

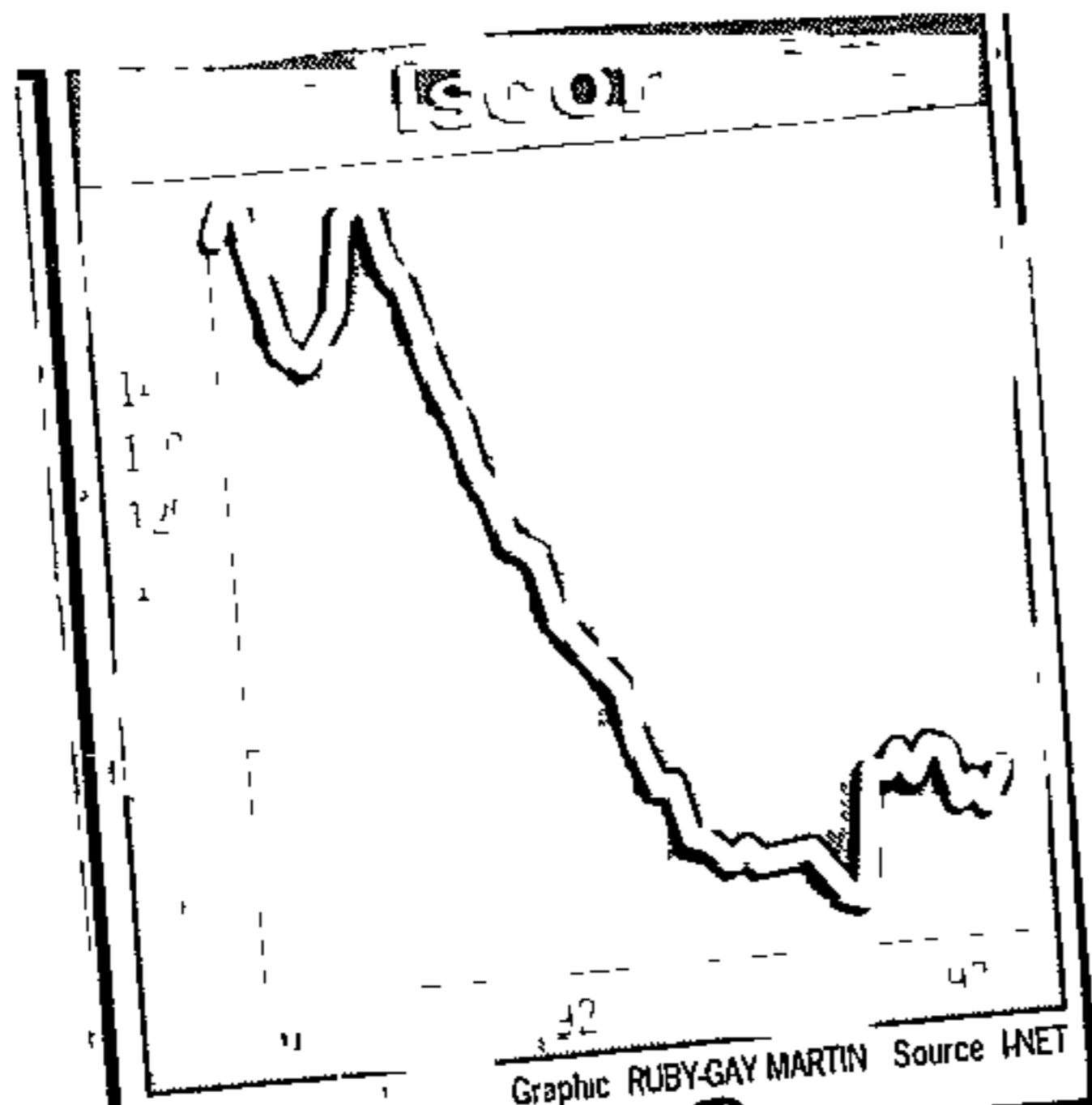
(260) CT
**3 000 viewers
summonsed**

JOHANNESBURG —
Nearly 3 000 pirate television viewers have been summonsed to appear in court since October last year

In addition, 2 900 TV sets belonging to pirate viewers have been sealed.

The SABC's television licensing department said yesterday about 360 000 viewers had not yet paid their fees.

A spokesman said the Inspectorate for Television Licences was in the process of tracing those viewers and intensified action could be expected as soon as all licence statements had been mailed. — Sapa



IsCOR a ²⁸⁰ good buy

ISCOR is recommended as a buy by City News, the newsletter of investment advisers Tim May and Peter Pittendrigh ^{(Times) (Buss)}

IsCOR's low production costs and high exports, coupled with a declining local currency, could see it coming out of recession stronger than when it went in, says City News ^{14/3/93}.

Borrowings have probably peaked, interest charges will decline and capex remains low. Domestic steel prices were raised by 9% in January.

City News reports that IsCOR could earn 16c and pay 5c, giving an attractive forward yield of 6.7%. "Fed-up" investor selling is passing and the newsletter expects demand for IsCOR to increase.

Group applies to set up Jo'burg TV station

BIDAM 1:15 15/3/93

ADRIAN HADLAND

A GROUP of businessmen had applied to establish a regional TV station in the Johannesburg area, it was announced at the weekend.

Local Area Television Channel 10 hoped to broadcast business, educational and entertainment programmes within a 20km radius of Johannesburg, consortium member and Digital Arts MD Ron Major said.

A Home Affairs Department spokesman said the 400-page application had been received last week and would be referred to the SABC for comment and recommendation, as required by the Broadcasting Act.

As current Home Affairs Minister Louis Pienaar was being replaced by Danie Schutte from April 1, the application for TV rights would have to wait for the new Minister's decision, the spokesman said.

"We are 100% confident that sooner or later a licence will be granted for community-oriented TV stations," Major said. "When it does happen, we will be on air the same day."

The station would be free to viewers and supported by advertising. Transmission infrastructure, with

the exception of a transmitter, was already in place, he said.

To pick up the station's broadcasts, viewers would be able to use the same high-gain antennae as needed for M-Net and Bop TV, Major said.

The consortium, which includes a number of Johannesburg-based TV and video production companies, had applied for a temporary licence valid for September this year, Major said.

The group's broadcasting manager Gavin Kennedy said the new station would provide a valuable community service by focusing on culture, education and general entertainment.



WORLD

the nation in brief

Embassy gives R50 000

THE British Embassy yesterday announced its donation of R50 000 to the Red Cross to help victims of the violence in Natal

British Ambassador Sir Anthony Reeve said it was tragic so many communities in South Africa had been broken up and large numbers of people had to leave their homes as a result of the continuing violence

He praised the Red Cross and other organisations for providing refugees in the Natal areas — hardest hit by the violence — with basic necessities like food and blankets

Thumbs down for SABC (260)

THE SABC's credibility rating received an overwhelming thumbs-down from international delegates to the conference on free and fair elections in Cape Town on Saturday

About 150 delegates from a wide range of organisations and political parties were asked by a speaker, British Conservative Party MP Peter Bottomley, to indicate by a show of hands how many of them trusted the SA Broadcasting Corporation

None responded

"How many of you don't trust the SABC?" he asked, at which a forest of hands went up

No legal duty to respond

Group applies to set up Johannesburg TV station

260 CT15/3/93

Own Correspondent

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"We are confident sooner or later a licence will be granted for community TV stations," Mr Major said.

SABC reports 'guilty of clear racial bias'

THE SABC was guilty of clear racial bias in its reporting of violence, said Campaign for Open Media Broadcasting monitor Ms Bronwyn Keene-Young on Saturday.

Ms Keene-Young said in a presentation to a conference in Cape Town on free and fair elections that the results of a year's monitor-

ing of SABC's TV1 news were "disturbing".

Incidents of violence against blacks were lumped together in news reports. A newsreader would list the number of dead and then sketch details of incidents in Natal, the Vaal Triangle, and possibly include with this details of a crime such as an armed robbery on the East Rand.

The circumstances or context in which the attacks occurred were ignored.

Victims' names were seldom given and most violence was referred to as "unrest" or "national violence".

"When whites are killed, phrases such as 'terrorist attacks' against 'soft targets' or 'innocent victims' are used.

The names, ages and next-of-kin of the victims are given," said Ms Keene-Young.

The corporation provided unquestioning coverage of police statements and actions and it either ignored or underplayed criticism of the security forces.

The SABC's credibility rating received an overwhelming thumbs-

down from delegates to the conference.

About 150 delegates from a wide range of organisations and political parties were asked by a show of hands how many trusted the SABC.

None responded.

"How many of you don't trust the SABC?" he asked, at which a forest of hands went up. — Sapa

ET 15/3/93

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SABC advisers to be named soon

Political Staff

(260)
AR 15/3/93

THE names of people who will serve on a panel to advise President De Klerk about the appointment of a new SABC board will be announced soon.

The board's term of office expires at the end of the month.

There has been pressure on the government to appoint a representative board.

Minister of Home Affairs Mr Louis Pienaar said today that there had been hitches in discussions among negotiation partners, including the government and the ANC.

This was holding up the announcement of a panel which was likely to include four judges.

R1-m cash boost for independent media

(260)

ARG 16/3/93

The Argus Correspondent

JOHANNESBURG — Independent newspapers and magazines have received a new lifeline with the formation of a financial trust fund — at a time when many of them are losing their financial backing of overseas funders

The Independent Media Diversity Trust (IMDT) was launched yesterday when its board of trustees held its first official meeting in Johannesburg.

Witwatersrand Metropolitan Chamber head dVan Zyl Slabbert, who was elected chairman of the 16-member board, said it was vital that the independent media "be supported and encouraged" as many of the publications were already facing a financial crisis.

The IMDT has received a R1 million kick-off from four commercial media groups — The Argus, Times Media, Nasionale Pers and M-Net — and mining house JCI

However, Dr Slabbert emphasised that local and overseas funders would be approached for contributions so that a respectable and viable financial base was available to the trust

In its introductory statement, the IMDT emphasised that independent publications would receive the backing of the fund if they were threatened with closure as a result of the withdrawal of overseas funding.

Publications would be helped in terms of business plans agreed to by the publication and the trust.

Financial backing would not be extended to newspapers controlled by political parties or owned by Johannesburg Stock Exchange-listed public firms.

Argus Holdings chief executive Mr Doug Band, a key member of the steering committee behind the formation of the trust, said at the launch "If a democracy is to be built in South Africa, one constituent is finding a mechanism to foster and grow the diversity of media voices already in existence"

Speaking on behalf of the independent publications, South editor Mr Guy Berger said the health of the newspaper industry depended on the diversity of the media

"The support of the IMDT will help us in our role as an independent watchdog of current and future governments," said Mr Berger.

Star 17/3/93

Software cash down the drain

Political Staff

(260)

CAPE TOWN — The Auditor-General has found that the Medical Research Council (MRC) wasted tens of thousands of rands on computer software which was never used.

The Auditor-General's report for 1991-92 also notes that ministerial approval was not obtained for a R2,8 million contingent liability to cover bank overdraft facilities and the purchase of assets by an MRC subsidiary, Medical Technologies.

Medical Technologies had also been granted a R1,5 million interest-free loan with no fixed repayment conditions and no loan agreement. The company was provisionally liquidated in the Supreme Court on Monday

Building industrial councils 'in crisis'

BUILDING industrial councils in the Transvaal appear to be in crisis, with employers in Johannesburg and Pretoria advocating the phasing out of these structures

A Building Industry Federation of SA spokesman said there was talk of establishing a single national industrial council, or at least a confederation of the 10 industrial councils countrywide, so as to streamline their functions and the wage bargaining process

Should the Transvaal Building Industrial Council collapse — which is possible after the Witwatersrand Master Builders' Association, representing 803 employers, apparently voted on Tuesday to withdraw — minimum wages set down in the agreement would no longer apply to the 40 000 workers who are employed in this sector.

An industry source said the decision was largely based on the gener-

B/DAM 18/3/93
ERICA JANKOWITZ

ally poor economic circumstances of the industry

Building stamp contributions paid by employers to cover pensions, sick pay, holiday fund and related benefits, added about 15% to 35% to the wage bill — a cost which employers found increasingly difficult to justify

This move followed the expiry at the end of February of the council agreement covering general workers, who constituted 59% of the workforce. Neither Cosatu's Construction and Allied Workers' Union nor the employers signed the wage agreement and no wage increase was implemented.

A union spokesman said discussions within the union on the lack of an annual wage adjustment were going on and a decision on some

form of action would be taken by the end of the week

As the 1993 agreement covering general workers had not been gazetted, this category of worker was now protected only by the Basic Conditions of Employment Act. Effectively, this meant employers were not obliged to contribute to industrial council funds — sick, pension, training, holiday, and so on — or to pay the minimum wage of R5 an hour set down in the last agreement.

The Building Industrial Council general secretary Wynand Stafelberg said workers employed before the expiry of the agreement could not unilaterally have their conditions of employment changed and so would not be affected

However, the same could not be said for newly employed general workers.

The Master Builders' Association said it would issue statement today.

Sasol plan 'amounts to unfair competition'

OIL refiners have come out strongly against Sasol's intention to establish its own service stations, accusing the synthetic fuel producer of unfair competition

According to a report in Beeld newspaper yesterday, Sasol planned to introduce its own service stations and to retail crude oil-based petrol from its Natref refinery

Sasol's Blue Pump retail points at service stations would be scrapped and existing service stations would be bought to sell Sasol fuel. A new corporate identity would be introduced

All conventional refiner-

B/DAM 18/3/93
EDWARD WEST

ies, including Natref, would be forced by legislation to buy synthetic petrol from Sasol and Mossgas at a government-imposed price, the report said.

Shell Oil division MD Ian Williams said he failed to see how Sasol could want to compete on an equal basis with the conventional oil refiners when it was being subsidised for its synthetic fuel production. The plan would also mean further unwelcome industry regulation, he added

Engen marketing director John Robert said in terms of the balance of

payment situation it would be foolish not to use Sasol's synthetic fuel production, but it would be equally "crazy" to expect Sasol to compete on an equal basis with oil refiners while it was being subsidised.

However, Sasol said no cross-subsidisation would be possible between tariff protection received on synthetic fuel production and Natref's production destined for the planned service stations

Sasol wished to uncouple its synthetic production from Natref by forming a separate Sasol crude oil refining and marketing entity. The separate reporting

of Natref's accounts was also a possibility

Sasol received no protection from operations at Natref. The tariff protection framework — which Sasol said was not a subsidy — was based on a floor price of \$23 a barrel

Sasol received R537,5m in tariff protection in the 1991/92 financial year — more than double the R222,5m received the previous year because of higher international oil prices in the 1991/92 financial year

Sasol said it did not know yet how many service stations it intended acquiring



TELEVISION

FM 19/3/93

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Frost warms things up

The Frost interviews, in which British TV personality David Frost interviewed five local political figures on CCV, had some good results for SABC's "cross-over" channel. Viewing among whites, coloureds and Asians (WCAs) rose to a peak of 6% of the available audience during the programmes. The highest audience in the same slot of the previous week was only 3%.

The most popular interview was the one with Conservative Party leader Andries

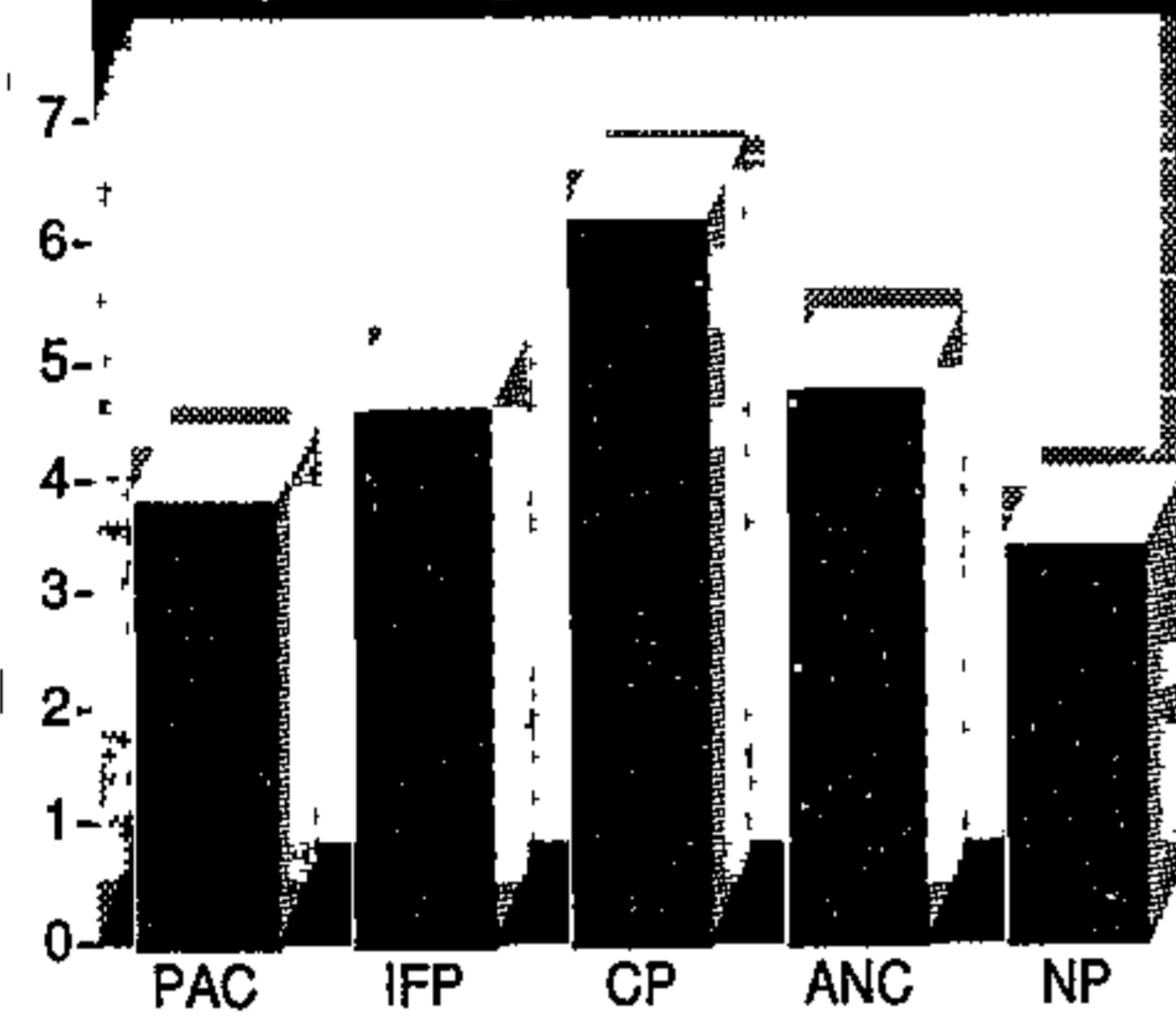
Said the spokesman "CCV is a modern, contemporary station for all SA viewers"

De Swardt also complains that the cost of advertising on the "vernacular" times channels (19h30-21h00) have increased inordinately, compared with 1992. "In my opinion, they have no reason to increase rates like this. They don't have higher audiences or better programming. Nor can one say with confidence that their viewers are happy with the language mix. The time has come for a competitor for CCV viewers."

Says CCV "The rates for the David Frost programmes were as for the rate card for Newline, with no loading. We have a demand-driven rate card and in the first five months of 1993 the rates have increased on average by between 17% and 29% in the vernacular channels."

David Frost talks

Highest ratings came from jousting with Treurnicht



Treurnicht and the least popular was with President FW de Klerk. DMB&B media director Elana de Swardt speculates that De Klerk's poor showing may have had something to do with the fact that it was on a Sunday, clashing with the M-Net programme, *Carte Blanche*.

The white audiences, of course, are still rather small. On the nights CCV was getting audience ratings (each rating equates to 1% of the available audience) of six, TV1 was getting 20 and 24. And, as De Swardt observes "Frost's broadcasts were scheduled within a time slot we normally would use to reach black viewers. While white, coloured and Asian audiences went up, however, we do not know how black viewers reacted because we don't have Ampsmeters covering the black audiences yet. A David Frost interview is perceived to be better suited to a *Carte Blanche* audience."

De Swardt, who is something of a sceptic about CCV, complains that the station still doesn't know what kind of station it's trying to be.

However, as CCV spokesmen point out, it is ahead of its advertising revenue targets and it was the only major TV channel to show an increase in total adult audiences last year, compared with 1991, according to the All-Media and Product Survey (Amps).

Klaus Volker Schuurman, CE of the SA-German Chamber of Commerce & Industry.

"They knew before they came here that we are suffering from a recession. Only 6 000 people visited the exhibition; it may have been cheaper to have flown them to Germany. But they wouldn't have seen 144 firms under one roof."

Schuurman explains. "The purpose of the exhibition, and of the BDI visit, was to identify new opportunities. Exhibitors at Nasrec didn't leave these shores with order books filled to the hilt, but they left with the impression that they had visited a reliable trading partner. They are looking to the future. Despite being in recession, SA is the powerhouse of Africa south of the Sahara. There is a strong belief that it has passed the nadir of its recession, that it will take off soon and become a world-rated player."

While German companies are scouting the terrain here, some SA companies are sniffing out opportunities in Germany. According to Bernhard Herzog, MD of Herzog Marketing Services, which facilitates access to European markets for non-EC companies, some SA companies are studying the eastern Germany privatisation programme with the goal of establishing subsidiaries in Germany and gaining a foothold in the EC.

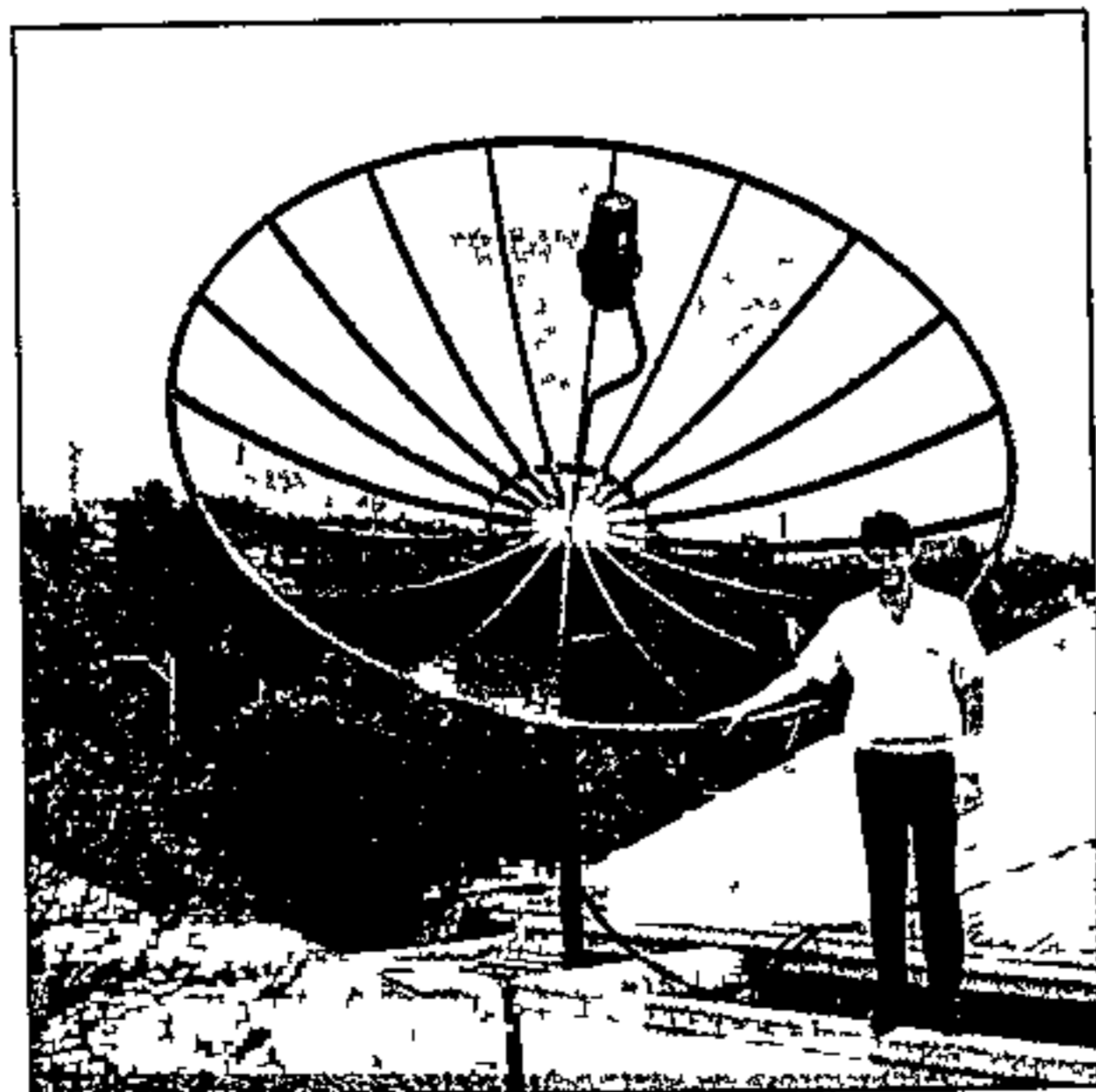
SATELLITE TV
FM 19/3/93.

Dishing out more stations

Satellite TV, once the illegal preserve of the wealthy, is poised to boom in the local market. Advances in technology have driven down the price of satellite equipment and better reception of foreign stations means more people are tuning in.

Since satellite TV was legalised locally in 1990, about 2 500 systems have been installed, mostly in urban areas. The price has dropped from R30 000 to R7 000-R15 000. A dish that can track all passing satellites will cost about R15 000, but it gives access to a greater number of channels than a fixed-dish system.

"The market is growing and we're installing about 50 dishes every month," says Aerial Empire Satellite CE Paul Glass. The com-



Paul Glass's baby... serving up more television

CORPORATE LAW

White-collar crime is rising and corporate insolvencies are increasing, while corporate rescue schemes and restructurings grab headlines. A two-day corporate law conference — May 17-18 at the Sandton Holiday Inn — will deal with the latest developments in company law and other critical legal issues affecting business. The conference is co-sponsored by AIC and the FM.

For more information, phone (011) 803-9680 or fax (011) 803-9684.

FM 19/3/93. 260 260
pany, which claims 60-70% of the market, competes against Aerial King and Satcom.

One of the most significant advantages of satellite TV is that it brings reception to remote areas not covered by conventional transmitters. "In many African countries TV is useless or non-existent," Glass says. "But a significant number of people living in those countries has the money for a satellite system."

Two types of satellite TV are available — C-Band and Ku-Band. C-Band, the older service, uses a larger dish and provides more stations. In SA it has access to more than 30, including CNN, the BBC World Service, M-Net, Bop-TV, French stations TV5 and Canal Horizon, Portuguese channel RTP and the US Information Service. However, decoders — which cost R1 000 each — are needed to decipher M-Net/BBC, Bop-TV and Canal Horizon.

Ku-Band is now the European standard. The system uses more concentrated signals, which means the dishes can be much smaller. So prices of satellite equipment in Europe are much lower, about £1 000 for a tracking system.

The SABC has been using C-Band to transmit TV1 and a number of radio broadcasts since 1986. From 1995, however, the broadcaster plans to introduce Ku-Band to carry TV1, CCV, TSS and some radio transmissions. SABC technology manager Les Vermaak says the aim is to provide 100% coverage of SA. "By going satellite, we are able to provide coverage that is within reach of the public, and it will be cheaper and easier for Sentech (SABC's signal distribution company) to extend the terrestrial networks where necessary."

Vermaak believes that prices of equipment will drop to R1 000-R2 000 for a full system once Ku-Band is introduced.

While current SABC satellite transmissions can be picked up as far north as the equator, with Ku-Band the signal will be available "in adequate form" only in this country. The cost of installing Ku-Band will run well into six-figures for SABC, Vermaak says, but an exact amount will not be known until negotiations with service providers are finalised.

BROADCASTING *FM 19/3/93*
(260)
Spreading their wings

The SABC is defying the Cabinet by deciding to enter a satellite lease agreement with a US company SABC top management, backed by outgoing board chairman Christo Viljoen, last week obtained legal advice while resisting Cabinet pressure to take an alternative

CURRENT AFFAIRS *FM 19/3/93*

contract Foreign Affairs is also involved. The row indicates further deterioration in relations between the SABC and government.

The Cabinet wants the SABC to be the main party in the purchase of a satellite from a French-led consortium. As part of the deal, broadcasters would have to lease satellite capacity from Eutelsat, an organisation formed by European governments.

The *FM* understands that Cabinet pressure is motivated by the involvement of Denel, the privatised communications arm of the former Armscor. Denel is part of an SA satellite consortium, Afsatco, which has been pushing for the French deal. The Grinaker and Altech groups are also members of Afsatco.

But the SABC has decided to rent a satellite, partly to give viewers in remote areas access to all its TV channels. Support for this comes from pay channel M-Net, which has agreed to co-operate with Auckland Park and share the cost.

Over the past three years, the SABC and M-Net have been investigating jointly buy-



SABC's Smuts *rent rather than buy*

ing or renting a satellite. Their study, carried out with the help of the IDC and Telkom, showed that a locally purchased satellite would cost too much. After more investigation, the SABC and M-Net decided in Feb-

bruary to sign a satellite lease agreement with US company PanAmSat at US\$2m a year.

This deal would give viewers in remote areas access to all SABC channels and M-Net TV1 now reaches only 75% of the possible viewing area, other channels far less. The deal, confirmed by the SABC board on March 3, would apparently not affect TV licences or raise costs markedly.

If the SABC wanted its own satellite manufactured, launched and insured, it would have to set higher advertising tariffs and licence fees, it would also need tax concessions. The cost would be double that of renting a satellite, an SABC source tells the *FM*. Buying a satellite would also exclude M-Net, which has decided to rent one.

At first Viljoen (a Stellenbosch engineering professor) supported the buying option, but, after the technical investigation and a study of costs, he and his board approved the SABC management decision to rent.

Then came the pressure. A meeting was called about three weeks ago by Trade & Industry Director-General Stef Naude, and addressed by Foreign Affairs DG Rusty Ev-

FM 19/3/93

(260)

ans. Interested parties included Telkom's Keith Prins, the IDC's Elmar du Plessis, M-Net corporate affairs director Kobus Scholtz and SABC transmission executive Neel Smuts.

Evans apparently urged the SABC and M-Net to take the European option, citing strategic considerations and a possibly unfriendly US administration. Telkom indicated it would not be interested in operating such a satellite unless it was subsidised by government. The SABC, supported by M-Net, explained its decision to rent.

Naude asked Evans to report back to a Cabinet working committee. But then Home Affairs Minister Louis Pienaar, who is responsible for broadcasting until April 1 (when the Cabinet shuffle takes effect), revealed the Cabinet's demand that the SABC should buy the French product through the SA consortium.

Last week SABC legal adviser Phil Heckrodt, on instructions of top management, obtained legal advice from Johannesburg senior advocate Bruce Burman. According to SABC sources, Burman advised that, under the Broadcasting Act, the Minister has no jurisdiction to force the SABC into such a contract, he has power only over possible installations outside of SA.

This week various follow-up meetings were held between the two broadcasters and Afsatco, including Denel. Again the SABC

and M-Net voiced opposition to the French deal. Despite Cabinet pressure, the SABC plans to sign contracts with the US.

Smuts says the SABC chose to rent because it would have been costly to buy its own satellite. "The rental option offers the best technical and financial prospects. It is also to the benefit of the public that the SABC and M-Net co-operate in this venture. And it is important that the project should not be delayed."

Says M-Net's Scholtz: "This is the only economically feasible way to serve SA's small viewer market. We (M-Net and the SABC) jointly came to the conclusion that PanAmSat is the only route to go. We have only a short time left to make use of this opportunity."

Eddie Botha

'Stringent criteria stifle lending'

IDC holds on to millions in industrial aid

B/Dm 19/3/93

(260)

HUNDREDS of millions in industrial development funds are lying idle at the Industrial Development Corporation (IDC).

Recession-weary investors have failed to take advantage of funds administered by the IDC, but corporation officials believe there are signs of improvement.

The IDC's R600m ecotourism scheme has attracted applications worth only R46m since its launch last May. Of this, R28m has been approved.

Senior GM Malcolm Macdonald said the initial momentum following the scheme's launch had not been maintained as a result of political uncertainty and unrest. However, "a couple of big offshore applications are in the pipeline" and several smaller applications for about R4m-R5m were being received.

The multi-shift scheme which is designed to improve factories' capacity utilisation disbursed a quarter of its R100m allocation in the previous financial year and approvals since July last year to date amount to R8m. Surplus funds from the scheme have been allocated to the low interest rate scheme for export promotion, which has spent R73m during the current financial year and already had R45m in outstanding applications.

The scheme is set to exceed its R100m annual budget for the second year. In the 1991/92 financial year, allocations from this scheme amounted to R159m.

The support programme for industrial innovation (formerly the innovation

PETER DELMAR
and TRACY SCHNEIDER

scheme for electronics) still has R55m of R120m in non-repayable research and development grants three-and-a-half years after its launch. The scheme, which is administered by the IDC on behalf of the Trade and Industry Department, was recently extended to other industries.

Electronics Industry Federation vice-president Tony Farah said stringent qualification criteria and limitations were restricting the industry's use of the scheme.

"Projects are stringently scrutinised, with companies having to do market surveys and technical feasibility tests at great personal cost. I agree these steps are necessary, but the IDC is conservative in allocating funds, probably because of the negative publicity that surrounded the scheme," he said. The programme attracted criticism because details of allocations were not made public.

Farah said the IDC was one of the few government or parastatal organisations promoting the electronics industry, but said lack of economic and technology policy was the root cause of a potential decline in the technology base.

Macdonald said the low level of approvals for the industrial innovation programme since July last year (R9m, with R4m being processed) was the result of a requirement that recipients of previous grants first complete existing projects before new applications were considered.

Broederbond 'scuttled debate'

THE ANC yesterday accused South Africa's secret Afrikaner Broederbond of scuttling two scheduled television debates with Finance Minister Mr. Derek Keys on the Budget.

An SABC spokesman said the decision yesterday to switch from political debates to discussions with unions and industrialists was an editorial one. — Sapa-
Reuter (260)

Graft 'fractional'

JOHANNESBURG — The level of corruption being brought to light in the South African government is no greater than that which exists in the private sector, according to Finance Minister Derek Keys.

Speaking at a National Party fundraising banquet last night, Mr Keys said evidence had been given to a commission of inquiry to the effect that corruption in the TBVC states and self-governing territories did not exceed five percent of total con-

sumption spending of R18 billion, suggesting that about R900 million had been "misdirected"

The minister contended the remaining R54bn allocated for consumption expenditure for the rest of the country was subject to only a "fraction of a percentage" of corruption — amounting to some R300m to R500m

He denied corruption was at the R5bn-level as Cosatu general secretary, Mr Jay Naidoo, had stated — Sapa

(210) (324) ET 19/3/93

Star 20/3/93

Urgent for CIB to (260) get act together

THE Campaign for Independent Broadcasting (CIB) has done much to raise awareness about the need for a fair, impartial national public broadcasting service

However, it might be losing ground, as its proposals have languished since the breakdown of Codesa.

Ideally, an independent telecommunications authority (ITA) should be in place to play a role in selecting a new SABC board, to allocate frequencies to new broadcasters and perhaps have a hand in their control.

Events have moved the cart before the horse, with arrangements already in train for selection of a board — although it is not yet known or agreed how this will be done. It must happen soon the present board's tenure expires on March 31

Whether broadcasters should be subject to statutory control by the ITA, as and when it comes into being, has not yet been thrashed out conclusively by the CIB — a coalition of COSATU, the ANC, media unions, the Campaign for Open

By PAT ROGERS

Telly Tales

Media, and political and education bodies including the NECC, AACC and NACTU.

In the meantime, the Media Council has become the Press Council, a body financed by newspaper owners to police its own members and take up complaints. This leaves a disciplinary vacuum in the broadcasting area

Dumped

It is expected to be filled soon by a broadcasting council, created in the image of the Press Council and financed by the National Association of Broadcasters. Its members include Radio 702, Bophuthatswana Radio and TV, M-Net and the SABC.

The SABC never took a seat on the Media Council, arguing that its conduct was governed by the Broadcasting Act. Broadcasters have now been dumped by a press body which expects the focus of government scrutiny in the future to be on television and radio.

It is open to argument whether voluntary self-discipline in broadcasting, as opposed to statutory regulation, can satisfactorily level the playing field in communications for the future. But that is what we seem set to get while the CIB continues its internal debate

There is another front on which the CIB fidgets while the fat lady gets ready to sing. It supports the ANC in opposing privatisation or any unilateral restructuring in the SABC. But it welcomes the corporation's move to open up by negotiating for a political documentary series from Weekly Mail Television — a move the ANC rejects as premature and opportunistic.

SABC's management in the meantime has not been standing still. It receives many other business proposals and has recently been considering a joint venture between Radio 702 and Radio Highveld, adding to the stable a 702 music channel on FM

Staff fury at the SABC

260 ARG 20/3/93

PLANS to demolish a block of flats and four historic houses in Sea Point and use the site as a parking lot have led to a furious outcry among employees at the SABC — which owns the properties.

Tenants, all of whom work for the SABC, were so upset they sent a list of grievances to the corporation's board about the proposed demolition, and were later hauled over the coals by a furious management

This week the tenants sent letters of apology to the local management of the SABC, saying there had been a "misunderstanding"

A spokesman for the SABC categorically denied pressure was brought to bear on the tenants, saying they had decided to apologise "at their own initiative"

But he declined to give further particulars of what transpired at earlier meetings between management and the tenants, saying it was an internal matter.

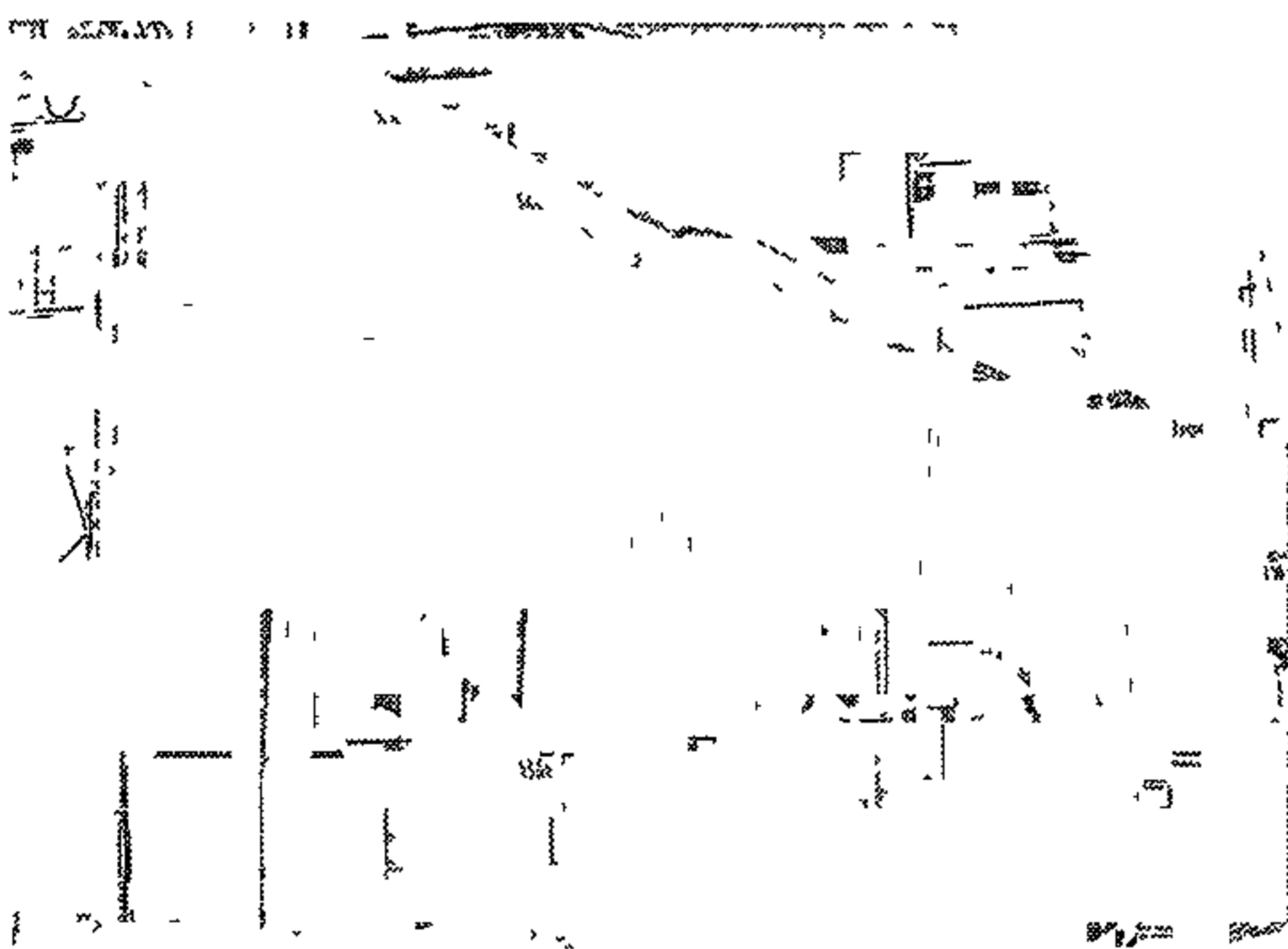
But it is known that feelings ran high when management announced its decision to demolish the Rocklands Villa terrace behind the SABC building in Sea Point. This block contains 14 flats and among the tenants are several single parents who pay rents around R200 a month

Next door are the four SABC-owned houses, about 80 years old, also earmarked for demolition

Tenants in the Rocklands Villa terrace and the four houses have already been told

■ Several SABC employees in Cape Town homes owned by the corporation could soon find themselves on the street if plans to demolish a block of flats, sell another and demolish three historic houses are realised.

WILLEM STEENKAMP, Weekend Argus Reporter



Picture WILLIE DE KLERK, Weekend Argus

□ **FINAL DAYS:** The Rocklands Villa terrace in Sea Point which the SABC in Sea Point intends demolishing to make way for a parking lot

to find other accommodation

Rocklands Villa is a two-storey block with large rooms and beautiful old fireplaces. But a spokesman for the SABC said the terrace and houses "had simply become too expensive to renovate and it been decided in principle to knock them down"

"This will totally disrupt our lives and our very existence. We will have to uproot our children from schools in the area and some of us will have to buy cars as these flats were within walking distance of the

broadcasting building," said one angry tenant.

Other employees alleged senior SABC management had told them the buildings had to be demolished because they were "an eyesore". A parking lot would replace them.

"There is enough parking for employees. Where are we going to find accommodation in Sea Point?" asked another disgruntled tenant. "This step shows a total lack of feeling for staff"

But the SABC spokesman pointed out that the tenants paid very low rents, an advan-

tage not shared by other employees

"This is simply a business decision. The SABC is in the broadcasting business and the organisation is selling off unused property it feels it will not need in future," said the spokesman.

It was estimated that demolition and building a parking lot would cost about R110 000, while renovating the flats and houses would be close to R1 million

The spokesman said that, once the SABC board had decided not to build a new broadcasting complex in Platteklouf, it decided to investigate the options for its facilities in Sea Point

The need for parking was not paramount in the decision

"We feel a parking lot with carports are not major structures and will be relatively cheap to remove if we should decide to build new studios and offices on the sites"

The spokesman confirmed he had a copy of the grievances sent by tenants to the SABC board, but was not prepared to show Weekend Argus "as it was an internal matter. And in any case since then we have communicated with them and are still communicating. Feelings have cooled"

■ A spokesman for the National Monuments Council said that in terms of the National Monuments Act anybody who wanted to demolish a building older than 50 years needed approval of the council

■ The Trevi block of flats in Gardens, also owned by the SABC, is to be sold. The 30 flats house SABC families, some private tenants and pensioners

Now Sasol wants a bite of Ratplan

260
S/Times (BUSS) 21/3/93

Secret Govt fuel pact is disclosed

THE RATPLAN . exposed by Business Times on August 30 last year

By KEVIN DAVIE

THE petrol price hiked by a whopping 16c a litre this week — will form part of a Competition Board inquiry into the Ratplan, an agreement which controls fuel distribution in SA.

Board chairman Pierre Brooks confirms that the petrol price will form part of the inquiry which was gazetted on Friday.

The existence of the Ratplan — and the way in which it controls the SA fuel market — were first disclosed by Business Times in August last year.

"The investigation will focus on the Ratplan but will obviously take notice of the wider picture where it is in the public interest," says Dr Brooks.

He says the Ratplan inquiry may recommend further investigations into other aspects of SA's regulated fuel market.

Threat

The investigation will attempt to find whether the plan agreed to by the Department of Mineral and Energy Affairs, the Motor Industries Federation and oil companies is a restrictive practice and, if so, whether the plan serves the public interest.

The Ratplan is also now under threat from the industry itself, as Sasol has asked Minister of Mineral and Energy Affairs George Bartlett to allow Sasol to establish its

own network of service stations.

It has until now been restricted to selling about 8% of national sales directly through its blue pumps on the forecourts of stations supplied by the oil companies.

An urgent meeting was convened on Friday in Cape Town between Sasol managing director Paul Kruger and the chief executives of the other oil majors to discuss the issue.

The meeting, which is said to have been lively, is understood to have agreed to "cool it" by not debating the issue in public.

Sasol says in a statement released on Friday that it wishes to create a separate Sasol crude oil refining and marketing entity which will also have to market its pro-rata share of synthetic production.

"This will reduce the production/marketing imbalance currently existing in South Africa."

Dr Brooks says he has taken note of Sasol's intention to change the conditions of the Ratplan by restructuring its retail operations.

Other South African oil companies say this would amount to unfair competition because of the highly-subsidised nature of Sasol's synthetic fuel activities.

The subsidies could be used, for instance, to buy a network of service stations for Sasol. Senior sources estimate the cost of establishing this network for Sasol's synthetic and conventional fuel at more than R1-billion.

The Competition Board inquiry into the Ratplan probe follows several complaints from would-be entrepreneurs who have been prevented from entering this market.

Other complainants include petrol station owners who have had their supplies cut by the oil companies.

Switched

One such owner is Moosa Desai, of Richmond, who has solicited the help of the ANC to persuade Engen to resume supplies of fuel to his garage.

"There have been complaints from people who cannot enter the market and from long-established businesses who have their supplies switched to new and more lucrative outlets," says Dr Brooks.

Pretoria attorney Michael Meyer has been battling since 1988 to develop a site near Ramsgate. Some of the oil majors at first fought his application in terms of zoning requirements, but having won this battle he has still not been able to go ahead and develop the site.

He was recently given a copy of the Ratplan after threatening to take Minister George Bartlett to court.

Mr Meyer says the Ratplan should be Gazetted in terms of the Act. Yet it is not Gazetted but operates as an informal, unsigned agreement between cartel members.

He says it could not be Gazetted, as it would be illegal in terms of the Maintenance and Promotion of Competition Act.

Cartel

Mr Meyer adds that the oil companies will only agree to supply his client with petrol if he agrees to sign the restrictive conditions of a cartel agreement.

Shell and BP, which have joint ownership of the Sapref refinery in Durban, have also begun an investigation into rationalising their fuel distribution networks.

"Bulk and packed petroleum products are distributed through (Shell and BP) depot networks in terms of a joint service agreement," says a Shell spokesman.

"A study is being undertaken to explore the scope for improving efficiencies and customer service through this network."

"The study is expected to take several months to complete. The recommendations of the study would then be considered by the companies."

■ BP has obtained an interim interdict in the Supreme Court in Maritzburg restraining Engen from developing a service station site near Cato Ridge.

BP alleges the development is in disregard to the safety of road users. The case is expected to be defended.

Weekly Mail is ^{S/ Times} breaking ^{21/3/93} into TV

By GWEN GILL

WHEN TV viewers settle in front of their sets at 9pm next Sunday, they'll be witnessing a breakthrough in South African broadcasting.

Instead of the normal tightly controlled current affairs programmes that we're used to seeing, next week's programme — the first in a series of seven — will be independently produced by the Weekly Mail newspaper and Free Film Makers

Weekly Mail TV co-executive producer Anton Harber, who is also co-editor of the newspaper, said this week: "We have signed a contract that ensures our independence and we have an assurance from the most senior authorities in the organisation that they will not interfere in what we do, provided we remain within the law and are fair, balanced and ethical."

Mr Harber said it took six months to conclude the deal.

The WMTV series, called *Ordinary People*, is described by the producers as "current affairs from the bottom up". The aim is to let the man in the street speak out on the issues of the day.

Each week the programme will spotlight three ordinary South Africans whose daily lives will be followed by camera crews.

Harriet Gavshon, who has worked for overseas broadcasters for many years, will produce the show and Clifford Bestall, who won the Royal Photographic Society's best TV cameraman of the year award in 1986, will direct

MONEY MARKETS by Tim Marsland

Budget implications will curtail bear run

B/DAY 22/3/93

BEARS hungrily sharpened their claws last week after details of government's borrowing requirement were made known.

But their run will be short-lived once the Budget has been properly digested.

If one breaks down the RSA market into supply and demand, then it seems the additional supply may not be as great as some players initially thought.

Essentially, the pool of government paper will swell by R24,9bn in the current year (deficit of R31,6bn less R6,7bn to be rolled over). Of this, the Public Investment Commissioners (PIC) will take up R12,5bn, leaving R12,4bn for the market.

A percentage of this will be raised in the money market through Treasury bills and the like (For the purposes of comparison, assume the entire amount is to be raised from the capital market.)

To analyse the supply properly, the PIC's holdings of RSA stock should be subtracted from the total amount in issue, since this is not readily accessible by the market.

Total RSA stock in issue will rise to about R146bn this year, compared with R122bn last year. But since the PIC will hold about R53bn of the debt (R45bn last

year) the actual supply of government stock the market can access is about R89bn, compared with R77bn last year.

The supply of government paper the market can access will grow by 14,5% this year compared with last year's 17%.

These are key figures, since they illustrate that the increase in supply will in fact be smaller than last year, when the rate on the R150 fell from about 16,5% at the beginning of the year to its current 14,59%.

This was helped on its way by the drop in interest rates but the point remains: bond rates fell sharply despite a 17% increase in supply.

The second factor flowing from the Budget is inflation.

The inflation rate is set to rise to about 12%-13% because of the increase in VAT and the fuel price. This will be a one-off rise which will be worked out of the system after 12 months.

Wily traders already aware of this are chuckling on the sidelines. Perhaps the bears' thinking is that adding one and one will be a bit tough for government again this year. They should be cautioned, though. There is a lean and mean hunter running things in Pretoria this year.

R100m for research

Blom 22/3/93 PETER DELMAR (20) (20)

GOVERNMENT is to increase its support for industrial research and development five-fold to R100m.

A Department of Trade and Industry (DTI) spokesman said funds for the support programme for industrial innovation had been increased from R19m to R100m. The scheme replaced the innovation support for electronics (ISE) programme and would provide threshold support for product innovation in all branches of industry.

A government source indicated that the department believed additional funds would be needed, although under-utilisation of the ISE had prompted government to cut its contribution to the fund to R19m in 1992.

The ISE, launched in 1989, made available nonrepayable research and development grants. It had R55m available. Administered by the Industrial Development Corporation, it had been criticised for the secrecy surrounding grants and stringent screening procedures.

The DTI is finalising a technology policy. A recent discussion document circulated to industry on the policy suggested that government funding for technological product development could be in the region of R200m.

Electricity forum to be switched on

26 PETER DELMAR

THE electricity industry is poised to undergo sweeping changes, with a national electrification forum expected to be launched on May 14.

Sources said yesterday the forum was the result of protracted negotiations between government, Eskom, and civic and political groupings including the ANC.

It also had been decided that the state-appointed electricity council, which controlled Eskom, would not be nominated for a three-year term as had been the norm in the past. Public Enterprises Minister Dawie de Villiers is expected to appoint the new members in May.

A spokesman for De Villiers confirmed that existing members' tenure would be "slightly protracted" to allow time for discussions on making the council more representative. *BUM 23/3/93*

A conference to launch the forum in September last year failed to reach agreement between political groups and power suppliers on the issue of membership.

Once launched, the forum would work out ways of rationalising SA's electricity supply industry and accelerating the household electrification drive.

Eskom envisages electrifying 650 000 homes in the next four years and is hoping to secure World Bank backing for the plan.

A source said the forum's interim management committee and seven working groups had made considerable progress towards preparing for a May plenary session at which the forum would be launched.

De Villiers met management committee members earlier this month to discuss the future of the electricity council.

Forum members, particularly the civic associations, argued that they should have members on the council because they represented consumers.

Funds sought for low-cost scheme

Eskom plans bond issue to raise R3bn

B/DAY 23/3/93. (260)

TIM MARSLAND

ESKOM was planning to raise about R3bn on the capital market to fund electricity supply to impoverished areas over the next few years, sources said yesterday.

The issue was being discussed with the Life Offices Association and negotiations were in progress with individual members and other interested parties regarding raising the money, the sources said.

UAL Merchant Bank GM Leon Kirkinis, who is closely associated with planning the bond, said details of the issue had not been finalised. However, full details would be issued "in due course".

Sources said it was expected that an initial R500m of the paper would be issued in the next few weeks.

Eskom financing manager Theuns Kotze said the bond would be an Eskom instrument and as such would be managed by the electricity supplier. He welcomed the involvement of the LOA in the project.

LOA chairman Neal Chapman said yesterday the bond had to be marketable and the yields market-related.

It was being handled by the LOA's investment development unit, formed about 18 months ago to act as a link "between the pillars of need and member offices".

"The financing mechanism is imaginative in that it meets an early low return, building to an acceptable level and the

indications are that the response from the life offices will be enthusiastic."

Capital market dealers said because the issue was for a "socially acceptable cause", it would be taken up by investors.

One dealer said the bond could weaken the capital market somewhat as it was a lot of money that needed to be raised. The issue came on top of news that government planned to raise about R13bn to fund the Budget deficit, which was apart from the funding needs of organisations such as Telkom, which had yet to be disclosed.

However, he expected the issue to be successful since Eskom was particularly adept at "being able to spend money where it counts". Similar private sector initiatives had failed previously because money raised had not filtered down to the areas where it was needed, he said.

He said Eskom already had a good name in the capital market.

Eskom recently said it had set aside R2,2bn for its "electricity for all" programme to electrify 160 000 homes every year up until 1996.

Chapman said discussions had taken place between the LOA's investment development unit and Eskom regarding the electrification programme. It is believed the R3bn will go towards this programme.

● See Page 7

Star 23/3/93
Eskom plans

R3-bn bond

By: Sven Lunsche

(260)

Life insurers are set to take up the bulk of a R3 billion bond issue planned by Eskom to fund electricity supplies to townships and rural areas over the next few years.

Life Offices Association (LOA) executive director Jury Wessels confirmed today that discussions were taking place with Eskom about the yields and securities of this issue.

"Our commitment to the bond issue will depend on further negotiations about the financial details," he said.

He added that if agreement was reached not all of the paper would necessarily be taken up by life insurers.

Life offices and pension funds have been under tremendous pressure to invest a portion of their vast funds into social developments, such as black housing and township infrastructure.

Wessels said the LOA fully supported the move to electrify impoverished areas.

Eskom has committed itself to electrifying about 150 000 homes each year until 1996 at a total cost of more than R2,2 billion.

Star 24/3/93

SABC-board election behind schedule

By Jacques Pauw

260

The new SABC board will not be appointed before next Wednesday's deadline as consensus has still to be reached about how it should be democratically elected.

With only a week before the deadline expires, negotiations between the Government and political role players — all signatories to the Campaign for Independent Broadcasting (CIB) proposals — have once again hit a sticky patch.

Groups left of the Government, including the ANC, the Democratic Party, Cosatu and the Media Workers' Association of South Africa, are signatories to the CIB.

ANC publicity secretary Dr Pallo Jordan yesterday accused the Government of "stalling the process in order to prolong the present board's life".

He said that ANC secretary general Cyril Ramaphosa and Government chief negotiator Roelf Meyer held urgent discussions this week.

CIB co-chairman Raymond Louw said last night "It will not be possible to have a new SABC board appointed by next Wednesday unless President de Klerk goes ahead and does so unilaterally".

DP media spokesman Peter Soal yesterday slammed the Government for its delaying tactics and questioned whether it would be possible to have a SABC board democratically elected by next week.

"The Government had all the time in the world to create acceptable mechanisms for the election of a new board, but it stalled the process. I fear it will have to postpone the appointment of the new board."

The term of office of the cur-

rent 14-man board expires on March 31, by which time De Klerk has to appoint new members. Although he is due to hold a media conference this afternoon, it was not clear last night whether there would be any announcement about the SABC.

The dispute centred on the CIB's and its signatories' rejection of the Government's first and second set of proposals for the election of a new board.

Originally it wanted judges to draw up a shortlist of candidates from which the State President would elect a board. This was rejected by the CIB because it still involved the Government in the appointment of board members.

The Government then proposed that seven members from the current board be carried over to a new board with seven new members independently appointed by the judges.

This proposal was also rejected because the current board was elected by former State President P W Botha in 1988 during the State of Emergency and includes, for example, a retired police general.

The Government's first two sets of proposals, the CIB said, would ensure continuous State control over the electronic media.

The CIB has proposed a system whereby two judges, Mr Justice Ismael Mohammed and Mr Justice Piet Schabert, select a seven-member panel of eminent South Africans that would receive nominations for the board from organisations and individuals and draw up a shortlist.

Those nominated to serve on the new board, the CIB believes, must be prepared to have their suitability for service publicly questioned.

he is in a position to give us an answer within a week or two or whenever we are going to debate his Vote

*The MINISTER OF AGRICULTURE Mr Chairman, any particulars may be submitted to the evaluation committee. We hope to get the result of this committee within the next four months

*Mr W U NEL Four months! [Interjections]

*The MINISTER Yes, four months. Do hon members think these matters progress so quickly? If that is how the DP takes decisions, I want to tell them we take thorough decisions. We do not work like that! [Interjections]

The important point is that agricultural products are expensive in the eyes of the consumer. People are now trying to blame orderly marketing structures for the fact that the price of food is high. The prices of all the products which are not controlled have risen tremendously. The Marketing Act benefited the consumer. This fact has been proved several times. When we are therefore dealing with this important instrument, we must not be precipitate. People are advocating free market principles, but actually they have free racketeering in mind. That is what happens. The moment we move away from the Marketing Act, prices rise disproportionately. I can give examples as regards bread, fruit and vegetables. The price of fruit and vegetables is not controlled. Now people are suggesting that we deal carelessly with an important instrument.

I also want to refer to the result of the Report of the Board on Tariffs and Trade. In it they first indicated that agriculture's marketing was the cause of expensive food, but later when they had really evaluated the facts they had to back down and say that this was not the case. For that reason we will have to proceed carefully and adopt a responsible standpoint as soon as possible, because the Marketing Act is an important instrument for agriculture. However, it must be relevant and market oriented with the least possible control, but not without rules. [Time expired]

Debate concluded

from the Eye Bank Foundation of South Africa, this matter is now being investigated urgently.

(2) (a) and (b) as the Eye Bank Foundation is a private organisation I am not in a position to give the financial details of this Foundation

Questions standing over from Wednesday, 17 March 1993

Agenda programme: Coloured politics

*7 Dr C P MULDER asked the Minister of the National Intelligence Service +

(1) Whether he will furnish information on whether any members of the National Intelligence Service were involved in the arrangements for and the course followed in practice by the SABC programme Agenda on Coloured politics that was broadcast on Sunday, 28 February 1993, if not, why not, if so, (a) how many such members were involved and (b) why.

(2) whether he will make a statement on the matter? 260

B395E

*The MINISTER OF THE NATIONAL INTELLIGENCE SERVICE

(1) The National Intelligence Service is not involved in the arrangements for and the course followed by SABC programmes. This falls outside its statutory task.

(2) Falls away

Sale of strategic stocks/State enterprises

*16 Mr C UYS asked the Minister of Finance +

(1) (a) What is the total amount received by the Government from the sale of (i) strategic stocks and (ii) State enterprises since it was decided to dispose of certain State assets and enterprises, (b) in respect of what (i) period and (ii) strategic stocks and enterprises is this information furnished and (c) how were the amounts received applied.

(2) whether he will make a statement on the matter? 260

B414E

The DEPUTY MINISTER OF FINANCE (Dr T G Alant)

(Reply laid upon the Table with leave of House)

(1) (a) (i) 260

The phasing out process of the procurement scheme under the National Supplies Procurement Fund (NSPF) has been taking place since 1988. More than 90% has already been completed and the following amounts paid over by the NSPF to the State Revenue Account.

1990/91 R319,4 million
1991/92. R544,7 million

A further amount of R255,6 million will be paid over to the State Revenue Fund on 31 March 1993.

Government decided to sell strategic oil supplies totalling some R1,5 billion. These sales have been completed and the proceeds have been paid into the Central Energy Fund (CEF). An amount of R264,5 million was paid into the State Revenue Account by CEF in 1991/92 and a further amount of R780,5 million will be paid over on 31 March 1993. The balance will be paid in as spent.

On 31 March 1993 a total amount of some R2,165 billion will therefore have been paid into the State Revenue Fund from the sale of strategic supplies.

(ii) The following amounts have already been paid into the State Revenue Fund from the sale of public assets/enterprises

	R million
1988/89 Sale of State's share in Iscor	600
1989/90 Sale of State's share in Iscor	2 914
1989/90 Proceeds from privatisation of South African Mint	80
1992/93 Sale of Iscor shares held in trust for employees	168
	<u>3 762</u>

An amount of R44 million raised from the privatisation of National Sorghum Breweries was deposited in the Revolving Fund in terms of the Black Communities Development Act, Act No 4 of 1984.

The share of CEF (Pty) Ltd in Sasol III was sold for R2,9 billion. The payments schedule is as follows:

	R million
2 January 1991	750
2 January 1992	400
2 January 1993	400
2 January 1994	400
2 January 1995	400
2 January 1996	550
Total	2 900

Interest is calculated at a fixed rate of 16% on the balance outstanding.

Up to 2 January 1993 a sum of R1,55 billion, together with interest, had already been paid to CEF (Pty) Ltd.

(b) (i) 1988/89 to 1992/93

(ii) information already provided under part 1 (a) of the question

(c) The proceeds from the sale of strategic supplies were spent on a large variety of socio-economic projects.

The proceeds from the sale of state enterprises were utilized as follows:

	R million
1988/89	
Development Bank of Southern Africa	371
Local Authorities Loan Fund	100
Small Business Development Corporation	50
South African Housing Trust	45
Emergency housing 1989/90	34
Redemption of public debt 1992/93	2 994
Part financing of expenditures, as budgeted	168
	<u>3 762</u>

The amount of R44 million paid into the Revolving Fund in 1990/91 from the proceeds of the sale of National Sorghum Breweries was utilized for the upliftment of Black communities.

The proceeds from the sale of Sasol III are being used mainly for the financing of Mossgas.

(2) No

New questions

*1 Mr H D K van der Merwe—National Education † [Transferred to Own Affairs Education and Culture.]

Cultural/minority groups identified

*2 Mr H D K VAN DER MERWE asked the Minister of Home Affairs †

(1) Whether he intends introducing legislation to make provision for identifying and defining (a) minority and (b) cultural groups in the Republic, if not, why not, if so, when;

(2) whether he will make a statement on the matter? B316E

†THE MINISTER OF HOME AFFAIRS

(1) No. The hon member is referred to my predecessor's reply to the hon member's Interpellation question regarding "groups" during the 1991 session of Parliament (Hansard col 1121 of 23 April 1991).

(2) No.

†Mr H D K VAN DER MERWE Mr Chairman, arising out of the hon the Minister's reply, I want to remind the House that 1991 is a very long time ago. If the hon the Minister talks about cultural groups in the constitutional discussions, how is he going to determine those cultural groups?

†THE MINISTER Mr Chairman, if the hon member had paid attention to the reply he received in that interpellation debate, he would have seen that it is the standpoint of the Government that cultural groups should form themselves spontaneously and not by way of definition in terms of the law. That spontaneous formation is modelled on the basis of voluntary association, which is included in the Government's Declaration of Fundamental Rights, which will be on the agenda in the negotiation process.

†Mr H D K VAN DER MERWE Mr Chairman, further arising out of the hon the Minister's reply, am I correct to understand him to be saying that a people, like the Afrikaner people, could then identify itself and could it-

self determine who is a member of that cultural community and who is not?

†THE MINISTER Mr Chairman, broadly speaking the hon member is correct, but I would not like to leave the matter of determining who is an Afrikaner solely in the hands of the hon member! [Interjections.] I think there are many more of us who are Afrikaners [Interjections.] The fact of the matter is, yes, cultural groups will be able to identify themselves and to decide for themselves how they want to protect their interests and how they want to associate with one another. I personally believe that we should include the concept of disassociation in the concept of association.

Angolan peace negotiations

†Dr C P MULDER asked the Minister of Foreign Affairs †

Whether he (a) was involved in the peace negotiations in Angola in 1992 and (b) is involved in these negotiations at present, if not, why not, if so, in what respects, in each case? B394E

†THE MINISTER OF FOREIGN AFFAIRS

(Reply laid upon the Table with leave of House)

(a) Yes

(b) Yes, in an indirect manner. The hon member will be interested in the contents of a letter which I personally handed to the Secretary-General of the UN on 17 March 1993, and which reads as follows:

Dear Mr Secretary-General

In view of the deteriorating situation in Angola and renewed allegations by the Government of the Republic of Angola regarding continued logistical support for UNITA from South Africa, I deem it necessary to once again place on record the South African Government's position in this regard.

I would like to state categorically that the South African Government does not support UNITA militarily or in any other way. The South African Government also does not support any party which opts for a military solution. It will also not support any par-

ty which attempts to obtain advantages inconsistent with the democratic process. In fact the position of the South African Government in this regard has been amply expounded in previous communications to you, and which have been widely published also as official documents of the Security Council.

I wish to stress that South Africa's interests would be ill-served by conflict, destruction and instability in the Southern African region consequently South Africa's interests coincide with the interests of the people of Angola in a negotiated peaceful future. It is difficult to conceive what strategic or other South African interest could be served by becoming embroiled in a conflict which is not only detrimental to bilateral relations but also to the region and the continent as a whole.

In the past, when the world was a different place, a number of other states, including the United States and South Africa supported Dr Savimbi with the overall objective of enabling him to participate in a democratic process in Angola, which would establish an elected Government and bring to an end years of internal strife. That objective was achieved, although subsequently vitiated, when elections were held in Angola at the end of September 1992 in terms of the Bicesse Accords of 31 May 1991. The considerations of earlier years obviously no longer have relevance.

The South African Government, in its contacts with both President Eduardo dos Santos and Dr Jonas Savimbi and in its public pronouncements has consistently and strongly advocated the following:

— the obligation of the parties to honour the terms of the Bicesse Accords,

— the obligation of the parties to accept the results of the September 1992 election which were declared "generally free and fair" by the Secretary-General's Special Representative in Angola and which

Prison warders: sexual molestation

189 Mr L FUCHS asked the Minister of Correctional Services

Whether any charges of sexual molestation were laid by prisoners against warders during the period 1 March 1992 to 28 February 1993, if so, (a) how many and (b) how many of these cases were investigated by way of (i) an internal inquiry and (ii) a court process?

B421E

The MINISTER OF CORRECTIONAL SERVICES

(1) (a) Yes, six (6) complaints of alleged sexual molestation were received

(b) (i) Four (4) complaints of sexual molestation were investigated internally (departmentally) in respect of 3 of the complainants no substantiation could be found for the allegations. In the remaining case the member was charged departmentally in terms of Correctional Services Regulation 71 (1) and found guilty. In addition, an inquiry in terms of Correctional Services Regulation 77 (1) was instituted against the member in order to determine the suitability of his further employment in the Department. This inquiry has not yet been finalized

(ii) Two (2) complaints of sexual molesting were investigated by the South African Police. The Attorney-General ordered prosecution, but in both cases the members were found not guilty

The Department regards any complaint of sexual molestation of a prisoner by a member of the Department in a very serious light. Such misconduct is not tolerated and strict action is taken against such offenders

Companies in liquidation

194 Mr K M ANDREW asked the Minister of Justice

How many companies were placed under compulsory liquidation in the area of each Master of the Supreme Court in 1992? B440E

The MINISTER OF JUSTICE

The under-mentioned information refers to compulsory as well as voluntary liquidations, as separate information concerning compulsory liquidations is not readily available

Bloemfontein	62
Grahamstown	35
Cape Town	470
Kimberley	24
Pietermaritzburg	174
Pretoria	921
Total	1 686

Persons bankrupt

195 Mr K M ANDREW asked the Minister of Justice:
How many persons were declared bankrupt in each division of the Supreme Court in 1992? B441E

The MINISTER OF JUSTICE

Bloemfontein	506
Grahamstown	308
Cape Town	582
Kimberley	88
Pietermaritzburg	351
Pretoria	3 468
Total	5 303

Equalisation Fund: payments to Sasol

203 Mr R R HULLEY asked the Minister of Mineral and Energy Affairs

(1) Whether the payments received by Sasol from the Equalisation Fund were increased during the financial years 1990-91 and 1991-92, respectively, if not, why not; if so, (a) by what amount per litre was it so increased on each occasion and (b) what was the total amount received by Sasol in respect of tariff protection in each of these financial years,

(2) what was the average derived crude oil price in each of the said financial years? B458E

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) No. The floor price formula according to which Sasol receives tariff protection is

still unchanged at USD 23 per barrel. The real tariff protection amount in cents per litre, fluctuates from month to month, up or downwards, based on differences between the derived crude oil price and the USD 23 per barrel floor price

(a) Falls away

(b) The value of Sasol's tariff protection on synthetic fuels for the 1990-91 financial year amounted to R222,5 million and for the 1991-92 financial year to R537,5 million

(2) 1990-91 USD 24,2 per barrel
1991-92 USD 18,6 per barrel

Middle Eastern oil: price range/payment to Sasol

204 Mr R R HULLEY asked the Minister of Mineral and Energy Affairs

(a) What is the price range, expressed in US dollars, of Middle Eastern oil at present, (b) what is the payment to Sasol in cents per litre and (c) in respect of what date is this information furnished? B459E

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(a) USD 14,20 to USD 18,05 per barrel
(b) 8,5 c/l
(c) December 1992

NEWS IN BRIEF

BIDAM 243193 **Steps to elect SABC board** *(26)*

HOME Affairs Minister Louis Pienaar is expected to announce new procedures for the election of an SABC board after a Cabinet meeting today.

It is understood he will announce the appointment of Codesa judges Ismail Mohammed and Piet Schabert to review applications and make recommendations to President F W de Klerk. De Klerk is expected to make the final decision on the board.

Activity gives capital market a boost

131037 24/3/93 (260) (238)
INSTITUTIONAL activity boosted the capital market yesterday as yields dropped to levels last set around the March Budget, dealers said.

Some dealers were confused by the move as not all were apparently aware of the institutional buying — put at about R500m

Dealers party to the deals said it indicated institutions had regained confidence in the market. They said institutions had digested the Budget and came to the conclusion that bonds were cheap

The long-dated Eskom 168 bond ended at 14,590% from a previous 14,720% — equivalent to a R6 420 gain in value on a R1m bond Government's R150 bond was last at 14,480% from 14,630%

In the medium area, Transnet's T007 yielded 13,955% from 13,910% and Telkom's TK05 yielded 13,790%

TIM MARSLAND

from 13,910%

A dealer said the market had been waiting for institutions to set the trend in the market, which up to now had been led by speculators

Institutions had written about R500m in put options, which was a further signal of confidence that the market had topped out and rates were set to head lower.

Put options give the holder the right to sell stock at a certain level by a specified date

Speculators also played a large part in yesterday's activity. One dealer said they had expected rates to rise rather than fall and sold stock earlier based on this view. When rates fell, they had to buy in stock to meet their obligations, which helped speed up the fall

Long-dated bonds strengthened the

most. Dealers said Reserve Bank moves to tap the medium end of the market for funds through the new R160 issue which matures in 1996 put a lid on gains in that area

Added to this was fears that Bank rate would at best be cut by one percentage point this year, which meant institutions favoured the long area rather than the medium and short area as was the case in the past

Another dealer said the rise was surprising and blamed the fall entirely on short covering by speculators. He expected the market to range-trade for the next few months.

Another said the focus would be on the money market in the next few weeks, where liquidity was expected to ease due to high government spending flowing into the market.

The excess liquidity would spill over into the capital market, which would help rates to ease further

260

Oil companies told to back claims about Sasol subsidies

BIOBY 24/3/93
ANDY DUFFY

GOVERNMENT has called on the oil and petrochemical industry to prove that Sasol has been using public money to subsidise forays into new markets.

Responding to oil company claims that Sasol is using synthetic fuel subsidies to fund its diversification, the Mineral and Energy Affairs Department said yesterday that no evidence had been provided to warrant an investigation.

And a senior government source also added that even if an investigation proved this to be the case, it was not clear that government would take any action. "The government would have to

see what was realistic," the source said.

The public challenge follows a steady stream of allegations from Sasol's competitors that it had been using the cushion provided by government for one section of its business as a springboard into others.

Under a framework established in 1989 to protect it from low international oil prices, Sasol is paid per barrel of oil the difference between the prevailing price and \$23. This amounted to a pre-tax boost of R537,5m, against Sasol's attributable income for the year to June 1992 of R1,1bn.

Sasol wants to cut its dependence on synthetic fuel, which accounts for about 37% of operating profits. It plans to pursue petrochemical, coal and crude

oil refining business through capital expenditure of about R3,5bn.

On all three fronts, however, Sasol has been accused of using the synthetic business to cross-subsidise new ventures.

Shell Oil and Engen have said Sasol's reported plan to set up its own service stations to retail crude oil-based fuel would amount to unfair competition.

However, the department said it would not investigate claims until a detailed complaint was made. Though the department would be against cross-subsidisation with public funds, the source added that a policy on what action to take would be drawn up only once the case had been proven.

The department is drafting an audit report into Sasol's accounts which is due early in May.

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Naming of ⁽²⁶⁰⁾ SABC board _{at 4/13/93} 'off the air'

The Argus Correspondent

JOHANNESBURG — The new SABC board will not be appointed by next Wednesday as consensus has still to be reached about how it should be democratically elected.

With only a week before the deadline expires, negotiations between the government and those with a political role — all signatories to the Campaign for Independent Broadcasting (CIB) proposals — have again hit a sticky patch.

Groups left of the government, including the ANC, the Democratic Party, Cosatu and the Media Workers Association of South Africa, are signatories to the CIB.

ANC publicity secretary Dr Pallo Jordan yesterday accused the government of "stalling the process in order to prolong the present board's life".

He said ANC secretary-general Cyril Ramaphosa and government chief negotiator Roelf Meyer held urgent discussions this week to try to resolve the deadlock.

CIB co-chairman Raymond Louw said last night "It will be impossible to have a new SABC board appointed by next Wednesday, unless Mr De Klerk does so unilaterally."

DP media spokesman Peter Soal yesterday slammed the government for its delaying tactics and questioned whether it would be possible to have an SABC board democratically elected by next week.

"The government had all the time in the world to create acceptable mechanisms for the election of a new board, but it stalled the process. I fear it will have to postpone the appointment of the new board," Mr Soal said.

The term of office of the 14-man board expires on March 31, by which time Mr De Klerk has to appoint new members. Although he is due to hold a major Press conference this afternoon, it was not clear last night whether there would be any announcement about the SABC board.

NEWS IN BRIEF

BIDAM 25/3/93
State's sale raised R5,9bn

260

THE state received R5,927bn from the sale of strategic supplies and public assets or enterprises, Finance Minister Derek Keys told Parliament yesterday

By the end of the 1992/3 financial year, R3,762bn from the proceeds of the sale of public enterprises had been utilised by government, including R2,99bn for the redemption of public debt

He said the sale of R1,5bn strategic oil supplies had been completed and the proceeds paid into the Central Energy Fund.



Sasol's tariff protection doubles

R/DAM 2573/93
CAPE TOWN — Tariff protection for Sasol had increased from R222,5m in the 1990/91 financial year to R537,5m in 1991/92, while the derived crude oil price dropped from \$24,2 to \$18,6 a barrel over the same period, Energy and Mineral Affairs Minister George Bartlett said yesterday.

He said in Parliament the floor price formula according to which Sasol received tariff protection remained unchanged at \$23 a barrel. The real tariff protection amount in cents a litre fluctuated from month to month based on differences between

the derived crude oil price and the \$23 a barrel floor price. (260)

The Mineral and Energy Affairs Department yesterday denied it had received official complaints from the oil industry claiming Sasol was using synthetic fuel tariff protection to fund its diversification.

Responding to a Business Day report, a spokesman said he wished to clarify that a report due in May was not specifically concerned with unearthing cross-subsidisation in Sasol's accounts. Government monitored Sasol on an arms-length basis.

Talks on SABC board bog down

Star 26/3/93
260

By Peter Fabricius
Political
Correspondent

CAPE TOWN — Negotiations to appoint a new SABC board have bogged down and it now seems that the term of the present board will be extended beyond its scheduled expiry date of April 1.

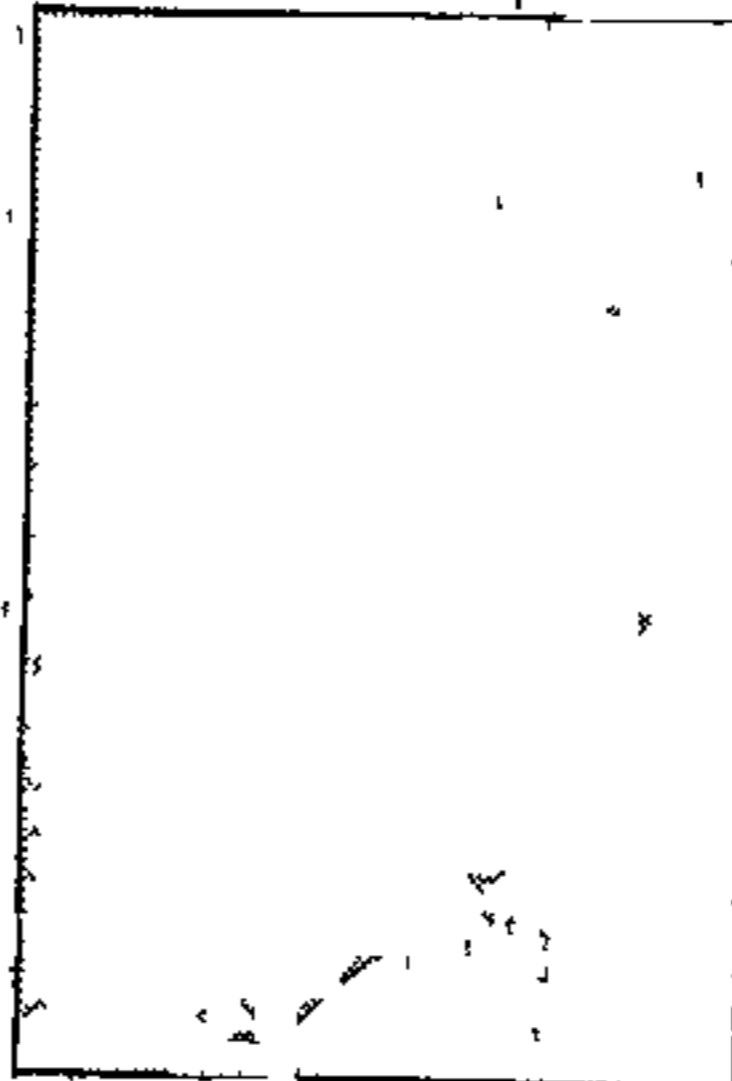
Home Affairs Minister Louis Pienaar is expected to make an announcement soon.

SABC executive director Wynand Harmse said yesterday that he hoped the negotiations would reach finality in the very near future. He told a press conference that there were indications that an announcement might be made today.

The Government has been involved in protracted negotiations with the ANC and other parties and organisations about a mechanism to appoint a new board.

There is wide consensus that a panel of judges should appoint the new board but the negotiators have failed to agree on the guidelines within which they will operate.

One key issue is continuity. The Government, backed by the SABC, is insisting on a large part



Louis Pienaar to make announcement

of the present board being retained.

Harmse conceded that SABC staff were uncertain about their positions under a new board and SABC management was looking at the problem.

He said the SABC was considering two mechanisms to ensure impartiality in its reporting.

The first was a general monitoring mechanism based on methods widely accepted.

The second mechanism was an ombudsman or complaints commission. He said the SABC had tried to join the Newspaper Press Union now known as the Press Council but had not been admitted. The electronic media would now have to form a similar body to the Press Council to which anyone who felt aggrieved or neglected by the SABC could complain.

Star 26/3/93

Operating surplus almost doubles 260

Political Correspondent

CAPE TOWN — The SABC made a net operating surplus of R64,1 million during 1991-92, compared to R34,8 million in the previous year.

Chief executive Wynand Harmse said the good financial results were mainly owed to the restructuring of the SABC into business units.

Total operating income had increased 16,2 percent to R1,088 billion, consisting mainly of advertising income. Total operating expenditure increased by only 13,5 percent to R1,038 billion.

Harmse said a net

cash surplus of R72,2 million had been generated which off-set the net cash shortfall of the previous two years.

SABC chairman Professor Christo Viljoen said:

- The SABC achieved good financial results despite a worsening economy.
- A future broadcasting dispensation with independent regulation began to crystallise.
- Marked progress was made in providing educational programmes.
- Pressure was brought to bear for replacement of the SABC board with one that would be more representative of the population.

SABC made R64m profit last year

JOHANNESBURG — The South African Broadcasting Corporation achieved good financial results in the past financial year and a future broadcasting dispensation with independent regulation and greater competition had begun to emerge, SABC Board chairman Prof Christo Viljoen said yesterday. **26 OCT 26/3/93**
Delivering the corporation's annual report for the year ended on September 30,

1992, he said a net surplus of R64,1 million was achieved, up from R34,8 million the previous year. A 1991/92 cash surplus had covered deficits of the previous two years. Prof Viljoen said pressure had been brought for the replacement of the SABC Board with a body more representative of South Africa's population. He said the SABC was in favour of one regulatory body for both broadcasting and

telecommunications

The SABC was committed to fairness and reflection of the truth, he added.

Satellite technology was expected to be available by 1995, which would resolve problems of coverage in rural areas.

He said the SABC had a role to play in political literacy, distribution of information and distance education — Sapa

SABC has 'good financial year'

BIDAY 26/3/93 (260)

THE SABC reported a net surplus of R64,1m (R34,7m) in the year to end-September in what chairman Christo Viljoen described as a good financial year for the corporation.

Group CE Wynand Harmse said the surplus would be used to finance capital and replacement costs.

The annual report, which was tabled in Parliament yesterday, showed that cash deficits over the past two years were rectified, with the SABC showing retained cash of R72,2m from a deficit of R33m the previous year. Harmse said that if provisions for surcharges and royalties had been paid, "the cash picture would be considerably poorer".

About 71% of the corporation's total income of R1,09bn was derived from advertising, with the rest coming from licences. The low level of income from licences was due to pirate viewers and to low licence fees compared with other countries. In addition, one in nine licences was a concessionary licence, Harmse said.

Advertising revenue had increased by 19,1% over the previous year. TV advertising took up 69% of total advertising revenue, and radio advertising 31%.

Harmse said programme cost stat-

MARCIA KLEIN

istics showed that the cost per year for an hour a day for one TV channel was around R7m for imported programmes. But the cost of local sport was R30m, local productions in a studio R87m, and local dramas on location R175m.

Commenting on divisional performances, Harmse said the SABC's public broadcasting services were not viable, as were most of the full spectrum African language services. CCV had not yet turned in a profit, and TV was generally not viable and had to be supported by licence revenue.

Within TV there were programmes which were not profitable, and the international content subsidised the local programmes. The transmitters in the rural areas, too, were not viable, and sport did not show a profit.

Commercial services — including Radio Metro, Radio 5, some of the regional services and Zulu Stereo — were the moneymakers.

The SABC's dilemma of having to reconcile its public services with its commercial financing structure would intensify when new competitors entered the market.

BOND MARKET

FM 26/3/93
Deriving support

Derivative instruments are playing an increasingly important role in stimulating trade in underlying instruments on the bond market

While a bond issue's size is important in determining its popularity (level of trade), the range of underlying derivative products, particularly options, linked to the bond is becoming more significant

The more derivative instruments that are linked to a bond, the greater the trade levels of the underlying instrument. This is because a transaction occurs in the underlying stock each time an option is exercised (where an option-holder chooses to exercise a put or call option, the other party has to buy or sell the underlying paper)

ECONOMY & FINANCE

FM 26/3/93
The RSA 150 and Eskom 168 stocks have a wide range of derivative instruments linked to their bonds, which helps to explain their high levels of trade. The RSA 153's derivative market is less developed

However, trade in the domestic bond market is dominated by sheer size — that of the RSA 150 with around R32bn in issue. Next issue in size is of E168 paper (roughly R16bn), the RSA147 (R14,8bn) and the RSA153 (R22bn). In February, around R13,7bn of the RSA 150 was traded on the JSE, which reflects about 30% of total market trade, according to Simpson McKie's Marilyn Visser

The bigger the bond issue, the more players will be attracted to the paper in the knowledge there will be many other buyers and sellers. Also, in the bigger issues, the issuer makes a market in the paper, which assures traders there will always be a player trading in the stock. Eskom and the Reserve Bank are significant makers in their stocks

But, despite the Eskom 168 issue being smaller than the RSA 153 issue, the 168's February turnover on the JSE was around R8,3bn and the RSA 153's R5bn

A bond's maturity also determines its popularity because, for mathematical reasons, long bonds are more attractive to hold (assuming the investor reads interest rate movements correctly). Mathematically, shifts in the capital value of these bonds are greater, given any movement in rates. The RSA 150 expires in 2005, Eskom's 168 in 2008, the RSA 147 in 2000 and the RSA 153 in 2010

Considering their size, term and linked derivatives, these four stocks, with February trade on the JSE worth almost R44bn, dominated all other stocks. JSE trade in the other six most active stocks totalled less than R12bn last month

SABC draws fire from ANC

JOHANNESBURG

The ANC said it was ironic that despite the SABC's reported net profit of R64.1 million, black journalists had been forced to strike for higher wages in 1992.

It also criticised an SABC plan to produce voter education material.

"Any material produced by the SABC, with its track record as a National Party mouth-piece, will have no credibility," the ANC said yesterday.

It also called for the democratic appointment of an independent SABC board.

260
27/3/93 Sapa

Nuclear price bombshell

ST Times (BUS) 28/3/93
By CIARAN RYAN

SCIENTISTS have disputed the R700-million to R800-million cost of developing a nuclear bomb given by President de Klerk this week.

One estimate puts the cost of developing the bomb at 10 times this figure.

Friedel Sellschop, a noted nuclear scientist and former head of the Schonland Nuclear Research Facility at the University of the Witwatersrand, says the given figure appears low: "I wouldn't have been surprised if the figure was much higher."

Johan Kruger, an energy specialist at the Bernard Price Institute, says a figure of R800-million a year for the development of a nuclear bomb is more plausible.

Professor Sellschop says production of weapons grade material requires enriching uranium to more than 90%, compared with 4% enrichment for nuclear fuel.

"This is a very expensive process," he says

But Atomic Energy Corporation head Waldo Stumpf insists that the project cost no more than R70-million to R80-million a year over a 10-year period.

"This is less than about 0,5% of the annual defence budget and it enabled Armscor to avoid development of a

fighter aircraft which would have cost around R22-billion"

President de Klerk disclosed that SA had developed six nuclear fission devices since 1974. These have since been dismantled, along with the plant where they were manufactured.

Dr Stumpf says the highly enriched uranium used in the bombs has a resale value of between R15-million and R20-million. World prices are depressed because of a glut of highly enriched uranium coming onto the market from Russia

260 Mothballed

"The material is worth five to six times this amount if we use it as fuel in our Safari nuclear reactor for the manufacture of medical isotopes."

Dr Stumpf confirmed that AEC had the technical capability of downgrading the highly enriched uranium for commercial use.

AEC operates a semi-commercial uranium enrichment plant to supply Eskom's Koeberg power station with about 100 000 separative work units (SWUs) a year at a cost of \$200 per SWU. Russia

could supply the same material at \$68 per SWU.

Eskom has scaled down its generating capacity at Koeberg, which now accounts for less than 5% of its total electricity output

In view of Eskom's surplus generating capacity it was speculated that Koeberg could be mothballed, allowing the government to close down AEC's enrichment plant, resulting in savings of hundreds of millions of rands a year. The AEC enrichment plant has a production capacity of 250 000 SWUs and currently exports enriched uranium.

AEC supplies one of Koeberg's two reactors; the second is supplied by a third country after being treated in France.

Sales of nuclear fuel to Eskom will be worth about R103-million this year. AEC will receive R469-million from government this year. It has been funded by taxpayers to the tune of R3,6-billion since 1987 to produce sales of just over R600-million, most of this to Eskom.

Dr Stumpf says AEC plans to increase self-funding from the current 30% to 75% by the year 2000. Ten companies have been established and several world patents have been registered.

Sasol pumping up its own importance

STIMES (GASS) 28/3/93

Trenches are being dug for a looming fuel price war — the mother of all price wars Comment by KEVIN DAVIE

SASOL, says a leading oil industry executive, is the greatest wealth redistribution mechanism in the country. "It takes money from all fuel users and redistributes it to its shareholders," Sasol, of course, does not like comments like this, and to prove the point has commissioned a study by government's Central Economic Advisory Services.

Urgency

This is an extraordinary situation. Does one of SA's JSE-listed giants, with net profits in excess of R1-billion and producing awesome economic benefits, need special protection from government? If it cannot stand on its own feet, should it not be converted into a public utility so that it can still deliver the economic benefits listed above but without boosting fuel prices?

A proposed similar arrangement between the oil companies and Mosses has led these companies to refuse to market Mosses' product should Engen take up its 30% stake in the fuel-from-gas plant. The oil companies say they cannot compete against a competitor

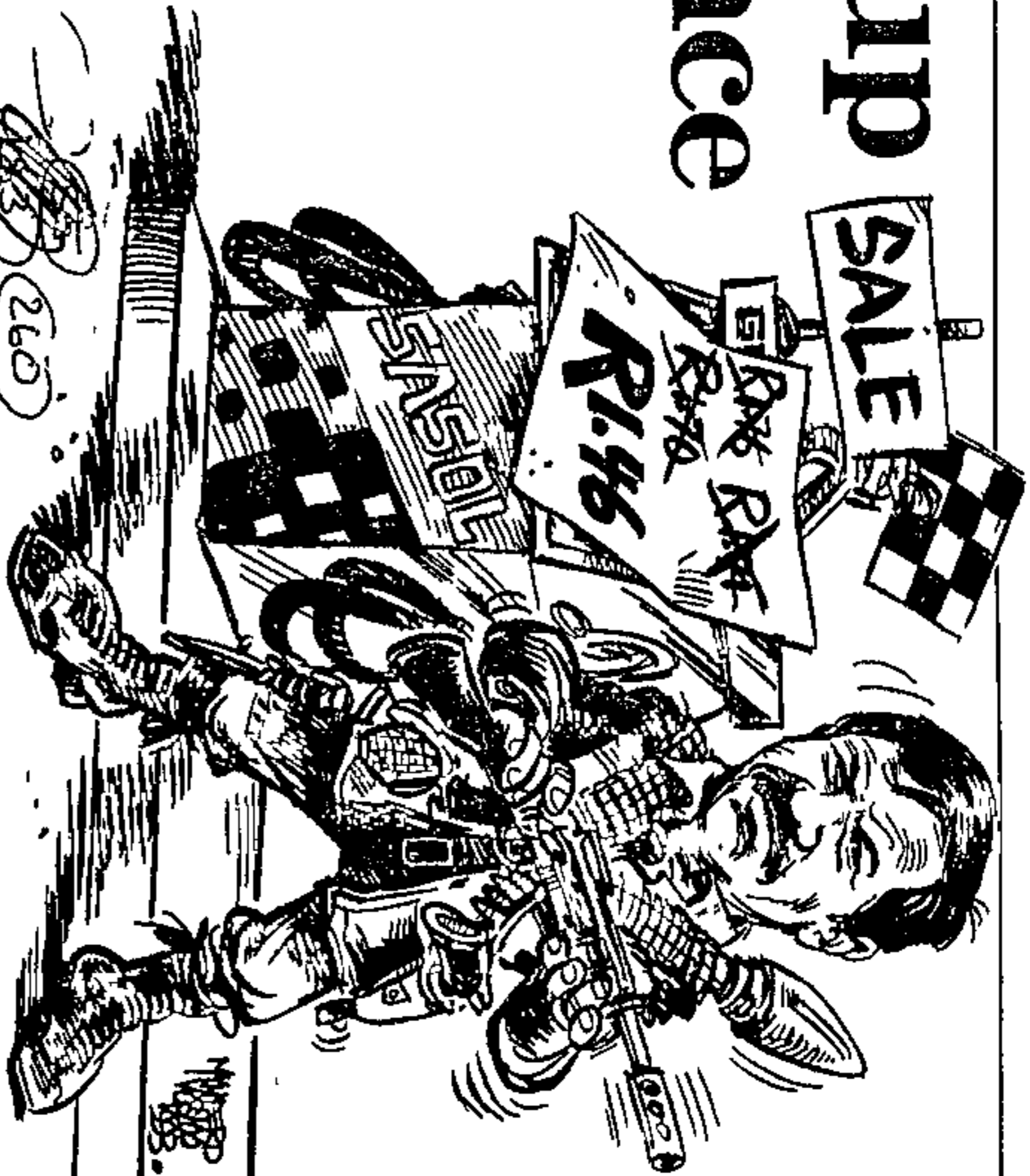
which is subsidised by government. It amounts to government using the tax revenue of one company to support a competitor intent on destroying the first company in the marketplace.

apart, but is hardly the way to run a democratic market economy. Sasol gets not under the collar if it is suggested that the benefit it gets from the equalisation fund (R600-million last year) is a subsidy. It insists this is "tariff protection".

It says the protection it enjoys has averaged 11.4% since 1979, much lower than the 30.2% average protection enjoyed by South African manufacturing industry as stated by Finance Minister Derek Keyes in the summary report of the NEM.

At more than one-third of pre-tax profits of R1.5-billion last year, the subsidy is pretty lucrative for Sasol. The oil companies add that Sasol gets a further subsidy — worth hundreds of millions annually — from Petronet's charge of 10.9c a litre for moving petrol up-country, a claim which Sasol says is nonsense.

Petronet last disclosed these figures in 1989/90, showing profits of R325 million from revenue of R421-million. This monopoly pricing policy acts



Does one of SA's JSE-listed giants, with net profits in excess of R1-billion and producing awesome economic benefits, need special protection from government?

Monopoly

But while Sasol's support has some of the characteristics of tariff protection, Sasol does not operate in a competitive environment. Its "commercial agreement and cartel membership" ensures that its product is bought by the oil companies at government-administered prices.

This protects Sasol on both price and volume. Add something else and it can only be a subsidy ("Sasol cannot have a belt and braces," says a leading economist).

Attractive

Mosses reportedly has a positive cash flow at \$14 a barrel. As a utility it benefits the economy through job creation, technology transfer, foreign exchange earnings (R120-billion over its lifespan, according to one estimate) and potential down stream investments.

It's fruits of the vine for Europe

By DON ROBERTSON

UNIFRUCO, the R1-billion a year fruit exporter, is to enter the European wine market in a big way. In response to requests from a number of large European supermarkets which Unifruco supplies with fruit, a tentative entry into the wine market was made last year and the response was encouraging.

If Sasol is to remain a private sector company it must then compete as one. Its shareholders must shoulder the risks of their investment, not the taxpayer.

A new company, Unifruco, has been formed in which Unifruco, plus 11 other partners, have an interest. These include four co-operatives, a number of well-known estates and about 250 grape growers in the Stellenbosch area. Wines from some of these estates and co-ops will also be offered to the local market.

Sasol is clearly intent on creating its own lifetime to motorists by developing its own service stations. A compromise appears unlikely, as the oil companies are not prepared to compete head-on with a subsidised competitor.

Mr Kriel says the wines are in the upper price range and will sell for about £4 a bottle. This compares with the average price of wines in Europe of about £3.60 a bottle last year. Because of the recession, the average price has since fallen to about £2.25.

But Pick n Pay is prepared to lead a fuel price war. We are ready for the mother of all price wars, says Mr Ackermann.

AT LEAST ONE PRINT

Govt looks to market makers

THE Reserve Bank is approaching stockbrokers and banks to gauge their views on the appointment of market makers in government stock and will issue a discussion document soon.

A market maker buys and sells a particular stock to enhance marketability, thereby reducing funding costs. The issue has been on the agenda since the Bank took over the market making of government stock in 1990.

The Bank's turnover, at

about 20% of the formal and informal capital market, provides potential market makers with food for thought.

Total turnover for the year was about R250bn. It did 300 deals a day in stock and about 495 deals a day in the options market. These are weighty numbers for any market maker.

Countering this is that the Finance Department might not be entirely open with market makers about what it is doing in the market. It might, for instance,

continue doing special deals with institutions. At present, these deals make up about 3% of the Bank's business. Not knowing what the other hand is up to can be problematic for a market maker.

The Umgeni Water Board, in particular, has successfully used an external market maker for its stock and it is totally open with its market makers. As a result, funding has become a simple matter for the water authority. Of course, it is much easier for Umgeni to be open with its market makers than it will be for government.

These limitations on openness will be the acid test for anyone wanting to go into the market-making business.

Before taking the step, a potential market maker should ensure that the information channel remains unblocked. Otherwise there could be a lot of cheap paper floating around that the market maker did not know about.

Govt has met half its funding needs

TIM MARSLAND

GOVERNMENT had already raised half the R13bn it required in net funding from the private sector for fiscal 1993/94, a meeting of the stockbroking community heard on Friday **6:10 AM 29/3/93**

This left just R6,3bn in new money to be raised, Finance Department deputy director-general Estian Calitz said

Presenting government's financial "roadshow" in Johannesburg, Calitz said "This means government's financing for the first quarter of this fiscal year has been completed already"

As news of the meeting between banks, institutions and the Public Investment Commissioners (PIC) became known, key bond rates on the market dropped sharply

Capital market traders had expected the entire R13bn to be raised from the market. The long-term Eskom 168 was trading at a 14,540% yield from an overnight 14,650%, while government's R150s were at 14,420% from 14,570%

Calitz told the meeting that institutional cash flows would be R58bn in 1993/94, including the cash flows of the PIC. The Budget made provision for a deficit of R31,6bn. Of this, R6,7bn was to refund ma-

□ To Page 2

Funding **6:10 AM 29/3/93**

turing stock, R12,5bn was to be funded by the PIC, leaving the rest to be raised from the private sector. Calitz said R2bn of the R6bn already raised came from prefunding activities by the Reserve Bank, while R4bn was raised through other means.

Bank sources said the R4bn came largely through a Finance Department facility, under which institutions were contracted to buy a certain amount of stock in return for a facility which allowed them to switch into other stocks to take advantage of rate changes. The additional R6bn would be raised evenly through the year.

Calitz said latest Finance Department figures showed that parastatals would require about R8bn from the market and the TBVC states about R2bn.

PIC director Badie Badenhorst said this probably would be raised in the money market. The PIC manages TBVC funding on behalf of the Finance Department. Calitz said funding would be done mostly in the medium area. In line with this, the department had listed two new bonds, the R160 and the R161, which would mature in 1998 and 1999 respectively and which carried a 10,75% coupon rate

Calitz said the department was trying to

260 spread the maturities of the stocks to improve cash flows. It was also examining a system which would link maturity of the funding to the duration of the project which needed the funds.

"We will look at raising short-term funds for short-term projects," he said.

The department was also looking at moving government (tax and loan) accounts to the private sector, to prevent fluctuations in money supply that resulted from tax collections.

Calitz said the department was trying to implement the system as quickly as possible. He expected it to be in place soon should no new legislation be required.

Badenhorst said the PIC had taken up R19,5bn of government debt last year. Of this, R17,5bn went towards the deficit, while R2bn went to drought relief.

Bank money and capital market GM Andre Kok said funding had been done at an average rate of 15,3% last year, but he hoped the rate would drop to 14,3% in the current year. He said the Bank planned to sell about R1bn in the R145 stock and R1bn in the R146 stock. It expected to raise R2bn through the new R160 stock.

□ From Page 1

Licence fees: Cosatu threat

JOHANNESBURG — A boycott of the payment of TV and radio licences could emerge from organised labour, if the government does not move fast to democratise the SABC and remove it from party-political control.

29/3/93
Cosatu resolved at the weekend to pressure advertisers to withdraw advertising if the deadlock over SABC restructuring was not broken soon.

The resolution was taken at Cosatu's Campaign Conference, where a decision was taken to throw the union federation's weight behind the ANC.

The conference condemned alleged attacks on central bargaining by the government and employers, saying Cosatu would fight to advance this strategy — Sapa

Should the need arise, the further centralised detention of sentenced juvenile prisoners will be considered at certain centres which are deemed suitable for this purpose

(b) 21 March 1993

(2) (a) No

(i), (ii) and (iii) Fall away

(b) No

(i), (ii) and (iii) Fall away

(3) No, except to conform that the Government has taken the initiative of addressing the problem of juveniles in custody by means of a Working Group with regard to Alternative Centres for Juveniles in Custody under the Chairmanship of the Deputy Minister of National Housing. This Working Group has already made good progress and issued various reports. Should the hon member require more information in this regard, I suggest that he contact the Chairman of the Working Group concerned.

Strait-jackets used on prisoners

19. Mr M RAJAB asked the Minister of Correctional Services

(1) Whether any strait-jackets were used on prisoners in prisons under the control of his Department during the latest specified period of 12 months for which information is available; if not, why not, if so, (a) on how many occasions, (b) at which prisons and (c) for what reasons,

(2) whether he will make a statement on the matter? D93E

THE MINISTER OF CORRECTIONAL SERVICES

(1) Yes

(a) During the period 1 January 1992 to 31 December 1992 strait-jackets were used on sixty-one (61) occasions

(b) Brandvlei Medium Prison
Goedemoed Prison
Graaff-Reinet Prison
Groenpunt Maximum Prison

HOUSE OF DELEGATES

HOUSE OF ASSEMBLY

INTERPELLATIONS

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language

General Affairs.

SABC: new board of directors

1. Mr P G SOAL asked the Minister of Home Affairs

(1) Whether, with reference to his reply to Interpellation No 2 on 24 February 1993, any arrangements have been made for the appointment of the new board of directors of the South African Broadcasting Corporation which is due to assume office on 1 April 1993, if not, why not, if so, what arrangements,

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

B625E INT

The MINISTER OF HOME AFFAIRS. Mr Chairman, regrettably it has not been possible to settle the matter of the reappointment of the board of directors of the SABC by 1 April, as was envisaged

When this matter was previously debated in Interpellation No 2 on 24 February, it was believed that it would be possible. However, as I have said, that has regrettably not been the case.

On that day I said that negotiations by the interested parties were in progress. Those discussions have continued unabated over this whole period, in fact as late as yesterday. They will probably be continued tomorrow and the day after tomorrow as well.

Wide consensus on most of the points has already been reached. However, some of these points were agreed to only during the past few days. There still remain a number of unsettled matters which will have to receive further attention

Therefore I intend issuing the following press statement this afternoon

Radio and television are bound to play a cardinal role in the forthcoming elections. The Government is therefore desirous that, as far as broadcasting is concerned, the playing field should be perceived to be level for all political parties. With the goal in mind that the SABC Board shall be recognised as being neutral and impartial, the Government has during the past three months conducted extensive bilateral consultations with political parties, inside and outside Parliament, as well as with other organisations

The abovementioned consultations have been conducted with a view to appointing a new board on 1 April 1993 and that the term of office of the present board would not be extended

It does, however, now appear that, in order to achieve the abovementioned goals, it would not be possible to conclude the process of consultation in time and that it would inevitably be necessary to extend the term of office of the existing board for a period of two months

Further negotiations are being conducted on an urgent basis and a further statement will be issued as soon as possible

Mr P G SOAL Mr Chairman, the hon the Minister says it has not been possible to come to a conclusion on the issue of the Board of the SABC. The board's life, as he has mentioned, expires at midnight tonight

I want to say it has not been possible to come to a conclusion because of the Government's action and that of the NP, not because of anybody else. He says that there has been wide consultation. I know he spoke to my party on one occasion earlier this year. There has been no wide consultation; he has not come back to us to ask for our further views [Interjections.]

He spoke once to us, but he has been speaking to the ANC. That is typical of this Government. It has been dragging its heels on this issue for some considerable time in an attempt to continue to influence events by refusing to change the Board of the SABC. Now the life of the board has to be extended for two months

We agreed in May last year that the board should be reconstituted. That is ten months ago. What did this hon Minister do? He sat on his

HOUSE OF ASSEMBLY

hands. He was at the meetings that we held in a hotel here in Cape Town in April-May last year with the subgroup of Working Group 1, and he was also at meetings that we held with members of the Board of the SABC when we discussed the fact that the board should be reconstituted. From April-May last year he did nothing until December this year when everyone was at the beach. Then he issued a statement, inviting people to make suggestions as to how the board should be reconstituted and to suggest names. That was an impossible situation. It was very difficult to get hold of him and his department, because at that time of the year the department is in transit from Pretoria to Cape Town.

One would think it was the normal bungling incompetence of the NP, but I believe it was a hidden plan, because what now emerges is that it was part of a grand design to avoid an impartial board which would be representative of the broad South African population [Interjections.]

The Government piously talks about levelling the playing fields, but it does not want a fully representative board for the SABC. It is dragging its heels and is obfuscating the issues. This Government never learns. We are going to have to drag it kicking and screaming to the realisation that it cannot continue to manipulate the process and interfere in the free flow of information.

The CIB was formed last year, and the DP is a signatory to the declaration. We signed that declaration happily, because it falls fully within our policy on broadcasting. The CIB and the ANC, amongst others, have been in negotiation with the Government. We believe that the Government has been acting in bad faith when it comes to negotiations with these bodies, and it has done this right from the word go [Time expired.]

*Dr P W A MULDER. Mr Chairman, we have listened to the hon the Minister who said that he has been negotiating on an ongoing basis recently. He negotiated yesterday and he is going to negotiate again tomorrow. He has been taking his final decisions over the past three days. He told us he consulted all parties. We had useful discussions with him. I thought they were useful at that stage.

Let me tell him that we are living in very serious times—important things are at stake. The

HOUSE OF ASSEMBLY

SABC is a serious issue in these negotiations, and I am therefore glad that the hon the State President is present. I want to make an appeal to him in this regard. We have offered our co-operation as far as the future of the SABC is concerned, and we believe we can make a contribution in this regard in the greater interests of South Africa.

However, the hon the Minister has now made announcements dealing with exclusions and extensions in regard to which we were never consulted. I do not know what outside bodies he consulted, if he is in fact consulting other parties on a permanent basis [Interjections.] According to the newspapers he had ongoing consultations with the ANC in regard to this matter.

I want to ask the hon the State President once again whether this is correct. Are there ongoing consultations with the ANC, while we are being ignored? Were there talks with the ANC after we had held discussions? Did the secret discussions between the hon the State President and Mr Mandela deal with the SABC or not? Did the hon the Deputy Minister of Justice consult with the ANC in Johannesburg yesterday? With whom did he consult? We were not consulted in this matter. They are fully entitled to ignore us, if that is what they want to do. However, we want to know whether there were any consultations with Inkatha. After all, they are also a factor and should also play a role in this regard. This issue is going to be vitally important to them in future.

Did the hon the Minister of Constitutional Development perhaps consult with Inkatha without his knowledge? This appears to be a matter that is causing some concern on the other side.

The Government talks about a level playing-field. We understand this concept and we are prepared to co-operate with the hon the Minister in certain respects, but is he going to ignore the CP in this whole process? [Interjections.] He must examine the SABC's support base in the light of the research dealing with viewer and listener numbers. Is he going to appoint someone from our ranks to serve on the board, or is that not a relevant point and is it going to be ignored?

The crux of the problem is that if the Government wants to receive co-operation on the way ahead, secret agreements are not going to help.

If serves no purpose to ignore certain parties. The Government will have to take all of us along with it, failing which we will become a second Yugoslavia.

THE MINISTER OF HOME AFFAIRS. Mr Chairman, the hon member for Johannesburg North suggests that the Government does not want an impartial board.

I think he is overstating his case, because we have said time and again that we would like to see a board which would be widely representative of the total population of South Africa. We have said that and we still believe that it will be possible to achieve that objective.

In order to endorse our bona fides in this case, I would like to refer again to the fact that the present board's life is to be extended for a period of two months only, because we sincerely hope that the whole procedure involving the appointment of the new board will be finalised within two months. I think that in that, if nothing else, he should accept that we have demonstrated our bona fides.

*I now want to refer to the hon member for Schweizer-Reneke. I want to give him the assurance that in a certain sense the discussion we had was very productive, because I believe that in the weeks shortly after the recess we shall be introducing a piece of legislation increasing the number of members on the future board of the SABC from the present 15 to 21 or 25.

This piece of legislation evolved from the submissions of the hon member for Schweizer-Reneke and the hon members of the AVU and Inkatha, which stated that there should be a broader spectrum of people represented on the board in order to represent the various cultural interests in South Africa [Time expired.]

Mr P G SOAL. Mr Chairman, I wonder why the Government cannot accept the concept of a panel headed by the two judges, Mr Justice Schabert and Mr Justice Mahomed, to interview prospective board members in a process which is conducted in the open, so that all may see and hear what is taking place at the hearings. We do not want any Zoe Bards on the board of the SABC. We want open hearings, as they have in the United States, in which people's intentions and backgrounds can be explored and aired for everyone to witness. If we had had that process in South Africa, we might not have had some of

the Ministers sitting in the Cabinet at the time. How do we know that we do not have any Zoe Bards sitting on that side of the House? The Government's favourite phrase, or one of the "in" phrases right now is "transparency", the "process must be transparent". The *Oxford Dictionary* says that transparency means "of such a kind that the truth behind it is easily perceived, or that it is clear and unmistakable". We therefore want members of the SABC board to be selected in the open so that the member's background and intentions are clear and unmistakable. The NP's intentions, however, are opaque and murky.

I understand that the Government has now changed its point of view in discussions and wants a secret process for the appointment of the board—that is typical of the NP—and direct Government influence in the process. The hon the Minister said that they wanted to increase the board from 15 to 21 members, and I understand that what they want is seven members appointed by the secret panel, seven appointed by the hon the State President, and seven existing board members to be retained for the sake of continuity. Fourteen members out of the 21 will, therefore, be appointed by the Government. So the more things change, the more they stay the same.

As this hon Minister implodes today, together with the SABC board, he announces that the present board is to be extended for a period of two months. What an admission of failure on his part! As a Cabinet Minister he departs from public life on a low note. He leaves office with a history which is about to repeat itself!

If the Government had not dragged its heels, we could have had an independent regulatory authority in place. This was agreed to in Working Group 1 last year. If the Government had not dragged its heels, if the NP's intentions had not been so opaque and murky, and if the Government had not been so intransigent, we could have had a new SABC board tomorrow.

I believe they have no concern for the crisis they have created and for the uncertainty which has resulted, particularly amongst the staff at the SABC. These people are very concerned about their future. They do not know what is going to happen to them. However, the Government does not care about that. They want to have

HOUSE OF ASSEMBLY

control of the airwaves They want to have control of the electronic media.

The MINISTER OF HOME AFFAIRS Mr Chairman, in reply to the hon member for Durban North, I can only say that these negotiations are delicate.

* I should like to tell the hon member for Schweizer-Reneke that Inkatha as well as other political parties are also involved in these negotiations and discussions.

These discussions are delicate. One cannot act like a bull in a china shop when dealing with such delicate discussions. That is what that hon member would like me to do! [Interjections.] He would like me simply to rush in, regardless of the consequences. We are dealing with a matter which is of great importance for the elections we have to hold next year.

* We are therefore dealing with this matter with discretion, and we believe that the course we are adopting at present is the best one, namely to gain some time to enable us to deal with this matter together in the best possible way.

In a previous interpellation on 24 February I said that an advisory board would be established. Incidentally, it will consist of judges, amongst others.

I said that the advisory board would be able to set its own procedures. They are not to be prescribed by the Government, or by the Cabinet Minister concerned. It will be able to set its own procedures. It will therefore be possible to have what is generally referred to as a "transparent procedure". Eventually the hon member will be convinced that he has no reason for complaint in this regard.

Debate concluded

Social upliftment work: funds to organizations

*2 Adv C H PIENNAAR asked the Minister of National Health.

Whether the State provides any funds to organizations doing social upliftment work, if not, why not, if so, (a) to which organizations and (b) what is the total amount paid over to such organizations in the 1992-93 financial year?

B627E INT

HOUSE OF ASSEMBLY

The State is not included among these organisations, but as the hon the Minister correctly pointed out, the State provides assistance by means of various organisations such as the own affairs administrations which are now being phased out, the four provincial administrations, the Black Communities Development and Revolving Fund, the SA Development Trust and the Independent Development Trust.

I want to pause for a moment to deal with the proliferation of organisations and to examine how ineffective many of the existing measures are. Perhaps the hon the Minister could discuss this with us in her second turn to speak. Let me take as an example the Independent Development Trust, which is a sui generis organisation but whose capital is provided largely by the State. If one reads page 274 of the report of the Auditor-General which was published this year, one sees that in paragraph 2 he expresses his concern about the internal checking, control and auditing of the books of that organisation.

However, if one examines the De Looor Report on housing, one sees on page 253 that this is one of the better organisations in so far as internal control is concerned. The De Looor Report dealt with housing which is a subdivision of the whole issue of upliftment, and the report expressed concern with regard to the fact that the internal control and checking of the numerous other organisations active in the housing field—the hon the Minister of Finance dealt with this in the Budget—left much to be desired. Our concern is whether there is accountability and whether the State, in addition to the provision of funds, also exercises control over the distribution of those funds.

*Mr J H W MENTZ, Mr Chairman, in the times in which we live it is very important that the State should provide funds for important social upliftment. Unemployment and poverty have assumed alarming proportions. In the private sector the number of people who are struggling to survive on a daily basis increases daily. People soon learn to look after themselves, particularly in the small and informal sectors. It is wonderful to see the way people who have been pressed into a corner soon learn to keep their heads above water.

When one takes into account that only 2% or 3% of school-leavers have a chance of finding a job, one realises how serious the situation is

today. The people who work for the State today should appreciate the security they have. It is better to have little than to have nothing. I am grateful that the social pensions have been increased, because the pensioners are finding that their family members are relying on this source of income in increasing numbers. Particularly among the Black people an individual's pension must provide food for a large number of people who are without an income.

In a difficult economic period it is not possible for the State or the department to assist in every case. In the extreme cases or in emergencies, when people are simply not coping, assistance from the Government is vital. However, it is necessary for these cases to be identified in each community and for this assistance to reach them. The right channels should be used in order to reach the right people. However, most people will have to be helped to help themselves.

*The MINISTER OF NATIONAL HEALTH Mr Chairman, the hon member for Heilbron need not be afraid that I will shoot. I am merely making sure that I am in a good position for the interpellation.

I think he had a valid argument when he asked how these funds were controlled. As far as the welfare programmes are concerned, very close attention is given to certain rules in terms of which these aspects are controlled. The Registrar of Fund-raising has to receive a report every year, and an audited statement must be submitted to him for perusal.

From time to time requests are submitted to the hon the Minister when the Registrar is uneasy about the spending of transfer funds. He is authorised to undertake special investigations. Such investigations undertaken into bodies or nongovernmental organisations are undertaken on a regular basis when we suspect that the funds are not being utilised appropriately.

In the case of the Nutrition Development Programme, in addition to the policy that statements should be closely analysed, we also have a rule that only 25% of the approved amount is paid out, while the rest is held back until we have received a report on how the amount that has already been paid out was spent.

In every case in which Government funds are made available to nongovernmental organisations, strict measures are introduced to ensure

HOUSE OF ASSEMBLY

Should the need arise, the further centralised detention of sentenced juvenile prisoners will be considered at certain centres which are deemed suitable for this purpose

(b) 21 March 1993.

(2) (a) No

(i), (ii) and (iii) Fall away

(b) No

(i), (ii) and (iii) Fall away

(3) No, except to conform that the Government has taken the initiative of addressing the problem of juveniles in custody by means of a Working Group with regard to Alternative Centres for Juveniles in Custody under the Chairmanship of the Deputy Minister of National Housing. This Working Group has already made good progress and issued various reports. Should the hon member require more information in this regard, I suggest that he contact the Chairman of the Working Group concerned.

Strait-jackets used on prisoners

19 Mr M RAJAB asked the Minister of Correctional Services:

(1) Whether any strait-jackets were used on prisoners in prisons under the control of his Department during the latest specified period of 12 months for which information is available; if not, why not, if so, (a) on how many occasions, (b) at which prisons and (c) for what reasons,

(2) whether he will make a statement on the matter? D93E

The MINISTER OF CORRECTIONAL SERVICES.

(1) Yes

(a) During the period 1 January 1992 to 31 December 1992 strait-jackets were used on sixty-one (61) occasions

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HOUSE OF DELEGATES

HOUSE OF ASSEMBLY

INTERPELLATIONS

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language

General Affairs

SABC: new board of directors

1 Mr P G SOAL asked the Minister of Home Affairs

(1) Whether, with reference to his reply to Interpellation No 2 on 24 February 1993, any arrangements have been made for the appointment of the new board of directors of the South African Broadcasting Corporation which is due to assume office on 1 April 1993, if not, why not; if so, what arrangements, (2) whether he will make a statement on the matter? B625E INT

The MINISTER OF HOME AFFAIRS. Mr Chairman, regrettably it has not been possible to settle the matter of the reappointment of the board of directors of the SABC by 1 April, as was envisaged

When this matter was previously debated in Interpellation No 2 on 24 February, it was believed that it would be possible. However, as I have said, that has regrettably not been the case.

On that day I said that negotiations by the interested parties were in progress. Those discussions have continued unabated over this whole period, in fact as late as yesterday. They will probably be continued tomorrow and the day after tomorrow as well.

Wide consensus on most of the points has already been reached. However, some of these points were agreed to only during the past few days. There still remain a number of unsettled matters which will have to receive further attention

Therefore I intend issuing the following press statement this afternoon.

Radio and television are bound to play a cardinal role in the forthcoming elections. The Government is therefore desirous that, as far as broadcasting is concerned, the playing field should be perceived to be level for all political parties. With the goal in mind that the SABC Board shall be recognised as being neutral and impartial, the Government has during the past three months conducted extensive bilateral consultations with political parties, inside and outside Parliament, as well as with other organisations

The abovementioned consultations have been conducted with a view to appointing a new board on 1 April 1993 and that the term of office of the present board would not be extended

It does, however, now appear that, in order to achieve the abovementioned goals, it would not be possible to conclude the process of consultation in time and that it would inevitably be necessary to extend the term of office of the existing board for a period of two months

Further negotiations are being conducted on an urgent basis and a further statement will be issued as soon as possible.

Mr P G SOAL. Mr Chairman, the hon the Minister says it has not been possible to come to a conclusion on the issue of the Board of the SABC. The board's life, as he has mentioned, expires at midnight tonight

I want to say it has not been possible to come to a conclusion because of the Government's action and that of the NP, not because of anybody else. He says that there has been wide consultation. I know he spoke to my party on one occasion earlier this year. There has been no wide consultation; he has not come back to us to ask for our further views. [Interjections.]

He spoke once to us, but he has been speaking to the ANC. That is typical of this Government. It has been dragging its heels on this issue for some considerable time in an attempt to continue to influence events by refusing to change the Board of the SABC. Now the life of the board has to be extended for two months

We agreed in May last year that the board should be reconstituted. That is ten months ago. What did this hon Minister do? He sat on his

HOUSE OF ASSEMBLY

Star 30/3/93

260

Switched-on Eskom survives a lean year

By Derek Tommey

Last year was a tough one for Eskom

But significant cost savings enabled it to come through with flying colours.

Factors affecting operations included the first drop in sales since 1943, resulting in revenue falling R573 million below budget.

With drought reducing the amount of power available from low-cost hydro-electric schemes, more power had to be generated in costlier coal-fired stations

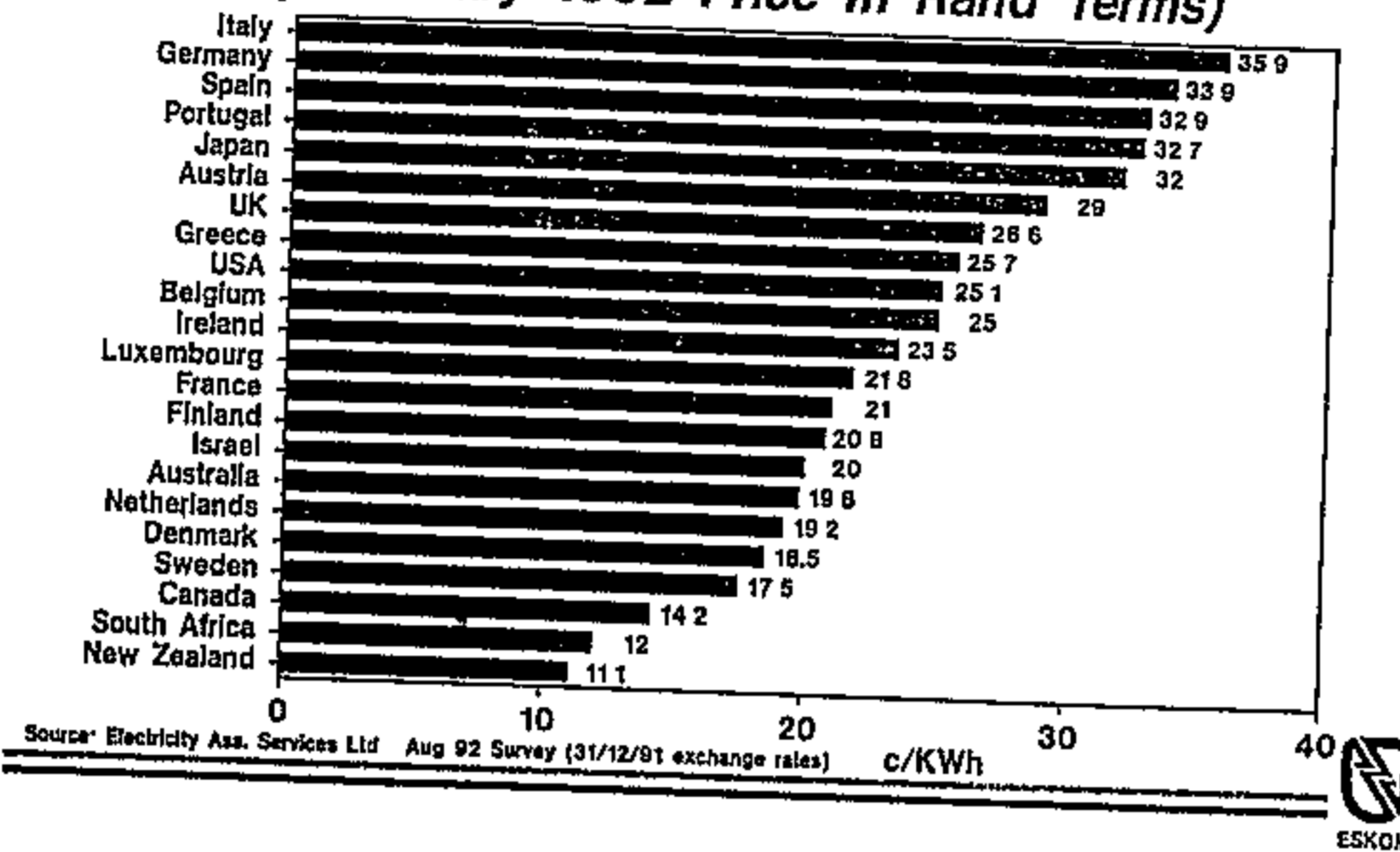
Nonetheless, Eskom was able to keep the increase in the price of electricity in 1992 to 9 percent — equal to a decrease in real terms of 4,9 percent, and show net income before abnormal items of R1,568 billion — an increase of 18,2 percent on the R1,327 billion of 1991.

During the year the Soweto council handed over to Eskom its distribution system valued at R204 million as payment for some of its debts

As this enabled Eskom to reverse part of its provision for arrear debts, its net income after abnormal items was R1,498 billion — an increase of 48,6 percent over 1991's R1,002 billion.

This year the cost of Eskom power is being raised by 8 percent, which is in line with an

WORLD INDUSTRIAL ELECTRICITY PRICES (1 January 1992 Price In Rand Terms)



The table shows Eskom as the world's second-cheapest power producer

undertaking to cut the real price of electricity by 20 percent over five years from 1992, says chairman Dr John Maree.

An important factor in reducing Eskom's costs was a change in strategy in the hedging of foreign interest payments.

This resulted in a saving of R104 million and should lead to future savings of R86 million

Altogether, net interest and finance costs fell from R3,2 billion to R3 billion

Also contributing to the better results was a marked improvement in technical performance.

In 1992 Eskom built up its ac-

cumulated reserves by 13 percent from R10,6 billion to R12 billion, while net interest-bearing debt rose 1,3 percent from R27,3 billion to R27,6 billion

The debt equity ratio fell from 2,5 times to 2,2 times. The intention is to reduce the ratio to 1.1 by the turn of the century, says Mick Davis, executive director, finance and services

He says changes in the loan structure now mean that a one percentage point movement in interest rates equals a cost increase or a reduction of R40 million

In 1986, a one percent interest

rate movement equalled a cost change of R100 million

One development has been the reduction in the average repayment period of Eskom loan stock from just under 11 years in 1985 to about 8½ years in 1992

The proposed electrification bond, which Eskom is discussing with the Life Offices Association, should reverse this trend.

Developments during the year included connecting another 145 522 domestic users to the power supply (28 983 connections in 1991)

Eskom expects to make another 150 000 connections this year.

As the result of the incorporation of a number of local authority schemes, Eskom's customer base rose from 278 033 to 541 866

The Messina-Bert Bridge 132 kV line was completed during the year and Zimbabwe is now using SA electric power, says Eskom's chief executive Dr Ian McRae

Work is going ahead with the Matinba/Bulawayo 400kV line and other developments are taking place in Botswana, Mozambique, Swaziland and Zambia

The 1991-92 drought convinced Southern African states of the need for an electric grid, for the the area, he says

NEWS School hit by a terrible smell ● Restructuring of



Female singers from the Sophiatown era showed they still had the spark (and some lovely legs) when they thrilled a capacity crowd at the Dorkay House Charity Concert at the New Civic Theatre on Sunday. Shaking it up in a group swing are Stella Starr (centre), Lorraine Staple (left), Thandle Klaasen (3rd from right), Dorothy Masuku (2nd from right) and Dolly Rathebe (right).

TV, radio licence boycott warning

South Africa 30/3/93

A BOYCOTT of television and radio licences, spearheaded by organised labour, could follow if the Government does not move fast to democratise the SABC and remove it from party political control

This emerged from the Congress of South African Trade Unions conference at the weekend in which it was resolved to put pressure on advertisers to withdraw advertising if the SABC restructuring deadlock was not broken soon.

Cosatu said it was committed to a total boycott of SABC licences if no other solution was found.

■ Cosatu tells government to move fast in democratising the SABC and establishing central bargaining: (260)

Cosatu's three-day campaign conference was attended by over 300 senior worker leaders and a decision was also taken to throw the union federation's full weight behind the African National Congress.

The conference condemned alleged attacks on central bargaining by Government and employers, saying it would fight fiercely to defend and advance this negotiations strategy.

It said centralised bargaining was a

critical element for success in constructing a growth path for the economy.

"We are not prepared to have prescribed to us a type of economic growth which continues to pay starvation wages and undermines labour standards," Cosatu said.

Government and employers would be targeted for a specific action programme if economic restructuring was not negotiated with the trade union movement, the conference resolved.



TV, radio licence boycott warning

Sowden 30/3/93

(HSA)

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SABC board's term heads for extension

By Jacques Pauw

260

The Government and the SABC were engaged in high-level negotiations yesterday to break the deadlock over the appointment of a new board for the corporation.

The present board's term expires at midnight, forcing the Government to announce an extension today. Government sources predict this may be as long as two months.

The Star reported last week that despite a previous undertaking by Minister of Home Affairs Louis Pienaar that a new board would be appointed by March 31, it was not possible because the ANC and the Government were unable to reach agreement on the method of appointment of new members.

A Home Affairs spokesman said yesterday that there were still "discussions at a high level" about the new board, but there would "in all possibility" be an announcement today.

The deadlock seems to centre



Taking over ... Danie Schutte.

on the Government's demand that there be "continuity" from the old board to the new — in other words that some current members be retained.

The Home Affairs spokesman said that the Government stood by its view that the new board should be unbiased, independent, representative of the

broad public and should have some form of continuity.

The Government has proposed that the new board be enlarged from 15 to 21 members, of which seven be carried over, seven be appointed by the State President and seven be designated by judges.

The ANC has rejected this.

Deputy Minister of Justice Danie Schutte, who becomes Minister of Home Affairs tomorrow, was engaged in negotiations yesterday with representatives of the ANC at the World Trade Centre.

DP spokesman on media affairs Peter Soal said he was hopeful the two parties would soon reach agreement.

He hoped, too, that the term of the current board would not have to be extended by more than a month. "The delay is entirely the Government's fault. They dragged their feet," he said.

There will be an interpellation debate in Parliament today, during which Soal will quiz Pienaar on when and how the board will be appointed.

Chamber challenges mine pollution report

THE Chamber of Mines has contested the recently published CSIR findings that the mining industry was SA's biggest hazardous waste producer.

Mining waste was predominantly inert rock material classified as non-hazardous, the chamber said

The debate around cyanide-bearing effluent from gold mining operations was crucial in determining how big a polluter mining actually was, said chamber senior GM operations Horst Wagner

Cyanide was used mainly to dissolve gold from the ore. The gold-depleted solution was then recycled and pumped into tailings dams where the dissolved cyanide underwent natural degradation through, among other processes, oxidation

The Witwatersrand climate greatly facilitated oxidation which contributed to cyanide reduction before seepage discharge into groundwater, Wagner said

The CSIR's Hazardous Waste in SA Summary of Responses report has estimated mining caused about 90% of SA's solid, liquid and gaseous waste and 56% of all toxic waste.

Gold mining alone contributed about 53,5% of SA's hazardous waste in the form of cyanide-bearing effluent streams, the report said

Seepage from mines' sludge dams still contained eco-toxic concentrations of free cyanide and was acidic enough to kill fish,

MARIANNE MERTEN

the report said.

Wagner said the long-term potential for serious health or environmental damage from cyanide-bearing waste streams was minimal and these effluents should be reclassified as non-hazardous "If this reclassification is carried out then the total amount of hazardous waste produced by the mining industry reduces to 5,2%."

Various studies had shown little evidence of groundwater contamination below or adjacent to gold tailings disposal facilities.

The chamber's environmental management programme report has also adopted a holistic approach to environmental management, Wagner said.

He said current environmental regulations pertaining to mining were enforced by at least 20 Acts and about nine government departments.

"The administration of the legislation applicable to SA mining could possibly become chaotic and obscure because of the number of government departments involved and the extent of delegation that can take place," Wagner said.

For this reason the chamber supported industry self-regulation and "a single point of contact between industry and government so that the administrative process is facilitated".

Eskom's client base expands

BIDM 3/13/93

THEO RAWANA

ESKOM's takeover of management of electricity from some Transvaal black councils had increased its client base from 29 000 last March to more than 200 000 this year, Johannesburg distribution manager John Bradbury said yesterday.

The utility was, however, still owed about R170m by the councils which had ceded their electricity supply rights to it and by those with which it was still conducting acquisition discussions.

In councils such as Soweto, where R208m was outstanding, Eskom had

acquired all the municipality's electricity assets and the debt was written off.

In areas such as Vosloorus and the Vaal Triangle townships, the utility was leasing the distribution network. In these areas, electricity debts had been put aside, not written off.

The matter of arrears would have to be dealt with at a later stage, Bradbury said.

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WM television series

begins next week

W/M
19/3-25/3/93.
Weekly Mail Reporter

(203) (260)

THE first independently-produced current affairs series ever commissioned by SABC's TV1 will be broadcast next Sunday. W/M 19/3-25/3/93

A contract was signed this week between TV1 and Weekly Mail Television for a series, entitled *Ordinary People*, of seven half-hour actuality programmes. The first will be broadcast at 9pm on Sunday, March 28, just after *Agenda*.

The series will focus on the involvement of a range of people — a policeman, perhaps, a mineworker, a teacher — in events shaping South Africa, according to co-executive producer Jonathan Miller. Programmes will feature ordinary people living in extraordinary times. "Wherever you stand in relation to an event or an issue, your vision of it has a coherence and a history. We believe that television in South Africa has filtered out that history. We want to show the richness of the way ordinary people experience the world."

Weekly Mail Television (WMT) was launched late last year as a joint venture between *The Weekly Mail* and Free Film Makers, an association of anti-apartheid filmmakers established a year after *The Weekly Mail* was founded. Its members have been making films since 1986 for British, Dutch, German and other television services.

The series has drawn some fire from the African National Congress, whose representative Gill Marcus last week called it "premature". Though the ANC would like to see a percentage of all programmes produced by independents, ensuring diversity in news and views, she characterised the SABC-WMT agreement as a cosmetic action by the SABC to gain credibility in the run-up to an election. The SABC "is still involved in manipulation and control of news and current affairs programmes".

"We can understand their concerns," says *Ordinary People* producer Harriet Gavshon. "But from our understanding of the way things go, you don't wake up one morning to find that things have changed. Institutions change under pressure from without and within. The Campaign for Independent Broadcasting has taken a position on this: while broader negotiations are going on, producers are welcome to produce. We can't stop making films because everything is in negotiations."



Inflation fears hit capital market

8/00M 19/3/93. (260)

TIM MARSLAND

THE capital market weakened sharply in hectic early trade yesterday on the back of higher inflation expectations as a result of Wednesday's Budget, dealers said.

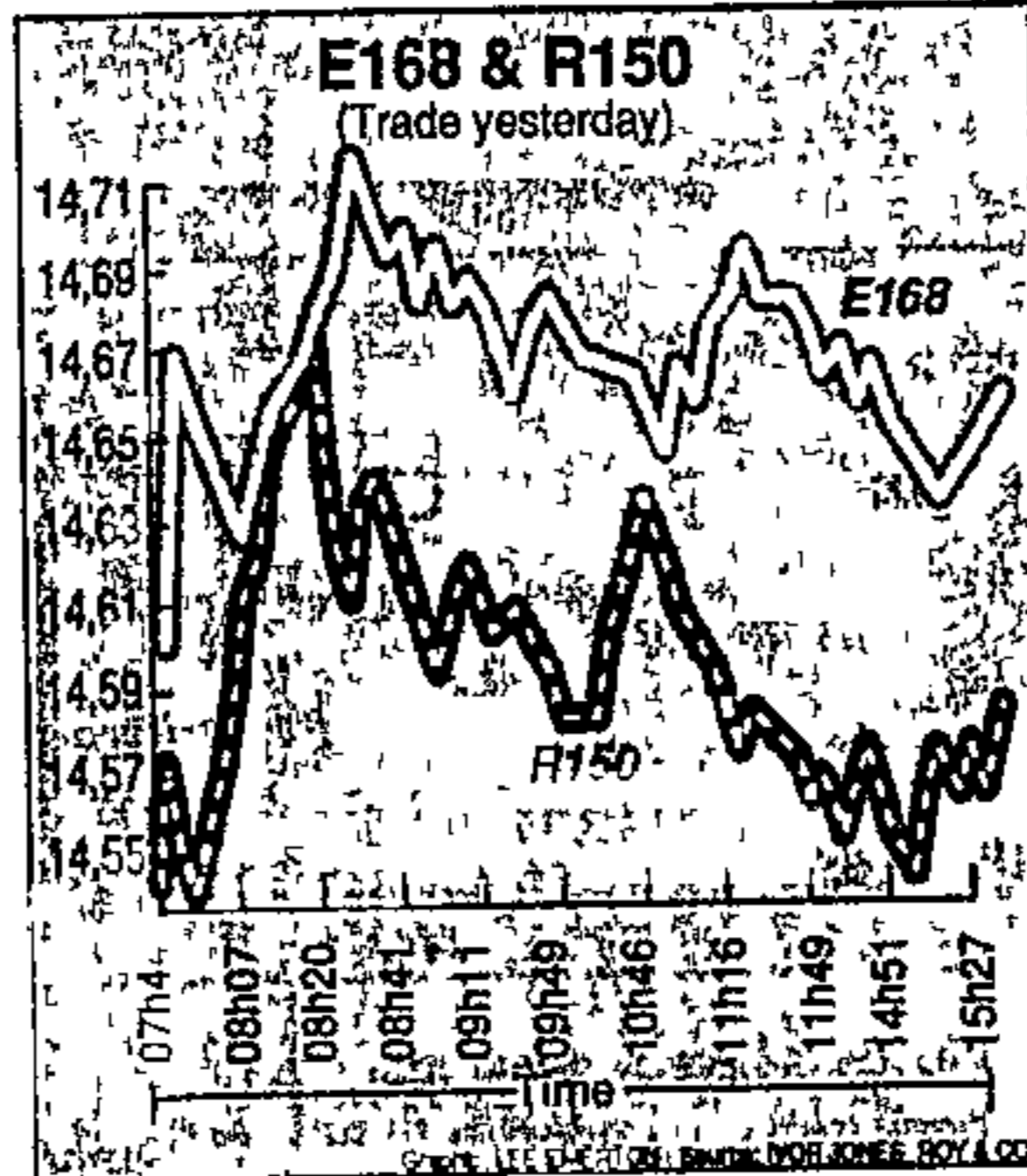
Key stocks fell sharply in a largely speculative market. The Eskom 168 long-dated bond yielded 14,72% at one stage and closed at 14,680% compared with its overnight 14,590%. In rand terms, this meant a loss on the day of R4 452 on a R1m bond.

The higher the yield on a bond, the less it is worth.

Government's R150 yielded a high of 14,680% and a low of 14,550% before closing at 14,590% from an overnight 14,500%.

In the medium area, Transnet's T007 hit a high of 13,750% before closing at 13,735% from an overnight 13,550%. Telkom's medium-dated TK05 closed at 13,740% from 13,600%, while the Land Bank LB00 ended at 14,125% from 13,980%.

Dealers said the Budget's inflationary implications, mainly the new 14% VAT rate and the 16c/l rise in the fuel price,



were particularly bearish for the market. Bears also sold on the back of news that R13bn in new money would be required from the market this year to fund the deficit. However, one dealer said the

□ To Page 2

Capital market

8/00M 19/3/93. (260) □ From Page 1

amount was similar to that raised last year, which the market had absorbed "quite comfortably".

The dealer said the market would regain some lost ground today, once the Budget had been better digested, since the underlying trend remained bullish.

A key feature of yesterday's trade was the narrowing of the gap between government and parastatal bonds. Dealers said this indicated that there was a potential oversupply of government bonds as a result of the funding programme.

In another move, the Reserve Bank launched the Treasury's new five-year bond on which it will pay a coupon rate of

10,75%. The new bond, the R160, is expected to be a key source of funding this year.

Investors sought almost R500m of the paper, but the Bank issued only the initial R100m on offer.

Bank GM money and capital markets Andre Kok said the Bank had offered the initial R100m to "test the water" to see what yield the new paper would attract.

Market sources believe the Bank intends issuing about R7,5bn of the bonds.

The paper was issued at a yield of 13,85% which capital market dealers said was in line with similar stocks. The R160 ended at 13,840%.



Chamber of Mines chairman Bobby Godsell, left, and CSIR operations executive vice-president Geoff Garrett at a conference in Johannesburg yesterday. Picture BRIAN HENDLER

Mine research unit merges with CSIR

(20) JONO WATERS *(260)*

THE Chamber of Mines Research Organisation (Comro) had been merged with the CSIR with effect from Monday, Chamber of Mines president Bobby Godsell said yesterday.

There would be no retrenchments and chamber vice-president Alan Munro said there would be no direct saving or additional cost as a result of the merger. *Monday*

Comro would be known now as the CSIR's mining technology division.

Godsell said the formal link would provide enormous synergies for the CSIR and the mining industry "By combining the intellectual expertise of two of the countries most prominent research organisations, the merger will also guarantee that the mining industry's short- and long-term research objectives are effectively pursued." *19/3/93*

CSIR operations executive vice-president Geoff Garrett said the council was excited by the opportunities offered for the mining industry as a whole.

"I believe the mining industry is an important sector that will continue to contribute to the growth in the country," he said.

Munro said chamber members could expect faster research and development results from the combined organisation, but otherwise very little would change.

THERE is mounting anxiety among the staff of the SABC as to their future

White staff tend to be nervous about how they will stand when blacks move to the fore in the corporation, as they inevitably must in due course. Particularly apprehensive are the journalists who have become closely associated with the corporation's long record of servility towards the government and the National Party

In a clear attempt to restore morale, the SABC hierarchy has used the staff magazine *Interkom* not to allay their worst fears but to confirm, more subtly, that big changes are inevitable

The SABC, according to a policy statement, will not replace staff members of a specific race group with members of another race group "simply to achieve a quota that reflects the demographics of the country"; take away posts from those who have earned them, or guarantee anyone a job because he or she is black.

On the other hand they will "level the playing fields" (where have I heard that phrase before?) to enable all in the corporation to advance on merit regardless of race, sex or creed, seek out and develop staff with potential, and "reflect more realistically" the demographic composition of South African society.

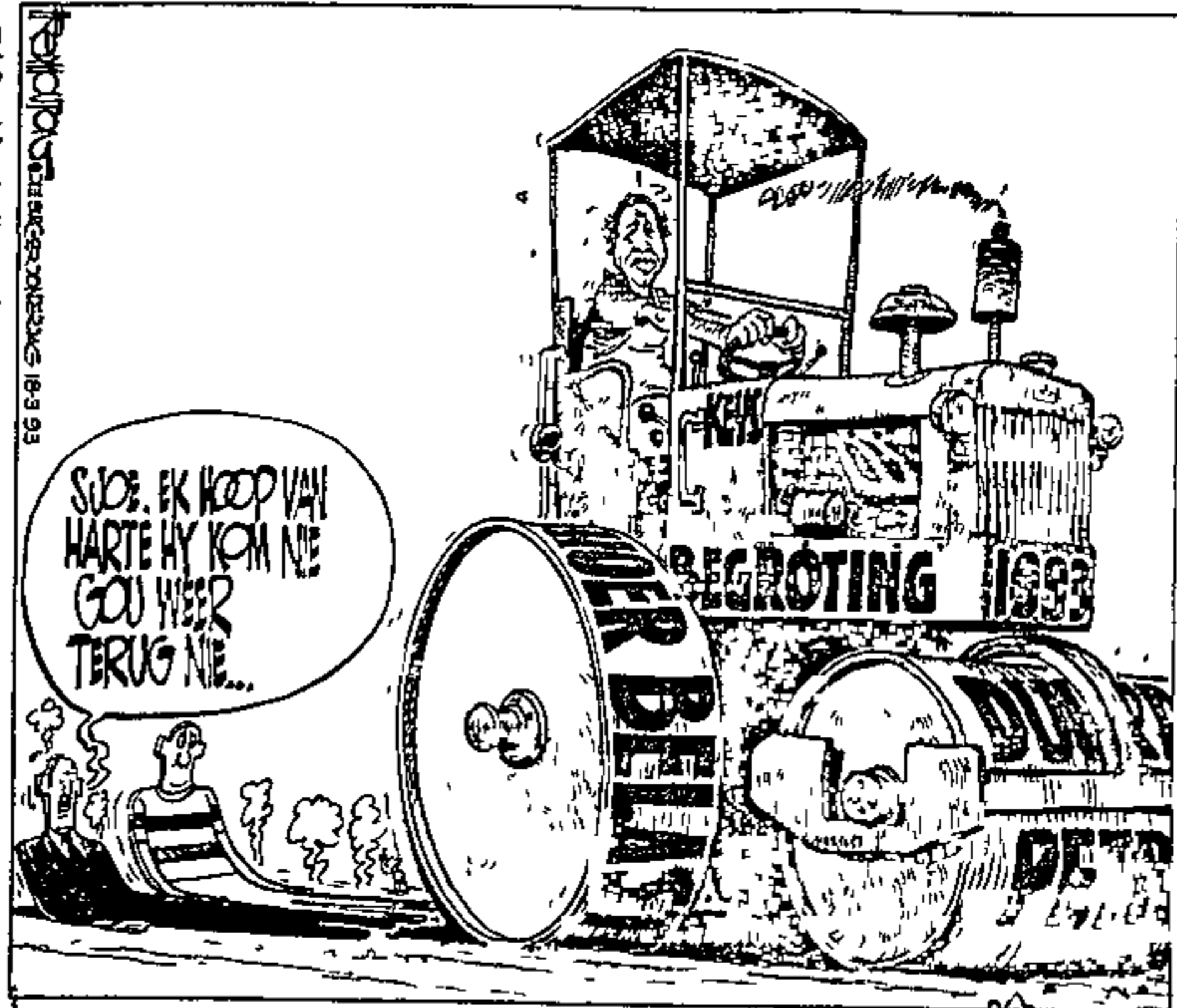
Finally, the hierarchy acknowledges frankly that there are not enough blacks and women on managerial or specialist level (What it omits to mention, of course, is the overwhelming and scandalous preponderance of Afrikaans-speaking persons in key posts)

These assurances are, of course, weakened by the fact that the present board will be dissolved at the end of this month and has no power to bind its successors

The ANC, questioned by *Rapport* about persistent rumours, denied that it was training journalists "on a large scale" overseas for the SABC of the future or that it would indulge in "mass entrenchment" if it took over after the election

White staff at SABC are feeling apprehensive about future

(260) 19/3/93



"I hope he won't come back soon..."

— Fred Mouton of Die Burger

Grab the spotlight

ONLY the most guileless of observers would fail to detect a political motive behind the new "question time" that will provide an additional showcase for a State President noted for his ability to think on his feet.

There is no need, however, to impute improper motives to the SABC

Sayings of the Week

□ A punishing Budget. — Die Burger headline.

□ □ □

□ Fears that a future ANC government will be corrupt are unfounded. There'll be nothing left to steal. — DP MP Robin Carlisle at a DP meeting.

□ □ □