

PUBLIC SECTOR - TELECOM. - GENERAL

1993

Doctors' phone charge 'unfair'

CT 3/9/93

Staff Reporter 4217

GROOTE SCHUUR Hospital has called on Telkom to review its policy of charging doctors the R250 fee for repairing their telephones after hours and Telkom has said they will "look into it".

A spokesman said it was unreasonable for Telkom to charge so much to doctors who provided an essential service and have a responsibility to patients. A Telkom spokesman said: "The problem is how to decide who is bona fide and who is not. But we are looking into the matter."

Car phone network sold to Vodacom

MELANIE SERGEANT

TELKOM has sold the cellular C450 system car phone network, which has 13 000 subscribers, to Vodacom — the company which has been guaranteed the job of running one of SA's two new cellular phone networks. **Biday 9/9/93**

The sale was not put out to public tender, which is likely to give the ANC/Cosatu alliance further ammunition in its campaign to force government to delay the issuing of the two cellular licences.

Government is loath to disclose the price paid for the network, but Postmaster-General Ters Oosthuizen said "Other competitors in the market would not have paid as much as Vodacom was made to do".

It is understood that UK-based Vodafone, which is a Vodacom shareholder with Telkom, was "not at all keen on the deal".

One company competing for the other cellular phone licence estimated that the C450 infrastructure should have cost about R200m, but depreciation would have lowered this amount. An executive said Telkom could have written down its value even further to make it an attractive offer. He believed it could have cost about R90m.

Vodacom CE Allan Knott-Craig refused to divulge the price paid, but said this figure was too high. **(267)**

Oosthuizen said rules being drawn up for the operation of the C450 network could include restricting its expansion.

Knott-Craig said. "When Vodacom's shareholders' agreement was drawn up, Telkom was not keen to be left with a cellular network so it requested that when Vodacom was set up, it would look after C450 and its users."

Sources said Vodacom was a reluctant

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Vodacom Biday 9/9/93 From Page 1

buyer, "because the C450 is expensive technology, and the new Global Systems Mobile will provide cheaper handsets and better services" **(267)**

Knott-Craig said the handsets would become redundant, but uses could be found

Public Enterprises and Privatisation policy unit chairman Eugene van Rensburg said the network could have been auctioned publicly, or offered to the second licence holder, but the issue was not as simple as that. The network was maintained by personnel connected to Telkom's mobile section. When they moved to Vodacom "it made sense that it took over the C450 network"

The main reason was that Telkom had to separate its fixed line service from its mobile systems

One company which has tendered for a cellular licence said Telkom had "privatised the C450 service, thus alienating a state asset"

Meanwhile, Oosthuizen said the advisory panel adjudicating the tenders for the running of the cellular network in competition with Vodacom was still holding meetings. Its recommendations would be submitted to Posts and Telecommunications Minister Piet Welgemoed

● See Page 5

Govt to license cellular phones

CT13/9/93 (267)

Own Correspondent

JOHANNESBURG. — The government plans to go ahead with the issuing of two cellular telephone licences despite the rejection by the ANC and Cosatu of the move.

It is understood that the cabinet could be considering the decision on Wednesday depending on behind-the-scenes discussions with the ANC and Cosatu.

Government sources said yesterday: "We have backed down on many issues in the past, like VAT and in education, but this time there is a great deal more at stake — the reputation of the state and honouring its promises."

They said that with a total investment of R2 billion, with at least R1bn being the first major

foreign investment since the scrapping of apartheid, the long-term harm to the economy and investor confidence in other projects could be irreparable.

Opposition

Added to this, they said the four companies tendering for the licences are likely to take legal action against the government for breach of contract as the government had given them written assurances that the process was going ahead. One of those tendering has spent R10 million on research and setting up its tender documents, the source said.

According to the sources, weekend meetings between Postmaster General Mr Ters Oosthuizen and ANC information systems

head Mr Andile Ngcaba made some progress but did not alter the ANC's opposition.

Mr Ngcaba insists that Telkom should remain a monopoly.

The source said there were three licences created for cellular phones with one being "left in the cupboard as a threat to the two that if there is not sufficient competition, a third licence could be issued later. The next government could then do what it wants with that one, including tenders from the US once sanctions are lifted."

Companies competing for the tender are consortiums involving foreign investors spearheaded by Anglovaal's Cellstar, Barlow Rand, and M-Net which formed Mobile Telephone Networks (MTN).

ANC opposition defied

Govt resolute on cellular phone plans

Biday 13/9/93

(267)

GOVERNMENT plans to go ahead with the issuing of two cellular telephone licences despite the rejection by the ANC and Cosatu of the move.

It is understood that the Cabinet might consider the decision on Wednesday, depending on discussions with the ANC and Cosatu.

A government source said yesterday. "We have backed down on many issues in the past, like VAT and in education, but this time there is a great deal more at stake — the reputation of the state and honouring its promises."

Another source said that with a total investment of R2bn, with at least R1bn being the first major foreign investment since the scrapping of apartheid, the long-term harm to the economy and investor confidence in other projects could be irreparable if the project was scrapped.

Another factor was that the four companies tendering for licences would probably take legal action against government "for millions" due to breach of contract. Government had given written assurances that the process was going ahead. The source said one company had spent R10m preparing tender documents.

The sources said weekend meetings between postmaster-general Ters Oosthuizen and ANC information systems head Andile Ngcaba made some progress but did not alter the ANC's opposition.

Last week, SA's plans for the two new cellular phone networks were in danger of being derailed. ANC chief negotiator Cyril

MELANIE SERGEANT

Ramaphosa and Public Enterprises Minister Dawie de Villiers tried to find a compromise. But the government source said it had been difficult. "We have been looking for a face-saving mechanism for the ANC but there appears not to be one."

An announcement of the successful tender, which would compete with the 50% Telkom-owned Vodacom, was due this week. However, meetings between President F W de Klerk and ANC president Nelson Mandela were held 10 days ago and senior government sources had feared the process would be put on hold. Tenders expire at the end of the month.

Ngcaba insisted that Telkom should remain a monopoly. "We don't want to kill Telkom by introducing competition which will steal valuable income from it. We want a national cellular network, owned by the state," he said.

Companies competing for the tender are consortiums involving foreign investors spearheaded by Anglovaal's Cellstar, Barlow Rand, and M-Net.

Government sources said factors threatening to derail the project included "vested interests" by the ANC, and by companies unable to tender because American sanctions were still in place.

Other factors included threats of mass action by Cosatu and the ANC, and the possibility that existing telecommunications suppliers would seek to prevent the

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Cellular phones

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entry of overseas competitors.

Another source said some suppliers were working with political parties and trade unions to delay the introduction of the cellular network.

One potential operator said if the current licence award process was aborted, it could delay the implementation of the network until mid-1996.

MTN director Ian Wilkinson said the

introduction of competing and affordable cellular services could create about 50 000 jobs, attract R300m in foreign investment and produce billions in taxes and licence fees.

A government source said there were not two, but three licences created for cellular phones. One was being "left in the cupboard as a threat to the two that if there is not sufficient competition, a third licence could be issued".

(267)

Cellular phones Stu 13/9/93 decision awaited (267)

BY HELEN GRANGE

Telkom is anxiously waiting for a resolution to the deadlock between ANC leader Nelson Mandela and the Government over the granting of cellular phone licences, one of which has been promised to Vodacom, a consortium with a 50 percent Telkom shareholding.

Telkom spokesman Johan Adler said yesterday that as far as Telkom was concerned, Vodacom was "going ahead".

"But it's now a political question, the outcome of which we'll have to await."

He added that Telkom had expected Vodacom to be up and running by April.

The deadlock between Mandela and President de Klerk concerns the Government's bona fides in granting two cellular

phone licences before a new government takes over.

The ANC has accused the Government of secretly trying to restructure the telecommunications industry before the election and of trying to "give the airwaves to their friends".

The Government believes the ANC is engaging in a political power play and wants to award the licences to its favoured companies after the election.

The Government is under pressure to grant the licences before the tender adjudication expiry date at the end of the month. If the licences are not granted by then, the Government could face the withdrawal of these tenders and litigation from companies which have spent millions of rands on their presentations.

Cellular phones — objections dismissed

TOS WENTZEL (267)
Political Staff ARG 14/9/93

THE names of consortiums which have successfully tendered for a new cellular telephone system will be announced before the end of the month, says Postmaster-General Ters Oosthuizen.

This would be done in spite of objections from the African National Congress and Cosatu, which were trying to block the move, he said. He was still consulting the two bodies.

It is estimated that implementing the new system will cost R1,6 million, of which about half will come from overseas.

Mr Oosthuizen said there would be a great loss for South Africa in overseas investment as well as overseas investor confidence if the plan was scrapped at this stage.

The government has denied ANC and Cosatu allegations that the plan for the new system amounts to a "unilateral restructuring" of the telecommunications system just before a new government assumes power. It has also denied that it has not consulted properly.

It appears as if one licence will go to Vodacom, a consortium with a 50 percent Telkom shareholding. A British company, Vodafone, has a 35 percent stake and Rembrandt a 15 percent share.

Another consortium is Mobile Telephone Networks, including M-Net, a British company, Cable and Wireless, Transnet's Transtel and two black-owned companies, Fabcos and Naftel.

Mr Oosthuizen said the aim was to provide a reliable system of good quality to as many people as possible as cheaply as possible.

The successful tenderers would be under an obligation to provide a service to areas that had been left behind in the provision of telephone services.

ANC lashes govt over mobile phone services

LLOYD COUTTS

B/Day

GOVERNMENT could not privatise mobile telephone services and lock SA into the world's most sophisticated telecommunications technology while the country needed schools, housing, health services and basic telephones, the ANC said yesterday. 14/9/93

It was responding to an announcement last week that Telkom had sold off its C450 car phone network to Vodacom, one of two companies guaranteed rights to operate a cellular telephone network. Vodacom is jointly-held by Telkom and UK-based Vodafone.

The ANC said by "giving away" the existing mobile telephone network, government was continuing to privatise the telecommunications network.

It said the only possible reason Vodacom could have taken on the C450 system, which it described as a "white elephant", was because it did not wish to offend government after being granted a licence to operate the Global Systems Mobile (GSM) network.

"The ANC has raised the question of GSM mobile licences as a major political issue because the apartheid way of doing business cannot be tolerated, especially when we are entering the transitional period."

The ANC said government and Vodacom could not promise the GSM mobile system would service townships with public telephones when they had no idea of real township needs for telecommunications.

It said preliminary studies suggested a local call on the GSM network would cost 10 times as much as a local call on the ordinary phone network.

□ Draft legislation aimed at authorising the postmaster-general to act as licensor of cellular telephones was published yesterday, Sapa reports. The Posts and Telecommunications Amendment Bill proposes to amend the Post Office Act and the Radio Act.

Deadlock

PRETORIA. — The ANC and Cosatu called on the government to refer a decision on the issuing of two cellular telephone licences to the national negotiating council following a deadlock in discussions yesterday.

ANC chief negotiator Mr Cyril Ramaphosa, who led the ANC/Cosatu delegation, said after the meeting that fundamental differences still existed

Over cellular phone licences

and warned of "serious consequences" if the government proceeded with its plans.

It would be wrong for the government to introduce cellular telephones without achieving a broad-based consensus from all interested parties and groups, Mr Ramaphosa said.

He said the ANC and Cosatu had called on the government to "suspend the whole process", saying it had been

handled in a unilateral manner.

The government regretted that the ANC had politicised the issue, Public Enterprises Minister Dr Dawie de Villiers said after the meeting.

The cancellation of the licences would severely damage South Africa as it would lose at least R1 billion in "desperately needed" foreign investment, would hurt South Africa's image in the international finance com-

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cause the loss of
ministry and would
job-creation capacity

Dr De Villiers said the government would be sued for millions by companies that had put in tenders if the project fell through. The tenders expire at the end of this month.

Both parties confirmed that further meetings were due to take place before the end of the week — Sapa

News in b

Post for squatters

EIGHT HUNDRED post boxes were delivered to the Orange Farm informal settlement in the Vaal Triangle yesterday — the beginning of a nationwide effort to create postal addresses for up to 6 million people over the next four years

Post office auxiliary services manager Ms Nana Griffiths said 500 000 post boxes would become available at informal settlements in the Witwatersrand alone within the next 12 to 24 months. Local civic associations have approved the units and have allocated sites for them. Boxes, part of a mobile unit, will cost R15 a year compared to the R30 rental for boxes at post offices (2/27)

Cellular phone row goes on

(267) 0716/9/93

Own Correspondent

JOHANNESBURG. — The US-based Computer Sciences Corporation (CSC) yesterday threatened not to invest in South Africa if the government bowed to pressure from the ANC and Cosatu over cellular telephones. The company is poised to "invest millions" in the development of cellular phones

CSC business development manager Mr Derek Arnold said "If the threats to derail this process materialise, we, as foreign investors, will back off completely."

CSC, a California-based company, has a contract with its local partner, Altech subsidiary ISIS, to develop management systems for network operators and service providers

It is not trying to secure a network licence and only when networks are in place will it offer consumers a range of customer-specific tariffs and services

Meanwhile, the ANC is "outraged" at "secret moves" to introduce legislation to deregulate telecommunications and postal services during the current session of Parliament

Govt moves on plan for cellular phone tenders

Star 16/9/93
■ BY ESTHER WAUGH
POLITICAL STAFF

The Cabinet has decided to push ahead with awarding tenders for a multimillion-rand cellular telephone deal.

The decision comes in the wake of strong criticism from the African National Congress and Cosatu, which have accused the Government of unilaterally restructuring telecommunications.

Effort (267)

In a statement issued last night after the weekly Cabinet meeting, the Postmaster-General, Ters Oosthuizen, said the Government had "confirmed its determination not to deviate from the published tender conditions providing for the allocation of the respective licences before the end of September 1993".

He said discussions took place yesterday with

the ANC and "every effort will be made to address remaining points of difference in order to reach agreement".

The ANC earlier yesterday said the proposed Posts and Telecommunications Amendment Act, which was tabled in Parliament on Monday, was an act of bad faith by the Government.

The organisation said the Government had assured the ANC and Cosatu on Tuesday that no such legislation was being planned.

But Oosthuizen said the legislation was intended "to rectify the untenable position of personnel of the Department of Posts and Telecommunications serving in Telkom and the postal company, and vice-versa".

"It is emphasised that this has nothing to do with restructuring and that it is a mere administrative matter," he said.

Post Office rings up loss

THE commercialised SA Post Office (Sapo) had an operating loss of R928,6m on a turnover of R1,7bn.

But with other income, interest and a R708,9m government subsidy, Sapo's auditors said it had retained income of R36,4m for the 18-month period which ended on March 31. The company, whose audited statements were tabled in Parliament yesterday, also said the actuarially valued deficit of its pension fund was estimated at R595m.

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Telkom's commercialisation debated

CAPE TOWN — The commercialisation of Telkom was being used to the detriment of the private sector and taxpayers because, while necessary, it had persisted for too long, Soweto City Council public relations officer Mojalefa Moseki said at the Telkom '93 conference yesterday

Lengthy commercialisation programmes would serve to weaken the national economy, as commercialised public parastatals enjoyed considerable advantages over the private sector

These advantages included their monopolistic grip on the market, skilled labour force and capital stock, state subsidies and favourable concessions for tax write-offs.

BIDOM 3/2/93 (267)
LINDA ENSOR

Moseki expressed support for privatising sections of the telecommunications sector and said that in 1991 governments throughout the world had raised \$50bn by selling state owned firms to private investors. There was an accelerating trend towards privatisation in Africa with 80 state-owned companies in Mozambique earmarked for privatisation, 150 in Zambia and 160 in Nigeria.

In the '80s, Sub-Saharan Africa's reliance on parastatals, at 17% of GDP, was one of the highest in the world. By October 1991, Moseki said, there were 2 164 parastatals in developing countries, of which 384 were in

Africa, and 5 388 worldwide

ANC information systems and telecommunications department head Andile Ngcaba said the ANC was opposed to privatising the public telecommunications network and believed it should be included in the interim government arrangements because of the important role it would play in elections.

"It is strategically important that communication should also fall under the transitional executive council or interim government because, for major transitional work, be it elections, constitutional writing or security plans, communication constitutes the major ingredient in those processes," Ngcaba said.

R928,6m loss by Post Office

Political Staff

THE commercialised SA Post Office (Sapo) has reported turnover of R1,7bn and an operating loss of R928,6m.

Yet owing to other income, interest, and a R708,9m government subsidy, it has retained income of R36,4m. *BIDAY*

The company's audited statements for the 18-month period to end-March were tabled in Parliament yesterday. *17/19/93*

The actuarially valued deficit of Sapo's pension fund was estimated at R595m.

This deficit was being funded over a period not exceeding 15 years out of operating income, at a fixed amount of R92m a year, the company said. *(267)*

Sapo had guaranteed the financial obligations of the Post Office Pension Fund and this had in turn been guaranteed by government to the amount of the actuarially valued deficit plus interest.

A provision of R79m had also been made for medical benefits for retirees of the Posts and Telecommunications Department.

Telkom chairman Jack Clarke said the company had achieved a 1,68% growth rate during the 18-month period to end-March.

"Our results were therefore below expectations."

Telkom had inherited a gross interest-bearing debt of R10,2bn and this had had a negative impact on its ability to compete, Clarke said.

"In every rand spent by our clients on telephone services, 19c is used to pay the interest on these loans," he said.

Haha! Government caught in the Act

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The government, in an attempt to deregulate Telkom, has tried to quietly slip a Bill through parliament altering the Posts and Telecommunications Act, argues the ANC's **Andile Ngcaba**

ONLY hours after top government ministers Piet Welgemoed and Dawie de Villiers had assured African National Congress and Congress of South African Trade Unions officials that legislation to significantly change the public telecommunications infrastructure was not being contemplated, the government was caught sneaking a Bill into parliament to amend the Post and Telecommunications Act

Despite the huge changes in this Bill, Welgemoed and Postmaster General Ters Oosthuisen had stated the only Bill being considered was one dealing with "minor" issues concerned with staffing matters in the Department of Telecommunications and at Telkom

The Bill reached the committee stage on Wednesday morning when it was rolled through the Standing Committee by the chairman Sakde Terre-Blanche, MP for Boksburg

The changes to the Act, which deregulate Telkom, mark the most significant unilateral restructuring yet seen from a desperate government that is intent in selling off public assets in the dying days of illegitimate rule.

The ANC is opposed to deregulating and privatising Telkom and postal services which must remain in public ownership

Despite its utter lack of legitimacy, the government is determined to unilaterally restructure the South African telecommunications infrastructure, airwaves and postal services by privatising and deregulating the same, notwithstanding the strong opposition from the trade unions and other democratic formations

The Bill was never tabled in the negotiations process and was not even mentioned during the lengthy discussions of the past week between the ANC and government over the cellular phones issue.

Why such secrecy? Why has the government misled the public and the 26 negotiating teams at the World Trade Centre? Why has such subtlety been necessary to bypass the negotia-



Andile Ngcaba ... 'The government is determined to deregulate the telecommunications infrastructure'

PHOTOGRAPH RUTH MOTAU

tions and the Technical Committee on Broadcasting which should consider changes in the telecommunications sector

The answers lie in the government's self interest and its hidden security agenda which sees telecommunications as a vital part of the security and strategic infrastructure.

The apartheid policy has always seen telecommunications as a tool of repression which blacks should not have ready access to. In the 1970s, other than the small number of phones provided to lawyers, doctors and shopkeepers, phones were primarily provided in black areas to Bantu administrators and councillors, Special Branch and other collaborators

More widespread provision of phones in the late 1970s and in the 1980s, at the height of repression, did not mark a new responsiveness to the black communities' needs. Phones were provided at that time so that activists would be tempted to use a phone network which could easily be tapped by the regime

Tapping and surveillance have been a growth industry in South Africa. The Ephantout project,

Marnet and Joint Management Committees were interlinked through the Telkom network so that phone conversations of southern African governments and national liberation movements could be monitored

But while the government has been keen to listen to the conversations of political activists, it has not been keen to give phones to blacks. With 3.2-million phones in South Africa, the white community has a phone penetration in 70 percent of households and has always had access to subsidised phones. In the black communities, rural areas and townships less than one percent of households have phones.

The legislation which the government has attempted to sneak through parliament must be stopped. The government claims jobs, new services and investment are at risk. It says it will be sued if it stops the licensing now.

The fear of legal action belies the clear message Welgemoed gave to bidders for the licence when the tenders were opened. Then Welgemoed said the government had the right to stop the process at any stage and not issue a

licence. The threat of being sued can only arise from the government's secret undertakings to companies that they would be granted licences

Despite the government's promises of affordable services and job creation the facts are that a GSM phone needed to access the system costs over R4 500 on international markets. Few can afford that

The new networks will employ fewer than 2 000 people, despite the government's wild claims about 70 000 new jobs

Nor can the system readily be manufactured in South Africa. Imports of phones, exchanges and radio transmitters could add R5-billion to the balance of payments problem.

Obviously the government is desperate and in its dying days is throwing favours to its friends at the public's expense. The government is asset stripping the public sector to fund a white economic homeland, so it can maintain the apartheid lifestyle.

Andile Ngcaba is head of the ANC's Department of Information Systems

Your cheque really was in the post ...

Desmond Pitoyi

HAVE you ever wondered what happens to mail which has been sent but has never reached you?

It might get hurled into a lake, torn up or thrown into a dustbin. This is what Linky Mothibe (33), a domestic worker in Observatory, east of Yeoville, learnt two weeks ago.

She heard a knock on her door when she opened it, she saw her local postman, who politely asked her if he could drop something into her waste-bin. Without hesitation, Mothibe allowed the man to throw away what he wanted.

"Ten minutes after he had left, I thought of reopening the bin to find out if he hadn't dropped a time-bomb or something like that in it," she said. "I found two plastic bags full of torn up mail. There were letters, post-cards, magazines, accounts, official envelopes and even cheques from Nedbank inside the bags, all torn up." She was stunned by what she saw. She lifted the two heavy bags from the



Junk mail ... Linky Mothibe with the torn-up correspondence the postman threw away

bin and kept them to show to her employer, who later phoned the *Mail & Guardian*.

"I often wondered why when my children write me letters I don't receive them. They may have been torn up and thrown away like these," she said.

Post Office public relations officer Filf Eksteen said "We had a case like that before where a postman had thrown the entire mail bag into a river. Someone found it and notified us. We collected it, had the letters dried up and had them sent to their destinations. The person involved

was immediately dismissed." Eksteen said the Post Office was doing its utmost to provide a reliable service to the public. "Cases like these harm our image. So, we'll stop at nothing to track the culprit and disciplinary steps will be taken against him," he said.

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Playing broken telephones

Whoever gets to operate the cellular phone network seems destined to relive the introduction of VAT as a cause for war
Mondli Makhanya reports

HOW and when South Africa follows other parts of the world in getting a new digital mobile phone system — usually known as cellular phones — is fast developing into a political crisis

The government and the African National Congress have failed to find common ground. The government has vowed to press on with its plans to introduce cellular phones next year, the ANC has threatened to revoke the licences when it takes power

Of the two licences available, one has been granted to Vodacom, a consortium comprising Telkom, Rembrandt and British telecommunications company Vodafone. The second licence is up for tender and the results should be known within days

The seemingly insignificant issue of cellular telephones is now the biggest area of conflict between the government and its opponents. Laying the ground for a showdown similar to the Value Added Tax fiasco of two years ago. While the government says it's too late and potentially harmful to investor confidence to halt the process now, the ANC is adamant this "unilateral restructuring" of telecommunications must be suspended

Two high-powered meetings, one between President FW de Klerk and ANC leader Nelson Mandela and another between delegations led by Cyril Ramaphosa and Public Enterprises Minister Dawie de Villiers have failed to resolve the dispute. It has now been referred to the negotiating council

The Congress of South African Trade Unions, civic associations and several mainly black telecommunications companies have backed the ANC and decided not to tender for a licence

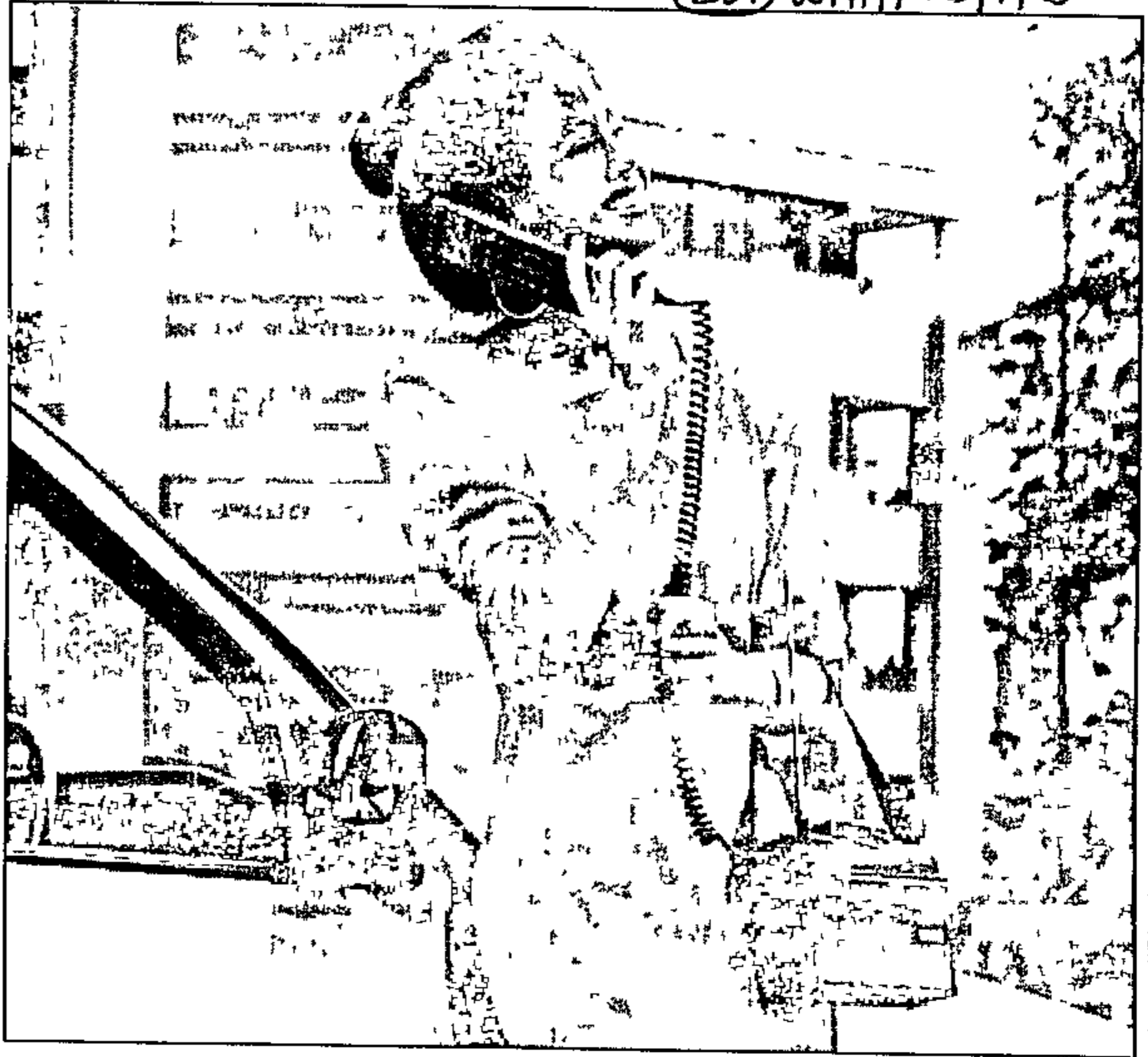
Matters were not helped when government last week sold the existing mobile phone network to British company Vodafone which, in the Vodacom consortium, is already the holder of the other licence

Already growing rapidly in the West and in Japan, cellular telephony is revolutionising telecommunications around the world. The Global System for Mobile telephony (GSM), which is the standard in Europe, is favoured by most of the companies bidding for the second licence

Vodacom intends using GSM, as does the most likely recipient of the second licence. Mobile Telephony Network, an M-Net-led consortium which includes Transnet's Transtel and a Fabcos-affiliated black company

There is a strong feeling in the telecommunications industry that the only reason for the ANC's strong opposition to the planned move is that it would like to give its allies the licences

Many American companies, some of which have given the ANC support in the past, have been unable to jump on the bandwagon due to state and local authority sanctions



What the fuss is all about Cellular telephones, such as this one modelled in a Siemens advertisement, will be licensed in South Africa soon. The argument is not whether, or when, the technology will be legalised but who will award the contracts

Some in the industry suggest black-owned Sutel whose managing director Nape Macpa has close ties with the ANC, would have liked to have come in with an American backer

Other more sinister suggestions are that the Altech group, which has heavy investment in analog technology which is fast becoming obsolete, is pressing the ANC into its position. This is touted as the reason Altech sponsored ANC telecommunications head Andile Ngcaba and economics head Trevor Manuel on a course in Singapore

"It seems Ngcaba has his own agenda," says a telecommunications company director

This is vehemently denied by both Altech and Ngcaba, with Altech pointing out that it already has a stake in the industry as subsidiary Autopage will be one of the main service providers once the system is running

Vodacom chief executive Allan Knott-Craig believes there is a way out of the impasse in which both sides will be able to save face

"Only 80 percent of the spectrum has been allocated to the two licensees. The remaining 20 percent could be allocated to a third government-owned operator. Alternatively less space could be allocated to the two operators," Knott-Craig says.

Transtel executive manager Alf Schulze supports this, adding that the private sector operators could subsidise this third one with taxes paid to government coffers.

Granting a third license has also been an option the ANC was touting a few months ago, but it now says it prefers to have one operator for the country

It is doubtful whether the South African market could accommodate

a third operator. Research the state commissioned from Coopers & Lybrand revealed the South African market could only accommodate two operators and this would be sufficient for competition

That coverage will only be in some of the major centres and that the cost of handsets and calls will initially be expensive already restricts the size of the market. The capital investment needed to start up such an operation is also prohibitive — it cost Vodacom about R2-billion just to put up the infrastructure

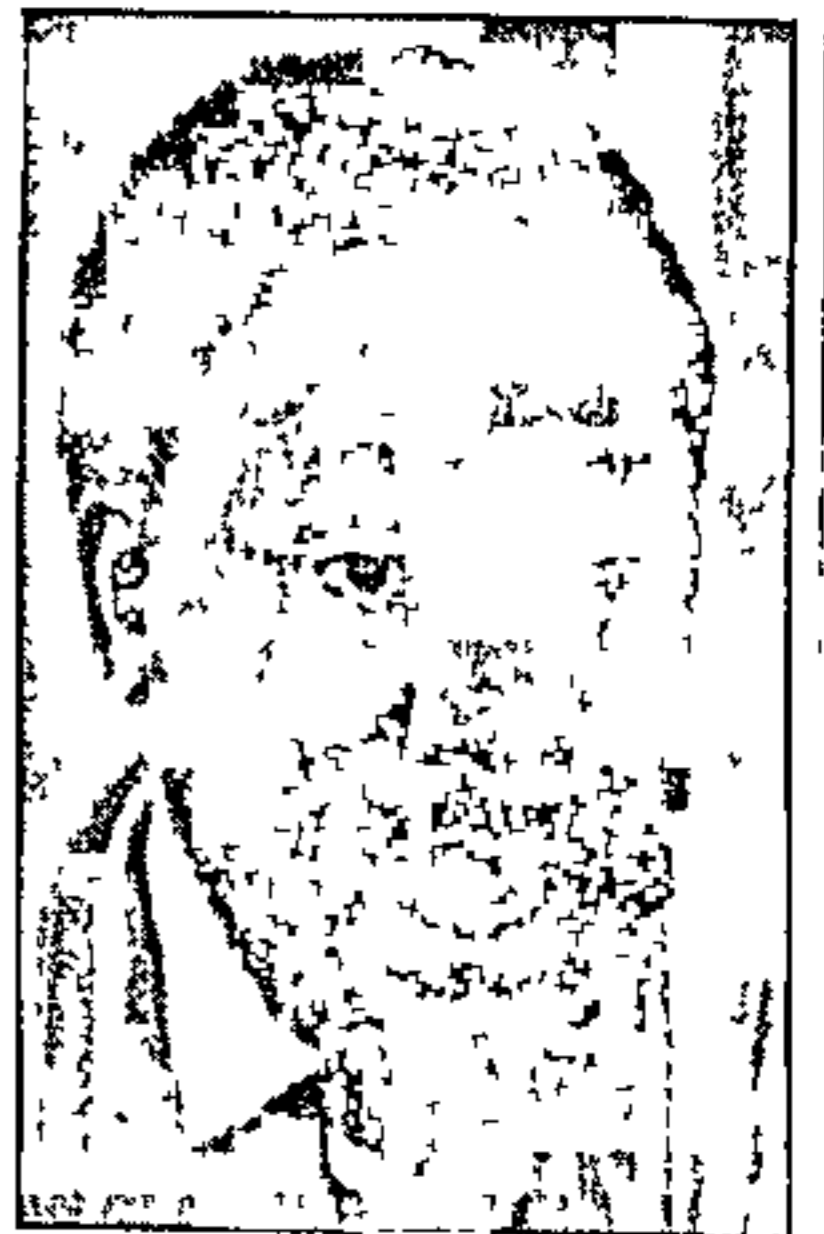
Whether a third operator would want to come in will depend on the development of the market over the next few years. It wouldn't make sense to enter the market without definite information about the market," says University of the Witwatersrand digital communications professor Hu Hanrahan

Within the industry itself there are still unresolved questions. Other licence applicants have complained the playing fields are not level as Vodacom has a head start. Vodacom already has mastheads and an infrastructure inherited from the outgoing C450 analog network

They have suggested that in addition to having a single switch-on date, the second operator should be allowed to use certain Vodacom apparatus

Transtel Operations senior manager Peter Gibbons reckons Telkom will fight aggressively to protect its monopoly in telecommunications and that the regulatory body may not be adequate to control this, as it is staffed mainly by former Telkom staff

"A lot of work will be required to re-establish the regulator's impartiality. The task will be made very difficult



Cyril Ramaphosa Led delegation in talks with Dawie de Villiers

if there is any connection with or partiality towards any of the stakeholders," Gibbons told a telecommunications conference last week

Seemingly unperturbed by the ANC's threats, companies are ploughing ahead with investment in cellular technologies. Names ranging from Teljoy television rental company to paging agencies Autopage and Radiospoor have jumped on board as service providers and will be responsible for telephone installation and billing

Major electronics manufacturers, particularly Panasonic and Siemens are ploughing money into developing cellular technology and are aggressively marketing their products to service providers and the public

This week a new company, Telephone Technologies, announced it would be installing 20 000 public cellular phones around the country

ANC-linked Thebe in group calling for rethink on cellular phones

A CONSORTIUM which includes the ANC-linked Thebe Investment Corporation has been lobbying the ANC to use its influence to stall a final government decision on cellular telephone tender awards.

The African Telecommunications Forum is a consortium consisting of black-owned companies active in the computer and telecommunications field.

Forum convenor Mark Headbush said yesterday it had told the ANC it was being excluded from the cellular market because sanctions prohibited its US negotiating partners from bidding for SA business.

It had been talking to Bell, AT & T and Motorola

Forum members included Thebe GM Litha Nykonyha, Ntatho Mollana, Nafcoc deputy president Gabriel Mokgogo and other black businessmen. Member companies were Thebe, Afritel, Suntel, Media Investment Trust and National Information Technologies.

The involvement of Thebe, whose MD is former ANC treasurer Vusi Khanyile and which was established with R8m from ANC president Nelson Mandela, will fuel charges that it is the investment arm of the

PATRICK BULGER

ANC and is using ANC muscle to secure agreements with foreign companies keen to invest in a post sanctions SA. 22/9/93

"We have been talking to the liberation movements to see if they can delay the process so that sanctions can be lifted and Africans represented in the industry," Headbush said. Thebe was just one company interested in the industry.

The consortium originally approached Telkom to secure involvement. However, it was told the consortium bidding for the

C2 licence was already full. Posts and Telecommunications Minister Piet Welgemoed was then approached but their meeting had not been satisfactory. The ANC was then approached.

Headbush said the ANC government fallout over cellular telephony had since taken on a political dimension.

He said the forum had a problem with the first licence and was questioning Rembrandt's participation. A third licence to accommodate the forum was a fall-back position and it was unsure whether the market could accommodate it. However, it

believed compromise was possible. Government has said a C1 licence is available, but will be awarded only if there is insufficient competition between licence holders. The second licence is due to be awarded on September 30.

The forum said it opposed unilateral restructuring and wanted a fresh debate on cellular telephony. "The way government has parcelled out the telecommunications industry to existing players will reduce the future role of black business in this most important sector to a minimum and thus create a major credibility gap."

CITY

Cellular phones go-ahead

(267)

A0623/9/93

But ANC threatens action against R2-billion system

The Argus Correspondent

JOHANNESBURG. — The R2 billion programme to install the cellular telephone network was launched today in spite of warnings by the ANC/Cosatu alliance of "mass action" against the system.

The two companies awarded licences by the government yesterday to run rival services confirmed they were pressing ahead with plans to start operations by April.

The Vodacom consortium — formed by Telkom with Vodafone of Britain and the Rembrandt group — announced that Soweto would be among

the first areas to be linked to the network.

Top priority was being given to more than 60 black townships in plans to provide access to the service to 70 percent of the entire population within five years. At least 22 000 subsidised telephone services would be made available at community level.

"It's all systems go," said Vodacom chief executive Alan Knott-Craig.

An immediate start was also planned by the second licensee, Mobile Telephone Networks — formed by M-Net, Cable and Wireless of Britain, Transnet, Nafel and Fabcos MTN chief executive Ian

Wilkinson said shareholders would meet in the next few days to complete details.

Cosatu general secretary Jay Naidoo alleged that the awarding of the two licences was "scandalous" and warned of "mass action" and strikes at the companies involved, including Telkom.

He accused the government of reneging on an undertaking to resolve the issue through negotiation.

The ANC/Cosatu alliance had already warned that any licences issued now, without agreement, ran the risk of being revoked by a new government.

The ANC also condemned what it called the government's "unilateral restructuring and privatisation of the telephone industry".

But Vodacom insisted that the cellular telephone networks would improve the lives of millions of South Africans — "particularly impoverished families in remote rural areas with virtually no system of rapid communication at the moment".

Mr Knott-Craig estimated that within five years no fewer than 20 million South Africans would have access to telephones, many of them for the first time in their lives.

Anger as cellular licences given

Own Correspondent

JOHANNESBURG — The government yesterday awarded two cellular licences in the face of fierce ANC and Cosatu opposition

Cosatu general-secretary Mr Jay Naidoo called the decision "scandalous" "We are now going to mobi-

lise our members to oppose, obstruct and prevent the implementation This will include mass action and strike action at the companies concerned, including our members in Telkom," he said

The ANCSACP/Cosatu alliance has said that a new government would withdraw any licences issued by the pre-

sent government

The ANC condemned the decision and said it would raise the matter at the negotiations forum in a bid to revoke the cabinet's decision

Post and Telecommunications Minister Dr Piet Welgemoed said last night "Objections were expressed only during the last number of

(257)

CT 23/7/93

weeks when government had already been totally committed"

The two licences have been granted to Mobile Telephone Networks (MTN) and the Vodacom Group

Dr Welgemoed estimated that the first cellular service would be operational by the second quarter of next year

Telkom's cellular phone fears unfounded — rival

FEARS that Telkom will lose massive amounts of revenue through competition from new cellular phone operators are unfounded, say leading industry sources

Although cellular network operators have until December to negotiate final "interconnect" fees with Telkom, provisional figures have been released

One network operator says "Telkom has a good core infrastructure which is not fully utilised. Broadening the distribution network through having more subscribers on cellular phones will make better use of the network, and will in fact earn valuable

income for Telkom."

This is because almost all cellular calls will be routed through Telkom's network, and Telkom will be paid for this service.

Also, one operator says "Given the fact that cellular calls will cost more than those made on the fixed wire network, we won't be able to beat Telkom's low tariffs

"So it's unlikely people will flock to cellular if they have access to a standard phone service

He estimates that 98% of all cellular calls will go through Telkom. Equipment for the cellular networks is hired from Telkom, and there will be more demand for leased lines for cellular networks, which will benefit Telkom

Working on a low 500 000 cellular subscriber base, it is projected that, between the two operators, fees to Telkom and taxes to government (which is the sole shareholder of Telkom), will amount to a minimum of R5bn.

As far as long distance calls are concerned, he says these have been set for cellular operators at actual costs, so they could undercut Telkom. It is estimated that 30% of all calls are long-distance today.

Cardphone system launched

B/DAY

23/9/93

ROBYN CHALMERS

TELKOM yesterday launched its cardphone service involving the installation of 20 000 cardphones throughout SA over the next two and a half years

Telkom MD Dame du Toit said cardphones would initially be installed in enclosed or semi-enclosed areas such as airports, universities, hostels and hospitals, with 6 000 operative by April next year

"Research has shown that cardphones can be used effectively in high-vandalism areas, remote country districts, high-density residential areas and poorer socio-economic regions," Du Toit said.

Users would be able to buy cards at various retail outlets such as cafes, chemists and selected post offices. Each card would be programmed for a specific monetary value, which would be reduced by the cost of calls made.

"The first card series will

have a value of R10 a card," he said

The cardphone system used the latest card technology, the "smart" or "chip" card, which had the advantage of being reliable and open to various future improvements, including the amendment of telephone software to read magnetic credit cards.

Du Toit said he expected the card collectors' market,

well-developed in Europe and the Far East, to develop locally and Telkom would be entering the collectors' market in November this year.

"The additional revenue which this action will generate can offset the manufacturing and distribution costs of the cards," Du Toit said.

The first phonecard series depicted the wildlife big five in SA, and was chosen to highlight nature conservation, he said.

Cosatu threatens mass action

Defiant govt issues cellular phone licences

B/Day 23/9/93

267

GOVERNMENT yesterday awarded SA's two new cellular licences to the M-Net led consortium Mobile Telephone Networks (MTN) and 50% Telkom-owned Vodacom in the face of fierce ANC and Cosatu opposition.

Cosatu general secretary Jay Naidoo reacted with outrage "This is scandalous. We will not accept this unilateral decision. We are now going to mobilise our members to oppose, obstruct, and prevent the implementation. This will include mass action and strike action at the companies concerned, including our members in Telkom."

He said the decision reneged on a government undertaking that the matter would be resolved by a negotiated settlement.

The ANC/SACP/Cosatu alliance has threatened mass action and has said a new government would withdraw any licences issued by the present government.

Posts and Telecommunications Minister Piet Welgemoed said last night Cabinet had decided to go ahead despite the fact that agreement had not been reached with the ANC and its allies on Tuesday.

"Objections were expressed only during the last number of weeks when government had already been totally committed. This culminated in intensive negotiating during the past few weeks," he said.

In Tuesday's talks, "it became evident that negotiators would not be able to reach settlement on a major conflict relating to the awarding of the licences."

TIM COHEN reports that Welgemoed said in Cape Town both licensees would

MELANIE SERGEANT

pay R100m each plus an annual royalty fee of 5% to use the frequency spectrum.

The decision would allow the creation of more than 200 000 jobs. About 30,000 cellular community pay phones would be installed countrywide as part of the agreement. He estimated that the first cellular service would be operational by the second quarter of next year and the costs would be 50c a minute for the ordinary service and 20c a minute for the community service.

Postmaster-General Ters Oosthuizen said he hoped the transition to a new dispensation would take place in an orderly way and that the next government would take over the previous government's responsibilities. But whatever happened, the state would be contractually bound to its agreements with the licensees.

In answer to ANC criticism that privately owned operators could "not be forced to provide an affordable service to those without access to phones", he said both MTN and Vodacom fully understood the need for an affordable service.

MTN, which consists of UK-based Cable & Wireless, black investment consortium Naftel, Fabcos, Transtel and M-Net/Multi-choice, reckons 75% of SA's population will be covered by cellular infrastructure within its fourth year of operation, and half the population by next year's switch-on date.

The Vodacom consortium consists of Telkom, Vodaphone (UK) and Rembrandt. M-Net's share price fell 20c to 560c yesterday after negative political comment.

□ To Page 2

Cellular phones

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□ From Page 1

frightened speculative traders. Commenting on losing the tender, Cellstar chairman Jack Saulez said, "We are very disappointed. Our partners, including Telecom Finland, were very optimistic because our solution was a good one."

He was surprised there was not more co-operation between government and the ANC. "This is an enormous business with lots of room for many players. Meaningful black participation is possible."

Vodacom CEO Alan Knott-Craig said the competing companies would bring better prices and services to users and Telkom's services would improve.

"Government will also win because it will make lots of money out of this work-

ing on a very low subscriber base of 500 000 over 10 years, government and Telkom stand to gain at least R5bn in terms of taxes and fees from the two operators."

Depending on demand, it is expected to cost at least R1bn to roll out each of the cellular networks. About 35% of this will be funded by foreign investment. Except for Telkom's 50% share in one network, the rest will be funded by private investment.

"The country has nothing to lose if the service doesn't work, it's the operators who will lose," said Knott-Craig.

MTN spokesman Ian Wilkinson agreed "Government retains ownership of the airwaves. In effect, we are paying for using them."

Telkom's cellular phone fears unfounded — rival

FEARS that Telkom will lose massive amounts of revenue through competition from new cellular phone operators are unfounded, say leading industry sources

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Licences: ANC briefs counsel

Own Correspondent

JOHANNESBURG — The ANC had briefed counsel with a view to bringing a court action to invalidate the cellular telephone licences the government issued this week, ANC legal department head Mr Matthew Phosa said yesterday. (267) CT 24/9/83

He said the ANC believed the telecommunications service should be nationalised and maintained that the government had

acted in bad faith

However, Mobile Telephone Networks (MTN), one of the licensees, said yesterday that it was going ahead with its network development despite the furore

At a joint briefing held with Cosatu and the SA National Civics' Organisation (Sanco), Mr Phosa said the government had deliberately negotiated outside the technical committee on broadcasting and telecommuni-

cations and had effectively issued licences to private companies to use a national resource — the airwaves

"The future democratic, non-racial government reserves the right to revoke the licences. In the meantime, the tripartite alliance, Sanco and the democratic movement will develop a comprehensive programme of mass action which will be announced soon," the parties said in a statement

Cabinet dials a wrong number

The ANC and other groups are determined to have the government's decision to grant two cellular phone licences reversed, reports **Mondli waka Makhananya**

OUTRAGED at the government's "unilateral" granting of cellular telephone licences, the African National Congress and black business formations have vowed not to let the issue rest.

The Congress of South African Trade Unions has threatened mass action and said Telkom workers

will ensure the networks do not get off the ground.

Concern among these bodies is that the government simply wants to ride out the storm. Like it did in the case of Value Added Tax and the petrol price increase.

"We want the issue to be taken to the negotiations forum and we are going to push for the revoking of the licences," says Mark Headbush, conveyor of the African Telecommunications Forum, a grouping of black businesses.

The cabinet's decision on Wednesday to award the licences to the Telkom-led Vodacom consortium and the M-Net-led Mobile Telephone Network (MTN), is proving to

be the thorniest issue between the government and the ANC. The ANC has accused the government of negotiating in bad faith.

The ANC says the state reneged on an undertaking not to issue licences before the matter had been discussed by the negotiations forum's broadcast and telecommunications technical committee.

The state also backtracked on an agreement not to table a telecommunication and postal services deregulation Bill before the current session of parliament.

Telecommunication companies are now worried the politicisation of the licensing will deter local and foreign investors who have

ploughed millions into the project.

"We are going to consult our shareholders over the next 10 days," says MTN's Ian Wilkinson.

Headbush says the issue can be resolved if black companies are given "meaningful participation" in the two operators.

This would constitute a 51 per cent stake in MTN and 30 per cent in Vodacom. Another option would be a third licence, something which the state may be compelled to do in order to defuse the crisis.

"Why not issue a third licence? Spectrum is not a problem. There's room for a lot more investment in the industry," says Vodacom chief executive Allan Knoff-Craig.

WJM 24-30/9/93 (257)

Telkom debt takes 20c out of a caller's rand

St. Times (Buss)

TELKOM will need five years to bring its R10,2-billion debt down to "manageable proportions" unless a political decision is taken to privatise the company and list it on the JSE

Currently, 20c of every rand spent by Telkom customers on telephone services goes towards financing the R10,2-billion interest-bearing debt inherited when the company was "commercialised" two years ago 26/9/93

Most of the debt is related to capital expenditure in setting up the country's telecommunications network

"Although this large amount of debt is uncomfortable, it is not a threat to the continued existence of Telkom," says Mr Stoffel Erasmus, Telkom's senior general manager of finance.

By JEREMY WOODS

He confirmed that 20c of every rand spent by telephone clients was used to finance Telkom's debt.

"We have a five-year plan to reduce debt levels where only 10c a rand goes towards financing costs"

The plan includes a block on capital expenditure unless financed from Telkom's R2-billion internal cash flow, increased marketing and a more effective selling force

"We are also looking at realising cash through selling non-core assets," said Mr Erasmus

Originally, when Telkom was "commercialised" the intention was to privatise it, possibly with a JSE listing

"That is now a political de-

cision which will have to be taken by our shareholder, the Government," said Mr Erasmus

A listing on the JSE will enable Telkom to raise cash from an enlarged share capital to reduce its loans, most of which are guaranteed by the Government (267)

Will the creation of a cellular phone system hurt Telkom's cash flow?

"We have looked at this quite carefully and believe that, if anything, it will generate business for us. The companies concerned will have to pay inter-connect charges to use our system, and we believe the volumes here will make up for any loss of calls. If people can carry phones around with them 24 hours a day we believe they will use them more often"

Cellular network likely to start up within a year

3/Day 27/1993

MELANIE SERGEANT

SA's cellular phone system was likely to start up within a year, but possibly only after a new government took power in the April elections, spokesmen for the two licensees said at the weekend.

Postmaster-general Ters Oosthuizen confirmed that the network operators were discussing when they would switch on, but there were still many loose ends — including finalising "interconnect fees" with Telkom. These negotiations had to be settled by December, he said.

The ANC and Cosatu have raised strenuous objections to the decision to go ahead with the cellular system and have warned that the operation could be nationalised.

A new government can look forward to receiving R200m in cellular licence fees from the two operators, Mobile Telephone Networks (MTN) and Vodacom. The licences allow the money to be paid over five years. The first instalment will be due only after next year's elections.

Spokesmen for MTN and Vodacom said at least 70% of SA's population would have access to cellular phones within five years. Vodacom estimated that Soweto could be supplied within four weeks.

MTN project director Tim Lowry said his company would "proceed with our network development at full speed", despite ANC and Cosatu objections. He said MTN was open to discussion and would do its best to resolve any group's problems.

Each of the two cellular networks is expected to cost about R1bn, of which

about 35% will be foreign investment.

The networks are expected to create about 4 500 jobs directly and through their dealers and service providers. And another 50 000 to 70 000 jobs are expected to be created indirectly. (207)

MTN estimated that 10 000 jobs could be created among spaza shop owners, individuals and agencies renting out payphones. Another 10 000 people could work on charging and renting out payphone batteries, according to MTN's estimates, while 6 000 jobs could be created for handset dealers.

Vodacom estimated the local content of its equipment would be about 33%.

Lowry said MTN 30% shareholder Cable & Wireless would invest about R125m in equity, and MTN would probably take out a long-term overseas loan to equal this amount. "Also, MTN will buy its major equipment only from suppliers with a local presence."

The market is open to several companies to act as intermediaries between the operators and the public. They will handle sales, billing, and technical back-up for users.

MTN estimated service providers would need funding of between R6m and R25m, and payback would be in less than two years. Payphone agencies, dealers and operators, would have far lower funding requirements, and good paybacks.

27/11/93

Swedes in on cellular phone deal

(257)
Own Correspondent

JOHANNESBURG

Despite ANC alliance objections to government handling of the cellular phone issue, Swedish firm Ericsson is at an advanced stage of negotiations with a local partner, believed to be Plessey SA.

Ericsson is tendering to supply network infrastructure equipment to both cellular licensees, Vodacom and MTN.

Ericsson supplied MTN's R15m test system in the Cape.

Ericsson's local representative, Mr Christer Hohenthal, who is in Sweden to prepare tender documents, said "the relatively small market in South Africa does not justify setting up a local manufacturing operation."

But he said, "We have plans for other types of electronic products which could be made in South Africa and exported."

Phones: ANC softens

Own Correspondent

JOHANNESBURG. — The ANC has backed down on the cellular phone licence issue.

Vodacom and Mobile Telephone Networks (MTN), which were granted 15-year licences last week to set up two competing networks, can now pursue plans for cellular phones to be operational within a year.

However, as a matter of urgency, they will enter talks with the government and the ANC to avert "destructive economic action being taken".

It is understood that the agreement between the parties indicated that the ANC had accepted that the granting of the licences was a reality.

It is believed the aim of the meeting with the companies will be to satisfy the ANC that they would make cellular phones accessible to the poorer sections of the community and that jobs would not be sacrificed with their introduction.

ANC, government and union representatives held urgent talks yesterday to prevent the issue spilling over into the negotiating forum. (b7) DJ 30/9/93

No cellular phones for time being

Star 30/9/93

■ BY ESTHER WAUGH
POLITICAL CORRESPONDENT

The Government has undertaken not to proceed with the Post and Telecommunication Amendment Bill — which will introduce cellular telephones — during the November session of Parliament

After discussions yesterday between the Government and ANC at Kempton Park, it was agreed that an Independent Telecommunications Authority (ITA) be established

It was also agreed that talks be held between the Government, ANC and the licensee companies on cellular telephones and "that the matter will not be taken further before discussions have been concluded" (267)

These agreements signify the end to a public dispute between the ANC and Government over the introduction of cellular telephones. The ANC accused the Government of unilaterally restructuring telecommunications.

The Government, however, continued with the introduction of cellular telephones by awarding licences to two companies

The deadline for awarding tenders for cellular telephones expires today

The licences were awarded to Vodacom, in which Telkom has a 50 percent share, and Mobile Telecommunications Network, in which M-Net owns a share

The ITA will regulate telecommunications in the country during the transition. The ITA was to have formed part of the Independent Media Commission Act, but the Negotiating Council had decided to separate the two issues.

Although the ANC demands that licences already awarded should be suspended, these will not be revoked, in terms of yesterday's agreement.

cf 7/10/93 (26.7)

Telkom urged to serve community

TELKOM has to work far closer with community organisations to improve its credibility.

This was one of the views raised yesterday at Telkom's first local client forum.

The forum gave over 70 representatives from political, civic, consumer and business organisations the opportunity to raise issues informally with Telkom officials.

It was attended by members of the DP, NP, CP, Sanco and consumer, tourism, environmental and women's groups.

It was felt Telkom had not consulted with "interested stake-holders" about how social investment or affirmative action programmes could be applied in the broader community.

Also, Telkom should be more open about its assets so communities could see where its money went, the forum heard.

Suggestions made by the forum would be taken back to Telkom management, he said.

which was made mandatory in the Comprehensive Anti-Apartheid Act in 1986. But he warned that South Africans themselves must "leave no stone unturned to bring stability to the country and to put an end to violence, otherwise the return of the

ton-based Investment Centre a Corporate Responsibility. Their SA operations were ended by the end

Big student loan scheme

WILSON ZWANE

A WIDE range of organisations, including the IDT, the Kagiso Trust, Saccola, the National Education Co-ordinating Committee and student groups, have set up a multimillion-rand scheme to grant loans to tertiary students.

The scheme, on which the IDT and the Kagiso Trust had been working for some time, was agreed on at an IDT-convened consultative conference in Johannesburg yesterday.

It is understood that the IDT will pump R80m into the scheme, to be called the Tertiary Education Fund of SA (Tefsa), while the EC will contribute about R40m through the Kagiso Trust.

IDT education director Prof Merlyn Mehl said yesterday the scheme would assist academically gifted but "financially deserving" students who were unable

to get loans from commercial banks.

Mehl said unlike bank loans, Tefsa's loans would not be granted on the basis of the creditworthiness of students but on the students' potential to succeed.

He said the IDT and the Kagiso Trust had been granting loans to tertiary students for some time.

Mehl said the two organisations had granted about 30 000 loans.

He said the scheme's board, of 25 members, would meet formally for the first time next Thursday to discuss its functions, including how it would raise funds.

Apart from student groups, participants had already named their representatives on the board.

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THINGCO DESIGN

ANC declares it will nationalise both cellular telephone networks

THE launch of SA's two new cellular phone networks is in the balance, with the ANC demanding nationalisation of both

ANC secretary-general Cyril Ramaphosa said. "The ANC is adamant that telecommunications must be in the hands of the state, as is currently the position with Telkom."

Even if the present government rejected nationalised telecommunications, the ANC would "ensure that we nationalise telecommunications and insist on state ownership of at least 51% of both operators" when it came to power

Ramaphosa gave two possible scenarios: a demand that Mobile Telephone Networks (MTN) hand over 51% of its shares to state ownership, or, because the state already owned 10% of MTN through Transel, "we could instruct them to increase this shareholding to a majority stake".

He said there was no way the ANC would deviate from this position, and added that "good progress is being made between the various parties". The parties include the ANC, Cosatu, Potwa, MTN and Vodacom

It is understood that Vodacom, which is 50% owned by Telkom, has lifted Telkom

MELANIE SERGEANT
and BILLY PADDOCK

2/10/93

to majority shareholder status already.

One industry source doubted whether a future government would be able to afford to buy a majority shareholding in both networks. It was estimated that each network would cost about R1bn to set up.

In an interview this week, President F W de Klerk said government's decision on cellular telephones had been based purely on economic considerations. The country could not wait a further 18 months.

He said introducing cellular phones would make 30 000 new lines available immediately, bringing public telephones to people who did not have them

Government's decisions on deregulating the telecommunications infrastructure, and on Telkom owning 50% of one licence, had been carefully evaluated on fundamental principles, he said

Government sources said introducing cellular telephones did not constitute a restructuring of the telecommunications industry. It was rather a value-added service — much like faxes, answering machines

and PABXs — and would not replace the fixed line network

Although the network operators and other parties involved in the discussions were sticking to an agreement not to make statements, it was understood that major concessions had been made already to appease the ANC alliance and iron out differences with those opposed to the licence

For instance, it was believed that Vodacom could offer to extend its "roaming agreement" to allow MTN more time to share its network while the company was building its own

ANC will not hang up on industry

Star 23/10/93

JOE LOUW



NO SOONER had the Government and ANC resolved the controversy surrounding the country's fledgling cellular phone industry in a "satisfactory" manner yesterday, than the prickly issue of the ANC's "nationalisation policy" reared its head again. At a hastily called press conference, ANC secretary-general Cyril Ramaphosa

was at pains to correct "the impression that the ANC wants to nationalise the telecommunications industry and the cellular phone industry".

An earlier report said the ANC had "backed down on its plans to nationalise the cellular phone industry" in exchange for an agreement from the two private sector enterprises involved, and the Government, to "incorporate shareholding" by black business (267)

Ramaphosa said the ANC wanted a moratorium in order to look into the structure of the two consortia involved, before entering negotiations to bring it in line with norms found elsewhere in the world

Excluded

It wanted to ensure the agreement entered into did not harm, stagnate or make the country's mixed economy less competitive.

He said the ANC emerged from the negotiations with the Government pleased with the agreement because it reflected "an economic mosaic of public and private sector mix that included an opportunity for black business, which had up to now, been excluded from participation in such deals".

● TO PAGE 2.

Star 23/10/93 Phones

● FROM PAGE 1.

Part of the ANC's concern was that the public sector should not be weakened by private and foreign investor participation in the new multibillion-rand industry, he said. The moratorium on licensing cellular phones was lifted yesterday when a number of concessions were made by both the ANC and Government. Among the most important were that:

- The licences issued to Vodacom and MTN would be recognised by the ANC, COSATU and the Post and Telecommunication Workers' Association.
- Vodacom's shareholding structure would change to accommodate a 5 percent

shareholding by black business, while shareholding by Telkom would remain unchanged. It would be decided at Vodacom's board meeting next month how Rembrandt's 15 percent shareholding and Vodafone's 35 percent shareholding would be restructured (267)

- At least 50 percent of Vodacom's service providers should be represented by black business (267)
- Vodacom's own captive service provider would have a substantial portion of its equity in the hands of black business
- Vodacom agreed the proposed Joint Economic Development Programme should be implemented in consultation with all parties. This programme includes counter-trade, job creation, local manufacturing, and exports.

ANC, govt settle cellular phone row

JOHANNESBURG — The government and the ANC yesterday resolved the controversy surrounding the country's fledgling cellular phone industry.

The ANC backed down on its plans to nationalise the cellular phone industry in exchange for an agreement by the government and the two

companies involved to incorporate shareholding by black businesses.

A joint statement by ANC secretary-general Mr Cyril Ramaphosa, Public Enterprises Minister Dr Dawie de Villiers and Transport, Posts and Telecommunications Minister Dr Piet Welgemoed said Vodacom and Mobile

Telephone Networks could proceed "as soon as possible" with setting up their cellular networks.

The licences issued to Vodacom and MTN would be recognised by the ANC, the Congress of SA Trade Unions and the Post and Telecommunications Workers Association.

The agreement reached be-

tween the government, the ANC and the two companies still has to be formally approved by the Postmaster General Mr Tertius Oosthuizen, who said he foresaw no difficulties.

According to the details of the agreement, MTN's shareholding structure has to accommodate

a 30% (Vodacom 5%) shareholding by black business.

● Transnet's current 10% stake in MTN will be increased to 20%.

● At least 50% of Vodacom's service providers should be represented by black business. A similar arrangement exists for MTN — Sapa

UK cellular firm joins forces with Plessey Tellumat

CT 25/10/93

JOHANNESBURG — One of Britain's largest independent cellular telephone service companies, Astec Group Plc, and South Africa's Plessey Tellumat SA Ltd have formed a joint venture following agreement on cellular phone licences between the ANC and the government (267)

"The new company, to be called Astec Plessey Communications (APC), will focus on corporate and business users as well as consumers in the emerging SA cellular telephone market," Plessey Tellumat's group MD John Temple said on the weekend

"The announcement that Vodacom and Mobile Telephone Networks (MTN), the mobile telephone licensees, may now proceed to roll out their networks has paved the way for the formation of our new company," said Temple.

The ANC on Friday effectively backed down from demands that the state hold majority stakes in the Vodacom and MTN ventures, but prescribed minimum stakes for black business in the two.

In a joint statement, the government and the ANC said 30% of MTN would have to be held by black business, with a minimum five percent for Vodacom.

Details of the APC joint venture were finalised in Cape Town on Friday with David Savage, chairman and managing director of Astec, the sixth largest company of its kind in Britain.

Savage said the agreement represented direct investment in SA.

"If the South African market is mirrored by the UK experience, the concept of competing networks will invariably create substantial new jobs and business opportunities," he said.

Vodacom is currently 50% held by parastatal Telkom, 35% by Vodafone (UK) and the Rembrandt Group.

MTN comprises Naftel, the M-Net television channel, Cable and Wireless (UK), the state-owned Transnet transport network and Fabcos, a black business group — Reuter

Massive Order Placed for Cellular Phone Systems

Own Correspondent — The first multimillion-rand order has been placed for cellular phone systems which will cost an estimated total of R2bn. which is expected to come on stream early next year.

JOHANNESBURG — The first multimillion-rand order has been placed for cellular phone systems which will cost an estimated total of R2bn. which is expected to come on stream early next year.

Siemens will supply R150m worth of radio network equipment, and three radio network exchange centres valued at about R70m. Altech group company Alcatel Altech Telecoms will supply radio equipment worth more than R100m, while radio-based technology company WEB Systems will supply Vodacom's voice mail, messaging and operator services systems valued at R12m. Altech group company Pace Electronics has been chosen to supply Subscriber Identity Module cards, which will allow the use of "Vodacards".

Earlier tenders to international communications tenders to local players have been allayed, as Vodacom expects the future tenders to be biased towards the suppliers chosen for these initial systems.

Alcatel Altech Telecoms (which owns 50% of Vodacom) were yesterday "We invited all suppliers to tender, and the four final tenders were from Finland's Nokia, Sweden's Ericsson with Plessey, Siemens and Telkom Altech Telecoms. The winners (which have been long-time suppliers to Vodacom) were forced to sharpen their pencils thanks to the competition for densely populated areas where the cellular radio base stations were more cost-competitive, so it was Siemens's rates for densely populated areas which were more competitive, so it would supply the cellular radio base stations for SA's northern areas while Alcatel Altech was more competitive in the less dense areas Alcatel Altech would supply the Cape and the southern Free State.

The Alcatel group has invested nearly R1bn in developing the Global System for Mobile telecommunications technology, adopted by SA and 27 other countries.

(267) CT 26/10/93

Govt, ANC clear the air in cellular ⁽²⁶⁷⁾ phone deal

APR 23/10/93
JOHANNESBURG — Differences between the government and the African National Congress on the country's fledgling cellular phone industry have been resolved. The ANC backed down on its plans to nationalise the industry in exchange for an agreement from the two private-sector enterprises involved, and the government, to incorporate shareholding by black businesses

A joint statement by ANC secretary-general Cyril Ramaphosa, Public Enterprises minister Dawie de Villiers and Transport, Posts and Telecommunications Minister Piet Welgemoed said Vodacom and Mobile Telephone Networks could proceed "as soon as possible" with setting up their cellular networks

The licences issued to Vodacom and MTN would be recognised by the ANC, the Congress of SA Trade Unions and the Post and Telecommunications Workers' Association.

The agreement reached between the government, the ANC and the two companies still has to be approved by the Postmaster-General, Tertius Oosthuizen

However, he said he foresaw no difficulties in approving the deal

"I am very satisfied with the agreement, because we have maintained the competitive element in the cellular market. There's no public-sector pre-dominance in the set-up"

Mr Oosthuizen pointed out that although Telkom held a 50 percent interest in Vodacom, it would not be exercised as a majority shareholding. Another parastatal, Transnet, holds only 10 percent of the equity in MTN.

According to the details of the agreement

- MTN's shareholding structure has to accommodate a 30 percent shareholding by black business, while in the case of Vodacom it is five percent;

- Transnet's current stake in MTN would be increased to 20 percent; and

- At least 50 percent of Vodacom's service providers should be represented by black business, while a similar arrangement exists for MTN

ELECOMMUNICATIONS

have traditionally been seen as an exclusive, luxury service for the white minority rather than a right for all citizens. A refusal to acknowledge the politics that underlie changes, in turn, conceals their distributional consequences

The important issue of providing telephone services to the masses and business, the security implications of telephony and its strategic value to a future democratic government has received the attention and follow-up action of the ANC and Cosatu

Many countries agree that telecommunications services offer the basis on which industry as a whole and the public at large will participate in the economy. But they also disagree on how these markets should be structured and on how quickly a specific service will grow. There are also differences of opinion on how the underlying telecommunications infrastructure should be organised. SA is not isolated from the dynamics of global economics and telecommunications and we should encourage transparent and public discussion on such important issues

The real debate facing SA is how Telkom should participate in the new markets and to what extent Telkom should meet social obligations and operate efficiently. Second, how far should competition penetrate areas once viewed as the public domain, and to what extent should the joint ventures of the public and private sector be structured?

A mixed economy policy can stimulate management efficiency and economic growth within the telecommunications sector. When Malaysia restructured basic industries, it was implementing its objectives of increasing the economic participation of the indigenous population with the direct help of the public sector. The participation of public and private sectors in the same industry in Singapore and newly industrialised countries is a clear indication that coexistence of the two sectors can produce growth and efficiency in the public sector.

In Botswana, the mixed economy principle is practised. For example,

Mixed economy the right solution for telecommunications

CYRIL RAMAPHOSA

Editorial 27/10/92

the government and De Beers are engaged in joint ventures that ensure growth and business development.

With regard to market entry, where some form of competition is permitted in the telecommunications services a key question is whether the publicly owned telecommunications company should enter the market in the form of joint ventures or limit itself to specific services. Many countries have taken the view that, if competition is permitted, public telecommunications companies should have the opportunity to opt for market entry through direct competition or joint ventures.

However, the conditions under which such entry can take place vary from country to country. In SA, value-added service operations and service providers of cellular networks will compete with each other.

As far as infrastructure development is concerned, any new entrant must not create an inordinate drain on Telkom. Rather it must strengthen the network for Telkom to become a hub in southern Africa and a node in the southern hemisphere. Any new service should not compromise the ability of the new democratic government to meet its obligations which include infrastructure development and reconstruction.

For a universal service to be realised there must be some limits if fair competition is to be achieved. Tel-

kom and other parastatals should be allowed to engage in competition in lucrative services such as cellular phones, and to engage in subsidisation to promote new services and technology. A mixed economy is not against competition. It is a mechanism to achieve a specific objective, such as lowering of prices and tariffs through competition.

(267)

The reconstruction of SA and its

Market structures for mobile communications services

Operator	Status
Canada Telecom Canada (Stencor) Canel Inc	Regionalised duopoly
France France Telecom (Radiocom 2000) SFR	Analogue monopoly
Germany DBP Telecom	Analogue monopoly
Netherlands PTT Telecom Netherlands (ATF2, ATF3)	Analogue monopoly GSM monopoly planned
US Seven R800s plus others	Regionalised duopoly

GRAPH: KAREN MCKELMAN. SUD. OR. DEPT. 1993 COMM. VCA. 01.0.7.004

equitable economic and social development will be among the priorities of a new government. For this to succeed, it is essential that it be supported by a high quality, reliable and affordable telecommunications service accessible to all.

Today telecommunications services cannot play their supporting role in achieving democratic goals. The sector's democratic functions also cannot be performed properly because of a policy vacuum, the discrepancies in services due to apartheid, the lack of transparent policy formulation, a lack of consultation and unilateral restructuring of telecommunications networks.

People have been directing questions about nationalisation at the ANC. The best people to be asked that question are the members of the Nationalist government, which has been nationalising since 1948.

The problems of inequities in the telecommunications sector mirror the inequities in the education, health and housing sectors.

The most obvious flaws and discrepancies in the SA telecommunications sector are

- The country does not have a general policy for equitable access to or use of the telecommunications system, nor does it have specific policies for the development and operation of various means of telecommunications,

- The demand for easy and reliable access to basic two-way phone services has not been met and service provision is highly inequitable. The telephone density is far higher in the white community than in the black community. These social imbalances are seriously hampering prospects of economic growth and socio-political stability,
- There are more than 60 direct exchange lines for every hundred white inhabitants, and less than one for every hundred black inhabitants. The majority's needs have been wholly ignored, and
- Black workers in the telecommunications sector are few and hold mainly manual jobs and other lower-level posts. Apart from denying employment and personal development opportunities for black people, the inability of blacks to shape management decisions has meant planning and service provision is skewed towards the white community.

Although the problems are deep-rooted, complex and serious, improvements can be made. Indeed, it is vital for the success of the efforts of a future democratic government or Transitional Executive Council that certain measures be taken, as soon as possible.

The general policy guidelines should be prepared on the basis of the following considerations

- Telecommunications services in SA should be provided in an equitable fashion, responding to demand from potential clients and all citizens in line with policy directives issued by the pertinent organs of the democratic government. The services should be planned, engineered, extended and operated primarily with a view to optimising support for the country's reconstruction and to achieve equitable economic and social development, and
- Telecommunications should also serve the country's economic, social and civic structures while meeting the legitimate needs of the business and financial communities and extend to the informal sector, so meeting the needs of all layers and groups in our society.
- Ramaphosa is ANC secretary-general.

Black business wants cellular phone stake

THE African Telecommunications Forum (ATF) has called for a third cellular telephone licence to be issued in addition to those granted to Vodacom and Mobile Telephone Network (MTN) through an agreement between government and the ANC. 27 1109B

The call came yesterday after the forum criticised last week's agreement as it excluded black business except in the provision of service contracts.

The forum, which represents black businesses with interests in telecommunications, includes among its members corporates such as Afritel, Suntel, Thebe Investments, Media Investment Trust and National Information Technologies.

ATF convener Mark Headbush said the agreement provided for only token participation by blacks.

"The ATF must now call for the issuing of a third

THEO RAWANA

licence to provide for a balanced ownership of this strategically important industry. This would mean two-thirds of the industry would be owned by majority non-blacks and one-third owned by majority blacks," Headbush said.

He said major community-based organisations and prominent industry figures supported the ATF's call.

Headbush said the expected changes in black participation in the political environment should be matched by a comparable participation in the economic arena. (267)

"With virtually all of the black community not being served adequately with telephone services throughout the country, it is time for blacks to take greater responsibility and ownership to ensure that they begin to bridge the gap."

CELLULAR PHONES

Fm 29/10/93

Dividing the spoils

(267)

In case there was any lingering doubt about the ANC's desire for State control of the economy, it was eliminated with ANC secretary general Cyril Ramaphosa's call (later denied by him) last week for the nationalisation of telecommunications

The ANC, which qualified Ramaphosa's statement by reiterating its call for a so-called mixed economy and affirmative action, says that to help repair the damage done by apartheid, "the State will embark on joint ventures with the private sector, with parastatals holding majority shares in such ventures."

Full nationalisation, *per se*, was not the result of the agreement over the two cellular phone licences hammered out last week by the ANC, government and the licence holders and the State did not even get majority control. But critics see the end product as a chilling crackdown on private business deals.

Others see the agreement as a major success for private enterprise. They point out that the ANC originally demanded that only one licence be issued, with State-controlled Telkom as the majority shareholder. The ANC finally agreed to the wisdom of competition and, eventually, to private-sector control. While the compromise was being worked out, Cosatu was promising mass action, the ANC was threatening legal action to invalidate the licences and some black businessmen aligned to the ANC were unhappy about having been left out of the deal (*Business* October 1)

The idea of awarding just two licences dates back to October 1991, when Posts & Telecommunications Minister Piet Welgemoed commissioned accountancy firm Coopers & Lybrand's UK office to analyse the restructuring of the telecommunications sector. Government accepted the firm's suggestions, which were published in September 1992 for comment.

In February, Welgemoed announced that two licences would be awarded and that one would go to a consortium in which Telkom held half the shares. The two 15-year licences were awarded in September and each network is expected to invest R1bn for infrastructure. Welgemoed has reserved the right to issue a third licence, if the demand is there.

The new arrangement means that in the case of the Vodacom consortium, which expects to start service in March, Telkom will maintain its 50% shareholding and the other partners, the UK's Vodaphone (35%) and Rembrandt (15%) will have to sell a 5% share of the licence to black business interests.

Vodacom MD Alan Knott-Craig is adamant that it won't be a handout. "It's not a

gift. These are not free shares. It's a straight business arrangement. I don't know how much the shares are worth, but those who are interested are putting in bids."

In the MTN consortium, which expects to start service on June 1, M-Net will see its shareholding reduced from 30% to 25%, as will its UK partner, Cable & Wireless National African Telecommunications (Naftel), a group of black businessmen represented by Nthato Motlana and Enos Mabuza, sees its shareholding reduced from 25% to 20%. Of the remaining 15%, Transtel, the telecommunications business unit of State-owned Transnet, has its shareholding doubled from 10% to 20% and a Cosatu-aligned pension fund has been given an op-



tion on a 5% stake. Fabcos, another black business group, keeps its 5%.

Initially, Transtel had wanted 20% but settled for 10% because "the consortium felt it should have a more meaningful black shareholding," says Transtel executive manager Alf Schulze. Now, Naftel's black shareholders will give up a chunk of their stake so Transtel's stake can grow.

Says Schulze, "It looks strange and I suppose it is a bit strange. But the push did not come from us. The push came from the ANC. They wanted a bigger stake for government. They felt Transtel would be a vehicle for more State ownership."

Schulze would not say how much the Transtel stake is worth but points out that its parent, Transnet, will not use tax money to pay for the new shareholding. If the money is not readily available, he adds, it will be raised commercially.

MTN consortium director Ian Wilkinson, trying to put the best face on the compromise, says the new arrangement is "appropriate and positive" and reflects a well-balanced partnership between the private sector, the State, black business and overseas

investors. "We believe that this agreement will give a strong positive signal to the local and international business and investing communities."

But Postmaster General Ters Oosthuizen, who is responsible for regulating the telecommunications industry, says the wrangling has not been good for foreign investor confidence. "If I were on the outside, I would be careful."

Despite the realignment, the African Telecommunications Forum, which represents mainly ANC-aligned firms that were not cut in on the deal, continues to complain about what it considers only a token nod to black business. It is calling for the third licence to be issued and for its major shareholders to be black. "With the expected changes in black participation in the political environment, this should be matched with a comparable participation in the economic arena," says forum convenor Mark Headbush.

Few can doubt that the cellular debate is far from over. In addition to the affirmative action demands, the nationalisation issue will undoubtedly continue to rage.

Ramaphosa now denies that he told a *Business Day* reporter he is in favour of nationalisation ("why would we want to go against what is happening in the world?") though the reporter says he recorded the interview

and says Ramaphosa is lying if he denies having used the word "nationalisation." Ramaphosa, for his part, says the reporter was only trying to "create headlines" and to "demonise the ANC's economic policy."

Says Ramaphosa: "Our economic policy is that we should have a mixed economy with a strong and vibrant private sector and also have a public sector that is strong. We need a good economic mosaic, a truly mixed economy, even in cellular telephony."

The NP, which knows all about bad economic theories, says Ramaphosa's statement about nationalisation presents "clear evidence that the ANC does still support dangerous and outdated socialist policies." It adds that "this incident indicates beyond any doubt that the ANC can never be trusted when it comes to economic policy."

Andile Ngcaba, the ANC's head of information technology and telecommunications, predicts that the State's shareholding in the cellular licences will grow and that Telkom must be strengthened in order to provide telephone service to the vast majority of black homes without it.

But he rejects any proposal that would

Reunert dials deal

(267)
JOHANNESBURG — Reunert announced that an agreement in principle has been reached with UK-based GEC and Siemens which, if implemented, would result in its restructuring its telecommunications interests

APR 11/11/93
The deal would include the transfer by Reunert of its entire interest in payphones to Telephone Manufacturers of South Africa (TMSA) and its entire interest in private automatic branch exchanges (PABX) to a new company — Siemens Telecommunications

It could also entail the disposal by TMSA of its interests in public switching systems to Siemens Telecommunications

Siemens would transfer its entire interest in public switching systems, transmission, access networks, mobile telephony and PABX to Siemens Telecommunications

In the process Reunert would raise its effective holding in TMSA to 40,67 percent from 33,3 percent, and would acquire a 27,5 percent stake in Siemens Telecommunications

A statement said the restructuring would effectively create two highly specialised and focussed operations, namely TMSA and Siemens Telecommunications

Reunert said the restructure would not have a material impact on earnings a share or net asset value in the short term

The relationship with Siemens would provide greater access to export markets, Reunert said Reuter

■ Reunert recently proposed sub-dividing its shares on a 5-for-1 basis to increase the accessibility and marketability of the scrip.

The proposal is subject to shareholders' approval at a general meeting on November 17

Reunert will subsequently have 160 000 shares in issue compared to the 32 million currently listed on the JSE

Cellular phone forum planned

CT 21/11/93
JOHANNESBURG —
The Negotiating Council
yesterday agreed that an
Independent Telecommu-
nications Authority
will be established to
give further consider-
ation to the cellular tele-
phone issue and other
matters in this area (26)

Proposing the motion,
Planning Committee
chairman Mr Pravin
Gordhan told the council
the dispute between the
ANC and the govern-
ment over cellular tele-
phone licence
has been resolved" — Sapa

CT 2/11/93 (267)
JOHANNESBURG — Reunert Ltd said agreement in principle has been reached with GEC plc and Siemens Ltd which, if implemented, would result in it restructuring its telecommunication interests

It would include the transfer by Reunert of its entire interest in payphones to Telephone Manufacturers of South Africa (Pty) Ltd (TMSA) and its entire interest in Private Automatic Branch Exchanges (PABX) to a new company, Siemens Telecommunications (Pty) Ltd

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In the process Reunert

Telecom re jig on the cards at Reunert

would raise its effective holding in TMSA to 40,67% from 33,33%, and would acquire a holding in Siemens Telecommunications of 27,5%

"The restructuring will effectively create two highly specialised and focused operations, namely TMSA and Siemens Telecommunications," the statement said

The relationship with Siemens would provide greater access to export markets, it said

Reunert said it did not anticipate the restructure would have a material impact on its earnings per share or net asset value per share in the short term — Reuter

Vodacom selects service providers

CELLULAR network operator Vodacom Group has selected its first seven service providers out of more than 40 prospective companies, chief executive Alan Knott-Craig said yesterday

The companies are Teljoy, Afritel, Autopage, Celltalk (a Publico Group company), Cellular Service Providers, Telephone Trust Corporation and Radiospoor. Vodacom said it would announce a further three major service providers in the near

future

Besides acting as retailers of Vodacards — which enables cellular phone users to access Vodacom's cellular network — service providers will also handle all aspects of after-sales service and customer billing

Knott-Craig said Vodacom had undertaken a rigorous three month process of adjudication before selecting its service providers.

"We identified companies with an estab-

lished customer base, facilities to handle on-line credit checking, point-of-sale and advertising know-how and experience in handling stock control, warranty claims and very high standards in customer-care service

"Applicants were also required to reveal the equity participation of black business in their companies as per the agreement with the ANC Black equity in selected service providers amount about 45%"

(267) CT III 11 93

RIO

Private post office box, bag fees to rise by 10 percent ⁽²⁶⁷⁾

ARG 12/11/93

PRETORIA. — Private post office boxes and postal bags are to cost an average of 10 percent more from January.

Senior general manager: postal business, Wilhe Joubert said yesterday rents for small private post office boxes would rise by R3 to R33, for medium sized boxes by R6 to R66 and for large boxes by R10 to R110, and for private bags by R6 to R66.

Initial lock-and-key fees for boxes at mail collection points, and transportable postal lobbies would be R15.

The Post Office had established a new poste restante service in areas with no post office boxes or street deliveries, Mr Joubert said.

For R10 a year, users would re-

ceive a poste restante number at their post office. The number would be transferred to a transportable post box lobby when possible.

Temporary post restante services, used mainly by travellers, would remain free of charge.

Payment or confirmation of private post office boxes, private postal bags and boxes at mail collection points had to be returned to the Post Office by the 15th of the month after renewal notices were issued, otherwise services would be suspended.

Two months' notice had to be given to cancel a service. Thereafter clients could contact the local postmaster to have mail forwarded to their new address, Mr Joubert said. — Sapa.

Post office boxes to go up 10%

PRETORIA — Annual rentals for private post office boxes and private postal bags are to be increased by an average 10% from January, the Post Office announced yesterday

Senior general manager postal business, Mr Willie Joubert said rentals had not been adjusted at the general rates increase on April 1, and the Post Office was trying to keep rate increases

linked to inflation

Rentals for small private post office boxes would rise by R3 to R33, by R6 to R66 for medium-sized boxes and by R10 to R110 for large boxes. Annual rentals for private bags would be increased by R6 to R66

Initial lock-and-key fees for boxes at mail collection points and transportable postal lockboxes would be R15

The Post Office had established a new poste restante service in areas with no post office boxes or street deliveries, Mr Joubert said

Temporary post restante services, used mainly by travellers, would remain free of charge

The Post Office would in future get annual updates on people's addresses to ensure correct mail delivery, Mr Joubert said — Sapa

Telkom accepts new electronic exchange

TELKOM took a major upgrading step when it accepted the first new generation digital electronic telephone exchange from Alcatel Altech Telecoms recently. The exchange, installed at Telkom's Foreshore telephone switching centre, is part of an RROM contract.

Telkom MD Danie du Toit said the exchange could handle four times the traffic of older exchanges, used less power and

ROBYN CHALMERS
floorspace, and cost less to install. Alcatel CE Hannes Steyn said the new technology was gaining ground in SA. A software development centre was being built at Altech's Boksburg site and SA engineers were being trained in France, he said. The station would form part of a worldwide network of software centres.

New phones policy soon

PRETORIA — Moves are under way to establish an Independent Telecommunications Authority and formulate a telecommunication policy framework, according to postmaster-general Mr. Ters Oosthuizen.

He extended invitations this week to participants in the telecommunications sector to become members of a steering committee to lay the foundation for the ITA.

The steering committee would consider and formulate the principles to be embodied in the regulatory framework and the formation of an independent telecommunications authority. A legal sub-committee would draft possible legislation, which, after approval, would be submitted to the government.



CELLULAR TELEPHONES

Fm 26/11/93

Free to shop around

Last month's deal between government, the ANC, Cosatu and cellular network operators Vodacom and Mobile Telephone Networks (MTN) calls for the operators to increase the equity held by black business and commit themselves to black business making up at least half of their service providers. In return, the operators got the validity of their licences recognised. Since then, both operators have been working on accommodating black business, and setting up their R1bn networks, with the aim of launching services to 10 000 customers by April. Both must be fully operational by June.

Neither company has yet said how it will restructure its shareholding. While Vodacom will continue to be half-owned by Telkom, 10% of the shares held by the UK's Vodafone (35%) and the Rembrandt Group (15%) will have to be re-allocated to black

responsible for marketing different services, billing customers, collecting debts and offering after-sales service and technical support. Through dealers and agents, the service providers will sell the cellular phones and subscriber identity module (SIM) cards, which enable the cellular phone users to gain access to the networks. (267)

Vodacom chose its service providers from a list of 40 contenders. So far it has picked Teljoy, Afritel, Altech's Autopage, Publico Group company Celltalk, Cellular Service Providers, Telephone Trust Corp and Radiospoor. Together the black business equity participation adds up to 45%. In line with the agreement with the ANC, at least another 5% stake will have to be allocated to black business. Vodacom is finalising the black shareholding of its subsidiary service provider Vodac. Discussions are also under way

based on volume business. He chose Vodacom because it has Telkom as a major shareholder and has had more time to prepare.

Like Teljoy, paging companies Autopage and Radiospoor are already well positioned as service providers. They have nationwide distribution and service channels, as well as computer systems to handle large customer data bases, customer queries and itemised billing. Autopage already handles more than 1m calls a month for its paging service while Radiospoor, which offers both paging and mobile radio services, is not far behind.

Radiospoor's Justin Taylor says it intends to act as a service provider to both operators. "We feel we can give the client a better service if we remain non-exclusive."

While both MTN and Vodacom originally said there should be no more than 12 service providers for the industry to be viable, it is likely that this number will be exceeded. Teljoy's Barry Blackburn says the service providers are being forced to choose between the two operators. "Their pricing structures and rebates make it almost impossible for us to service both."

Looking overseas, many expect a shake-out. In the UK there were more than 80 service providers in the early Eighties. Intense competition and squeezed margins means fewer than half are still profitable.

Estimates are that the service providers will need R6m-R25m each for detailed billing systems that monitor creditworthiness, set credit limits and record fully itemised bills. But because at least half the service providers must come from black business, and most do not have the necessary infrastructure or funds, partnerships with established business will be the norm. Also, not all the service providers will provide a countryside service, some will focus on regional and niche services.

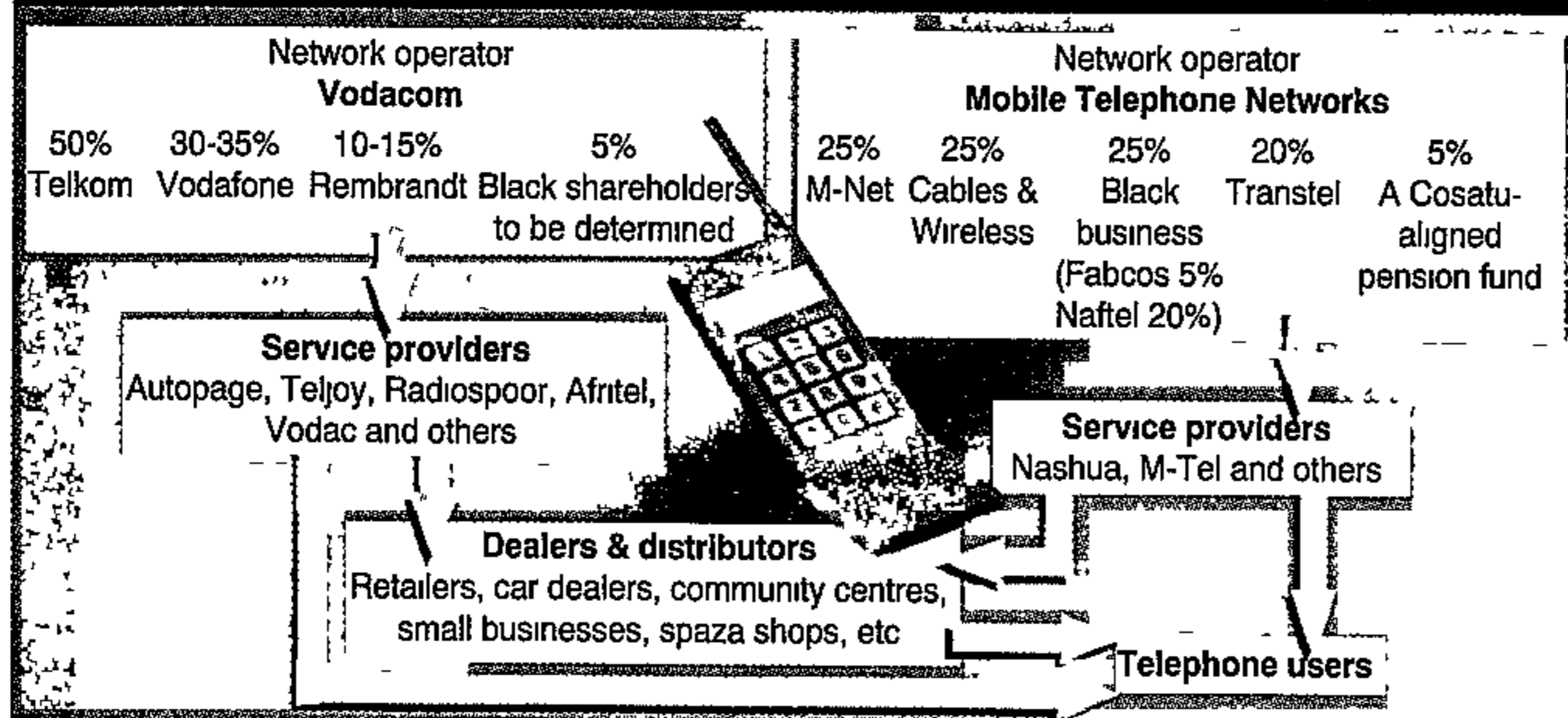
Mark Headbush, MD of 100% black-owned Afritel, says it will buy in expertise. As the convener of the African Telecommunications Forum, which represents black businesses that were left out of last month's deal, Headbush is critical of the way the cellular process was handled. He says the forum will apply to the Postmaster-General for a third network licence next month. He says Thebe Investment, which is part of the forum, will not be involved in the application but that two large US companies will come in as partners.

Commenting on Afritel's role as a Vodacom service provider, Headbush says, "We could not wait for the licences to be issued under a new government because deals would already have been secured with the cream of the market — the corporate market — by then."

Marina Bidoff

The cellular industry's structure

Ringing up more choices



shareholders, giving them a 5% stake. MTN's shareholders will be M-Net subsidiary Multichoice (25%), the UK's Cable & Wireless (25%), Transnet's Transtel (20%) and black business organisations Fabcos (5%) and Naftel (25%). Another 5% will go to a Cosatu-aligned pension fund (*Business* October 29).

So far Vodacom seems to be leading the race in setting up its service providers. They will play a major role in the increasingly deregulated telecommunications arena. For the first time, SA telephone users will be able to shop around and choose their telephone company on merit. In addition, there will be more than 10 brands of cellular phones on the market.

Appointed by the network operators, the service providers will fill the role of the traditional telephone company. They will be

with the ANC Youth League's Peter Mokaba and a major bank.

Another coup for Vodacom was last week's deal with Pick 'n Pay under which a selected number of Pick 'n Pay stores and Hypermarkets will sell cellular phones and Vodacom SIM cards exclusively.

The only announcement MTN has made is that a new company, M-Tel, will act as an exclusive service provider to MTN. M-Tel (51% owned by Multichoice) will be launched next year. Nashua is also expected to be a service provider exclusive to MTN.

Speculation had it that TV rental company Teljoy would be a service provider for both operators, but it has aligned itself exclusively with Vodacom. Teljoy executive chairman Theo Rutstein says it was not economically viable to work with both operators because of the range of discounts offered

Going after the bad guys

FW 26/11/93

The Business Practices Committee was not greeted warmly when it began back in July 1988. Critics argued that its far-reaching powers would lead to price controls and wage freezes at a time when government was supposedly committed to deregulating the economy. The Free Market Foundation described the Act setting it up as the "type of legislation one would expect to find in the worst banana republic".

But with a host of public rip-offs amounting to hundreds of millions of rands being uncovered regularly — the milk culture saga was probably the final straw — government decided that consumers needed additional protection over and above the expensive and often inaccessible court system, protection that was already available in the US, UK, Australia and elsewhere.

The new committee was given the power to investigate any agreement, practice, scheme, operation, arrangement or understanding that it believes is a harmful or potentially harmful business practice. Its brief also included the right to search premises, seize documents and to recommend to the Minister of Trade & Industry that a business practice be stopped. Contravening the Minister's order carries a maximum penalty of R200 000 and five years in prison.

More than five years later, much of the furore has died down. Says Ken Warren, the SA Chamber of Business's director of legal affairs: "We support the work done by the committee and we believe its success has been largely due to the calibre of its seven members and the fact that it has had a strong private-sector representation. All the complaints we have referred to them have been dealt with promptly."

However, Free Market Foundation executive director Leon Louw remains wary of the committee's wide authority. "The committee's only saving grace is that it is chaired by Louise Tager." He's concerned that someone less learned, ethical and pro-free market could use the committee to shut down any business on a whim. He would prefer to see the committee prosecute an offender through the court system and make use of interdicts to stop any existing or potential harm. "We need laws that are more transparent and less dependent on the benevolence of power."

Tager insists that the committee's powers don't detract from any other legal remedies. "The consumer can still institute a civil action for damages against a party that has defrauded him or caused him loss. A criminal charge can also be laid."

But she points out that even if the defrauder is found guilty, there is little satisfaction for the consumer when the court fines or imprisons the wrongdoer. "The consumer's loss is simply not compensated." She stresses that the committee won't undertake an investigation unless there is a possibility of

harm to the consumer. The party under investigation has the benefit of a full hearing and the committee's findings, with reasons, are made available. "Anybody who acts any differently would be exceeding the parameters of the Act."

But while speculation about the committee's future — as with the rest of the legal system — continues, it's clear there's a demand for its services now. By the end of last year, the committee had received 527 complaints and instituted 28 full investigations, many of the complaints are sorted out simply through an informal discussion.

Tager agrees that she's understaffed but says there's simply no point in asking for greater resources when the State can't afford more. Still, in recent months the committee's



Tager going beyond the court system to protect consumers

been given more teeth.

A recent amendment allows the committee to attach money or property related to the investigation and prohibit the person under investigation from dealing with the money or property concerned. The Minister, on the advice of the committee, also can appoint a curator to oversee the business, sell the assets and distribute the money among the victims.

Says Tager: "This power is intended to address the situation where the committee has recommended that a business be stopped, thus preventing further harm to consumers, but has been unable to redress losses already suffered. Parties under investigation are often in possession of valuable assets. For example, Riaan Coetzee of Truckor, who took around R20m from consumers for trucking contracts that never materialised, was in possession of 20 luxury cars that the committee could not touch when his

business was stopped."

Another amendment allows the Minister to issue a temporary order to stop a business practice for six months while the committee investigates. Previously, activity could only be halted for three months.

The most far-reaching amendment, though, is one that allows the committee to proceed with a preliminary investigation — seizing documents — without giving notice in the *Government Gazette*. Says Tager: "The notice had the effect of prejudicing the business in the public eye before an investigation was started. In any event, a preliminary investigation often ends there and doesn't lead to a final investigation."

Looking back on the committee's work, Tager says the area of greatest exploitation appears to be taking place through the sale of shares and debentures in public unlisted companies. "Thousands of small investors are persuaded to invest their life savings in shares that will in all probability never amount to anything." The problem is that shares in a public unlisted company are usually sold without a prospectus. The promoters argue that the sale is a private placing, therefore no prospectus is required.

"It is our view that the sale of shares to the public without adequate disclosure of information on the financial position of the company could constitute a harmful practice. Similarly, the sale of debentures in unlisted companies without a prospectus, in the case of Supreme Bond and others, constituted a harmful practice, particularly since they were sold to repay old debentures that were due, a purpose not disclosed to the public."

Tager says an increasing number of complaints have been received against people who liquidate their companies and immediately resume business under a new name.

Tager also says she's warned the public to beware of investing without adequate financial information about the company, but that a major problem is the abuse of the Companies Act. "The public perception is that statutory protection comes automatically with a public company. But statutory protection is a myth — who polices the statute?" She favours a dramatic revision of the Act.

On the other hand, Tager is happy about the committee's success in encouraging self-regulatory bodies in several industries to have their internal codes of conduct approved by the committee. Codes already are approved for the furniture, motor, advertising, timeshare and vehicle-recovery services industries. Codes for the building, travel and beauty sectors are being prepared.

Says Tager: "Codes contain norms and standards by which that particular sector has chosen to discipline itself. A code is, therefore, not a regulation imposed by government, it consists of the standards identified by fellow businessmen."

Council stops work on project

AKC 30/11/93
Municipal Reporter

THE city council has ordered builders to stop work on a Sea Point project because the post office has dropped plans for a "do-it-yourself" depot of 3 000 postboxes.

The post office was to have rented shop space for the scheme, part of a plan to replace domestic postal deliveries

Withdrawal of the post office meant the project did not match approved plans, said town planning chairman John Muir (267)

Mr. Muir said he was told on Friday the High Level Road project was going ahead, in spite of the post office cancelling its lease.

The project was approved earlier this year. There were concerns at the time that parking problems would be caused by people collecting post

Mr Muir said he had been told the space was to be used to sell motor accessories.

A new application would have to be submitted and debated.

Will Telkom take a private line?

Why not privatise Telkom? (267) WSM 1-7/10/93

Reg Rumney looks at the pros and cons

DESPITE the protestations of the probable government in waiting, Telkom is a prime target for privatisation some time in the future

Evert van Eeden, of the Office for Public Enterprises and Privatisation, says Telkom could be privatised within the next three to five years and given present profit levels and assuming a 10 percent earnings yield could be worth well over R5-billion.

Privatisation of all or some of the services Telkom provides would satisfy what is increasingly considered two main aims of privatisation, to raise revenue for the state, and to the privatised corporation more efficient

With Telkom there is another overriding reason — its own debt, inherited when it split from the Post Office. At R10,2-billion, according to Telkom managing director Danie du Toit, writing in the annual report, the gross long-term debt is a heavy burden. Compare this to the R13,7-billion book value of assets

Added to this is an actuarial shortfall in the pension fund of R 1,5-billion, which is to be funded out of Telkom's income over 15 years

The annual report notes, "This burden will seriously impede Telkom's ability to provide the modern infrastructures essential for us to successfully meet competition. This is particularly worrying since all over the industrialised world telecommunications companies are committing enormous amounts to the modernisation of networks and the deployment of optical-fibre broad-band systems to meet the multimedia needs of tomorrow's clients."

Whether that capital investment will save the fixed-line networks Telkom operates from extinction is open to question. Some theorists believe the essentially different demands of increasing computer-to-computer communications imply the end of telephony as we know it. In this view optical fibre and other supposed innovations are attempts to stave off the inevitable demise

Whatever the technological future, privatisation could raise some cash to pay off debt. African National Congress head of information services Andile Ngcaba says the ANC has set its face against the privatisation of telecommunications, including Telkom and cellular phones

Turning the argument for privatisation to

raise money on its head, the ANC argues the debt burden is one of a number of factors which will make it impossible for Telkom to compete

While large international telecommunications companies have a debt to equity ratio of 1.2, Telkom is operating on a ratio of 2.1, it says.

Telkom says the debt-equity ratio has been managed down from 2.14 to 1 when the company was formed to 2.10 to 1 at end-March and a policy decision has been taken to incur no new debt. Capital expenditure is being restricted to core business and is funded from internal cash flow. Telkom aims to manage the ratio down to 1.1 by 1998

Telkom maintains its financial risk management is stringent. Foreign exchange risks, for instance, are 100 percent covered

The ANC's arguments about Telkom's financial plight are posited on Telkom's ownership staying as it is

Telkom's authorised share capital now is R5-billion, comprising 5-billion ordinary shares of R1 each, 3,9-billion shares have been issued to the government as compensation for net assets taken over from the Posts and Telecommunications Department. The remaining 1,1-billion shares must also be issued to the state

That R3,9-billion worth of shares may fairly represent what Telkom is worth now, that is all assets after deducting net interest-bearing debt and provisions

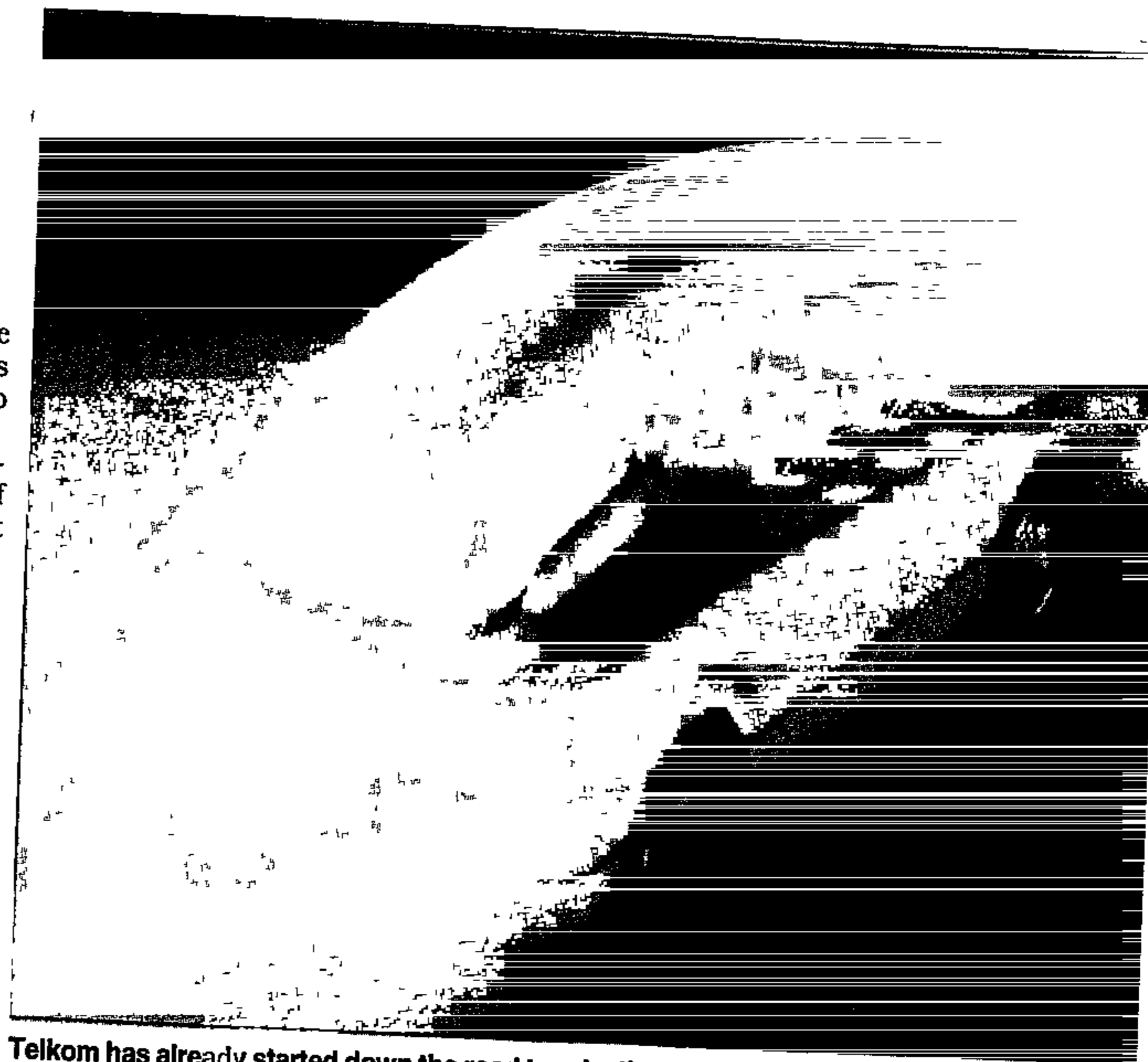
Further down the line, as Telkom chips away at its debt mountain it could be worth more

And at a future date, if Telkom needs capital to beat off a competitive threat or to expand big sums could be raised by a rights issue, particularly if those shares were privately owned — without going cap in hand to the government for subsidies

The trick is convincing potential buyers that they want to own Telkom shares. Five years down the track this might be easier than it is now, what with the lingering bitterness of the Iscor privatisation, the depressed economy and still flat stock market and ANC resistance.

The ANC says it doubts Telkom's ability to compete, particularly against cellular phone operators targeting the business sector "with an all-digital intra and inter city service". The ANC believes a competitor could readily undercut Telkom's long-distance traffic, placing up to 80 percent of it at risk.

This would be serious for Telkom, says the ANC, because of the heavy cross-subsidisation of local calls and rental services by long-dis-



Telkom has already started down the road to privatisation. Will it complete the journey?

tance and international calls. Telkom says bypassing tactics are impossible in terms of the licence agreement

Competition from cellular telephones will be limited, at least initially.

Around 90 percent all calls generated, says Telkom, will be carried by Telkom's fixed network, and for this the cellular operators will have to pay interconnect fees, adding to Telkom's income. Moreover, Telkom has a 50 percent stake in one of the cellular phone network operations

But what if there were cut-throat competition?

Though commercialisation has made Telkom more business-like, it is not a model of efficiency. The ANC, no less, says Telkom's figure for completed calls is only two-thirds of that achieved by other telecommunications companies which have been exposed to competition.

Economic Reform Today, published by the Washington-based Center for International Private Enterprise, says the norm for US and European telecommunications companies is 0.2 employees or fewer for every 1 000 telephone lines in service. The Telkom figure is 17

One answer to competition, for a private company, is obviously to bring down costs through cutting the work force

The ANC, however, states that cutting costs by shedding jobs is not an option. "Shedding labour would have direct industrial and political consequences and would not be an option

readily available to Telkom," says Ngcaba

Telkom is already in the process of slimming down. Last year it shed 5 676 jobs through natural attrition and retirement.

Despite commercialisation, a market-oriented culture does not run deep in Telkom, nor — while it has a near monopoly — will it need to. With its R10-billion turnover, Telkom has budgeted only R19,1-million for marketing for this year, compared to, say, M-Net's R50-million.

Telecommunications services were once regarded as natural monopolies because they are capital intensive and so are difficult businesses to enter

The basis for the ANC's belief that Telkom cannot survive in a deregulated market is that new technology will reintroduce the natural monopoly that it once held

It can be equally argued that technological developments, such as computerisation, have made more real competition available. The network can remain in state hands, with attached services being run by competing private sector companies. Cellular telephony does hold the hope of real competition once call costs come down and the government allows competition.

Telkom is not itself clear whether the cellular networks are meant to be complementary or competition. But they do offer the potential for competition down the line. By that time Telkom may look more attractive to investors

Talks on cellular phones (267)

WMI-7/10/93

Mondli waka Makhanya

NEXT week will be make-or-break in the cellular telephone battle. Parties involved in the dispute will meet to hammer out a compromise on the possible introduction of the phones early next year.

If compromise is not found, the introduction of the technology will be rocky with the African National Congress and its allies having promised to challenge the licences in court.

The government this week agreed to suspend the Post and Telecommunications Amendment Bill which the ANC construed as the sneaking in of privatisation of telecommunications.

More importantly there will be a "summit" next week attended by the government, the ANC, the union movement and the licence holders —

Vodacom and Mobile Telephone Networks. The parties have agreed that "the matter will not be taken further before the discussions have been concluded", a point the ANC saw as something of a victory.

The parties see the agreement very differently. Post and Telecommunications representative Elsa Kruger says "The ANC accepted the allocation of licences has happened and they can't withdraw them."

ANC information services chief Andile Ngcaba reacted angrily to media reports that the organisation had backed down. "We have not agreed to the process going ahead. The joint statement says clearly no further steps will be taken until the discussions have been concluded."

■ See Page 19

Who'll benefit from the cellular phone fracas?

wm14/10/93

(267)

The real question to be asked about cellular telephones is 'will South Africa benefit?', argues **Lisa Thornton**

THE cellular telephone debate in South Africa seems to be about who will get the new licences — and who will make the decisions about who gets the licences

Although the government has awarded licences to Vodacom and Mobile Telephone Network, the African National Congress has suggested the process of awarding such valuable rights should be debated fully by all interested parties. In this transitional phase of government such participation — including participation by the public — is important.

But what the debate should really be about is whether the end result will benefit South Africa. The country will benefit from the introduction of digital cellular technology as long as physical and pricing access is assured.

But nothing is being done to ensure such access. The government must at least encourage competition to the fullest extent possible, and regulate the industry where competition will not work.

In addition to competing with each other, the two new cellular licences should compete with the entire range of telecommunications providers, including the existing land-based telephone network (Telkom) and the

existing analog wireless network (recently sold to Vodafone).

Among the competitors, there should be no cross-ownership or control of licences. In other words, neither Telkom nor Vodafone nor any other party should be allowed to own both an existing network and a part of a new one. Otherwise, there will be no real competition.

There also should be no inequitable subsidisation from the government for any licence. The government itself definitely should not hold a licence. History has shown the inefficiency of governments trying to run public utilities.

Finally, price fixing or other collusion among the competitors must be prohibited. Market-based competition will work to keep prices low and quality high, but only if it is real competition.

Another important aspect of pricing access is the cost of the end-user equipment. The reason telephones are inexpensive in a place like the United States is that there is immense competition among the producers and the sellers of the telephones. South Africa should be attempting to duplicate such competition.

Where competition will not work to ensure access, the government must intervene with regulation — regulation not to the extent of government control, but by requiring certain standards to be met. Certainly, some regulation should have been in place before the licences were awarded. However, there has never been a debate on regulation in South Africa.

To ensure access to all persons and

all parts of the country, the government can require the licencees to cover a certain percentage of the land area with enough capacity to serve the residents and travellers within that area.

Alternatively or in addition, it can require the licencees to cover a certain percentage of the population. It also should require non-discriminatory interconnection among the networks, and non-discriminatory reselling of the network operations.

Should the government wish to encourage ownership and control of the telecommunications infrastructure by those who historically have been oppressed, it could require all licencees to incorporate such persons into the ownership, control and management of the company.

The licensing process should be completely open to public scrutiny and fair. It will only be fair if it is competitive and open to all qualified bidders. No one — including Vodacom (the consortium of Telkom, Rembrandt and Vodafone) — should be awarded a licence outside the process.

Finally, the licences should be awarded to the highest bidders, as long as the companies satisfy the basic requirements of a licencee. Such money can be used to subsidise telephone services to individuals who cannot afford the service.

■ Lisa Thornton is a US corporate attorney with experience of the US telecommunications industry, now working at the Institute for a Democratic Alternative for South Africa

NEWS IN BRIEF

Gqozo on Sebe 'scum'

THE Bisho Supreme Court heard a tape recording yesterday of an interview in which Brig Oupa Gqozo said that, by killing Charles Sebe, his soldiers had "rid the world of a scum". Gqozo was interviewed by Sunday Tribune reporter Yogin Devan a week after the 1991 shooting.

In the interview, Gqozo said the soldiers had not arrested Sebe and Col Onward Guzana at the roadblock because they were on an operation to wipe out his soldiers "We just had to shoot them."

Asked if they could not have tried to take the men alive, Gqozo responded "No, that was not our plan, completely."

Asked why they could not have arrested a man who was hurt, who probably did not have weapons and who was on the run — why he was "shot in cold blood" — Gqozo said: "I don't call it cold blood. This man took his chances and he knew it was win or lose, live or die, and he would have done the same if it was him."

Masterbond hearing

THE Masterbond group, experiencing "liquidity problems" in 1984, used investors' funds to finance a loss-making situation, the Nel commission heard in Cape Town yesterday.

No word from NSB

NATIONAL Sorghum Breweries is silent on what action it is considering following corruption and nepotism allegations made against it in Tribute magazine.

Debt judgments up

CIVIL judgments for debt increased 5,1% to 152 796 in the 1993 third quarter, the Central Statistical Service said yesterday.

BBC freelancer

IN Media Spot yesterday, David Gyimah was described as BBC SA correspondent. He is, in fact, not employed by the BBC, but is an occasional freelance contributor. Business Day regrets the error.

REPORTS Business Day Reporters, Sapa, Own Correspondent.

Academics slam cement cartel

BIDAY 11/21/93

BLOEMFONTEIN — SA's cement cartel, which operates even in Namibia, can no longer be justified, say two academics.

Bloemfontein economics professor Frederick Fourie and Stellenbosch economics lecturer Andrew Smith made the submission in a joint paper delivered at the Economics, Business Economics and Manpower research conference yesterday.

The cement market was dominated by a Competition Board-sanctioned cartel comprising Pretoria Portland Cement, Anglo-Alpha and Blue Circle.

The three companies accounted for 95% of the country's cement production, they said.

However, most of the smaller companies were controlled by the big three, which also had a controlling interest in the largest producers of the slag and fly ash necessary for producing cement.

The three largest cement merchants and retailers were owned by PPC and Anglo-Alpha.

The big three had entrenched their position in the market through regional monopolies and vertical integration which extended into the building industry itself.

The cartel had been in place for 20 years and there had been no new entry into the market since 1934 because of "formidable structural barriers", they said.

Attempts to import cement were countered by the big three by under-

cutting the price or by filing complaints with the Board of Trade and Industry, claiming "unfair dumping".

Against this evidence it was unlikely that local rivals would be able to make serious inroads into the market, they said.

With competition eliminated, the average profit rates in the cement industry had been "roughly twice that of the building materials industry and four times that of the manufacturing sector" between 1972 and 1990, the two academics said.

The Competition Board could no longer justify the cartel, given the important socioeconomic role the cement industry would play in addressing the national infrastructure and housing backlogs.

Various structural features pointed to monopoly abuse. "The evidence made a very strong case that cement prices are set in excess of their marginal cost, with the normal monopolistic misallocation of resources. Evidence of supra-normal profit rates and rates of return in the face of declining productivity in the industry strongly supports this case."

However, even if the Competition Board did prohibit the cement cartel, the industry would not automatically become more competitive, because of structural deficiencies.

"Unless these structural features are addressed the cartel may simply continue in another, tacit form."

The Competition Board was reassessing the cartel. — Sapa.

Telecommunications forum launched

THE National Telecommunications Forum was launched yesterday after major compromises by all sides.

The forum's 23-person management committee elected Centre for the Development of Information and Telecommunications policy director Lyndall Shope Mafole as forum chairman. BIDAY 11/21/93

The Posts and Telecommunications Department declined the two seats offered on the management committee

MELANIE SERGEANT

The forum, through 10 working groups, plans to provide a platform for all players in the telecommunications industry to discuss issues and influence national policy. (267)

Telkom said it recognised the forum as representing its full range of customers. Telkom donated R600 000 "in kind" to the forum secretariat for administration costs.

Telkom 'must get going on affirmative action'

BIDAY 11/21/93

BLOEMFONTEIN — A new government was unlikely to accept Telkom in its present form, with government as sole shareholder and most skilled and management positions occupied by whites, Unisa's Prof B Erasmus and Telkom's Delano de Witt said at the annual Economics, Business Economics and Manpower Conference yesterday.

Discussing affirmative action, they said it was essential for Telkom to keep abreast of changes.

Telkom's management board supported affirmative action because of shifting political pressures, the possibility of a new government imposing quotas on companies to appoint blacks and other disadvantaged people to skilled and management positions, and the shifts in the company's customer base. An affirmative action policy was in the interests of a company's long-term success and assured its legitimacy, they said. (267)

Telkom's approach was to balance

a top-down approach with a participative, bottom-up approach. While some supported aggressive recruitment of people from disadvantaged groups, others, while supporting equal employment opportunities and non-discrimination, considered active recruitment of blacks to be reverse discrimination. Given Telkom's urgent need to make progress, the management board would have to play a directive role in getting affirmative action off the ground. — Sapa.

Telephone rates up 6,6% from January

3/12/93
267
PRETORIA — Local telephone rates will increase by an average 6,6% from January 1, Telkom announced yesterday

The price of a call unit will increase from 21,5c to 23,3c, installation costs by approximately R20 and rental in automatic-exchange areas by about R4

Mr Danie du Toit said
Telkom had put aside R90 million to provide services to the underprivileged, managing director

He said larger increases were avoided by reducing Telekom's staff by 6,5%

Charges for telex and teletex services and for telegrams remain unchanged as does the unit cost of calls from coin phones — Sapa

e ● Call unit price now 23,3c

Telephone rates up 6,6pc next month

Sowetan 3/12/93

LOCAL telephone rates would increase by an average 6,6 percent from January 1, Telkom managing director Mr Danie du Toit announced yesterday.

This means the price of a call unit would increase from 21,5c to 23,3c; installation costs from R222,81 to R241,68; and rental in automatic exchange areas from R34,20 to R38,76.

The increases were below next year's predicted inflation rate of about nine percent, Du Toit said.

The unit cost of calls made from coin phones remains unchanged for the third consecutive year.

Du Toit said Telkom had put aside R90 million to provide services to the underprivileged.

A detailed billing system would be

phased in from January next year.

Installation charges and rentals for telex and teletex services, rates for all public telegrams (domestic and international) as well as most rates for international services also remained unchanged. (267) ~~(267)~~

But rates for telephone calls to certain neighbouring countries for which domestic rates applied because the same distance was covered, would be adjusted.

Du Toit said the tariff adjustments were necessary to cover rising expenditure.

Larger increases were avoided through increased productivity, he said.

— Sapa.

Fri 10/12/93



Another set of policy supremos

(267)

To SA's proliferating array of national forums add one more the National Telecommunications Forum. It was launched last week at a two-day convention in Midrand and will draw up proposals on how telephones, the frequency spectrum and other aspects of telecommunications should be regulated.

The more than 200 delegates on hand represented the industry, consumer and civic organisations, trade unions, business groups, Telkom, academia and government.

But while government representatives were on hand as observers, they declined to take part. The Department of Posts & Telecommunications ignored calls to take the two seats allocated to government on the forum's management committee, saying this would result in a conflict of interest.

Postmaster-General Ters Oosthuizen maintains that it would be wrong for government to serve on a committee that will make recommendations to government, which will then rule on these proposals. "There is a conflict of interest. We cannot be judge and accuser at the same time. We will take note of what the forum has to say."

Department of Posts & Telecommunications senior manager Koos Klok says "Our mandate was to attend the convention as observers and not to accept any position on the management committee. Though the forum was well attended, it is an informal group of people. It cannot order the government to be there."

Elsa Kruger, speaking for Minister of Posts & Telecommunications Piet Welgemoed, confirms this. "With all sorts of informal bodies mushrooming, the Minister does not want people in the employ of his department to sit on unofficial bodies."

But Dirk Cilliers of the Electronic Industries Federation says "government is splitting hairs and should be involved in the motivation of this telecommunications policy; in any case, after April 27 it will be told to get involved." Other delegates say government's attitude was reminiscent of the old SA and that it had to adapt to the changing tides.

Lyndall Shope-Mafole, who was elected to chair the forum, is unfazed by the controversy. She believes that the forum has an important role to play as a broad-based body that will make policy proposals and lobby the Independent Telecommunications Authority, once it is in place, and government.

"Our role is to recommend policies that will reflect a new democratic society and will redress the imbalances in the industry (such as the lack of telephone service in black communities). The policies should also ensure that SA strives to be an important node



Shope-Mafole "We have an obligation to take SA forward"

of global telecommunications, capable of participating internationally. We have an obligation to take SA forward."

The choice of Shope-Mafole (35) does not sit well with some critics, who say she does not have the necessary clout in industry. Others are more approving. "She's proven her ability to talk to people across a spectrum of interested parties — from the political left to established business and government," says Sentech MD Neel Smuts.

Shope-Mafole is also the director of the Centre for the Development of Information and Telecommunications Policy, which was formed by the ANC and in July organised the first truly representative national telecommunications symposium, the forerunner to last week's convention (*Business & Technology* August 6).

Born in Johannesburg, she was educated in Zambia and in Cuba, where she obtained an MSc in telecommunications engineering from the Havana Higher Polytechnic Institute. A former National Executive Committee member of the ANC Youth League, she represented the Youth League at the United Nations from 1986 to 1992.

It will be some time before the forum produces its first proposals, the forum's next session is not scheduled until May. So far, all that has been decided is the forum's mission, structure and funding.

The forum expects to spend R2m a year on salaries, consultancy fees, research and development and the management of 10 working groups. So far only Telkom has promised any money, committing R600 000. The forum's management committee comprises 23 people, who represent most of the interested

parties. They will co-ordinate the working groups, which will each focus on a different key area.

Cellular phone operators Vodacom and Mobile Telephone Networks, as well as State-owned Transnet and Eskom, which have their own telecommunications facilities, were excluded from the management committee. It was decided that they should form an association, which would then be considered for a seat on the committee.

While the forum will need time to formulate its proposals, there's no rush because the Independent Telecommunications Authority is also some months away from being formed. Originally, plans called for one regulatory body that would oversee both broadcasting and telecommunications. But earlier this year it was decided to split broadcasting from telecommunications because the upcoming election made a decision on how to regulate broadcasting more urgent.

The Independent Broadcasting Authority Bill was approved in September and government now is starting to move on telecommunications policy.

On November 24, Postmaster-General Oosthuizen invited more than 20 major players in the industry — including the telecommunications forum — to join a steering committee. He says their job will be to consider how telecommunications should be regulated and draft proposed legislation that would establish the Independent Telecommunications Authority. The legislation would be circulated for comment before it is submitted to parliament.

Marina Bidoli

TECHNOBYTES

- **Multichoice**, M-Net's sister company, forms specialist signal distribution company Orbicom to spearhead expansion into Africa. The new company will manage M-Net's terrestrial and satellite links and transmission stations, as well as 100 community-owned stations in remote areas. The BBC will be a client.
- **IBM**, which disinvested in 1987, is expected to announce plans to return to SA within weeks. There has been much talk of IBM's reinvestment since October, when IBM local distributor ISG Group split from Barlow Rand.
- **FNB disaster** recovery specialist First Recovery signs two large contracts to provide computer back-up services should the mainframe systems at Eskom and the Post Office fail.

open its first outlets in Johannesburg and Cape Town

The franchises will not compete directly with the Post Office when it comes to delivering mail, but they will give it a run for its money in the peripheral areas of post box rental (box holders can call the outlet 24 hours a day to see whether they have any mail), package pick-up and delivery and stamp sales. The franchises will also go beyond the Post Office's usual menu by offering fax services, gift wrapping, greeting cards and office supplies.

The Post Office management believes it has no reason to worry because the new company will operate in a niche market. "It can only stimulate our business," says GM Andre du Pisani. "If there are more retail points, the whole business grows. We haven't got any objections as long as it doesn't affect our monopoly on standard mail."

Since its commercialisation two years ago, the Post Office has gradually been offering additional services at its 1 700 outlets and 400 agencies. Customers now can buy stamped envelopes and packaging and make photocopies at some branches.

In May it allowed stamps to be sold at private businesses, such as bookstores and cafes, and in June it started Speed Services to compete with private overnight delivery services. Last month it introduced Fastmail to replace domestic airmail (*Business* November 5).

Mail Boxes Etc was founded in 1980 and listed in 1986. A major shareholder is the United Parcel Service, the leading American overnight courier service. The cost of setting up a franchise in SA is about R140 000, says Chris Dunn of Surefire Corp, which represents US franchises in SA.

Dunn, who is also in the running for Mail Boxes Etc's master franchise here, says the

Post Office obviously believes that franchising is a good idea because it plans to offer certain locations to entrepreneurs next year. But he believes that it will remain bureaucratic, which will allow Mail Boxes Etc to claim a healthy share of the market.

"Choice, alternatives, that's what it's all about," Dunn says. "Let the market determine who's better, free it up."

Dunn says a successful niche is catering to business executives who do a lot of travelling. A secretary at the home office can keep the boss supplied with packages, post or faxes by forwarding them to Mail Boxes Etc branches.

He also sees a big market in letting post boxes (which will be able to provide customers with the street address that many want as well as a box number) because the Post Office has announced that it plans to scale back street delivery and make it a paid option.

To fill the gap the Post Office also plans to install 4m-6m of its own post boxes throughout SA over the next five years. ■

MERCEDES-BENZ

Plugging a gap

Mercedes-Benz's popular profile in SA as a manufacturer of luxury cars is changing. The launch next year of the Mitsubishi L200 one-ton bakkie, plus the expected announcement of a new, intermediate range of Mercedes commercial vehicles, will reduce even further the contribution of the manufacturer's cars to its overall business.

Sales of luxury cars in SA have dropped considerably in recent years. Mercedes-Benz now builds S-Class, E-Class and C-Class cars in SA. Expected new local content regu-

lations, intended to discourage SA manufacture of low-volume vehicles, could result in the company building just one range, the C-Class. The others would then be imported from Germany.

Mercedes-Benz also builds Honda cars at its East London assembly plant, along with heavy trucks and buses. The launch of the Mitsubishi L200, therefore, will fill a gap in Mercedes-Benz's SA model line-up, which has never included an entry in the bakkie market, says chairman Christoph Köpke.

Another hole will be plugged later. Köpke says Mercedes expects to announce within a few months details of an intermediate commercial vehicle range between the L200 and his company's larger trucks.

Details of the L200 investment's cost won't be known until early next year. The agreement between Mercedes-Benz and Mitsubishi was signed in Germany last week and officials from both companies are meeting this month to determine exactly what needs to be done at the East London plant.

However, Köpke admits "We have set ourselves a tremendously tight deadline." The first vehicles are due to roll off the production line next August and will be in showrooms a few weeks later.

No decision has been taken yet on how the L200 will be marketed. The SA Motor Corp (Samcor) already builds and markets a number of Mitsubishi products and Köpke is conscious of a clash. "We are looking very carefully at the brand name of the L200. Maybe a neutral name. We will probably not be selling the name Mitsubishi."

Köpke says the declining heavy- and medium-truck market made it imperative for Mercedes-Benz to find a smaller commercial vehicle. The SA transport business will increasingly require vehicles able to carry small loads cost-effectively.

Mitsubishi and Samcor, meanwhile, insist that the appearance of the L200 under Mercedes' banner won't affect their dealings. Mitsubishi Johannesburg office GM Masaki Miyaji says "We have no intention of changing our relationship with Samcor."

Samcor says it will continue to assemble and market Mitsubishi L300 and Canter commercial vehicles as well as the soon-to-be-launched Pajero luxury four-wheel-drive station wagon.

"The association between Samcor and Mitsubishi has been a long and valued one to which we remain fully committed," Samcor says. "The fact that Mitsubishi has signed up with another quality manufacturer to represent them in the one-ton commercial vehicle market is an indication of the importance that Mitsubishi places on the SA market."

□ The motor industry continued its recovery last month, according to figures released this week. Car sales were up 3,5% last month, compared with the same month last year, making November the 10th month in which sales rose. Sales of light commercial vehicles, bakkies and minibuses increased by 3,8% over November 1992. Sales of low-volume medium and heavy trucks remained weak. ■

FM HEALTH CARE CONFERENCE

How do you cut costs but not standards? That's the question facing the business community as deregulation takes effect and creates a bewildering array of competitive options on the corporate health care market.

At the second annual FM Corporate Health Care Conference, a broad spectrum of speakers will share their practical, hands-on answers to the often baffling questions surrounding cost containment. The day-long event will cover topics ranging from new medical aid products to the debate over generic drugs, from day clinics to medical credit cards.

Among the speakers will be
 □ Ralph Mijima of the ANC Health Secretariat, who will explore the ANC's position on the future of health care in SA;

□ Medscheme MD Keith Hollis, who will explain why "budget" health care does not necessarily mean inferior health care,

□ Trevor Pascoe of Old Mutual, who will explain the growing prominence of insurance companies in the medical care arena, and

□ Stephen Toovey, a physician and health care consultant, who will offer a cost-cutter checklist that recommends 10 questions to ask yourself before making any major corporate health care decision.

The conference will be at the Carlton Hotel, Johannesburg, on February 10. The cost is R883,50 if paid for by January 14. For every five paid delegates from a company or organisation, the sixth is free. To book, call Brian McDonald of Global Conferences at (021) 683-3265 or fax (021) 683-4086.

P-T-O-7

Telkom must explain rise, says union

Star 9/12/93

■ BY ZINGISA MKHUMA
CONSUMER REPORTER

The South Africa National Consumer Union (Sancu) has challenged Telkom's advancement of the telephone tariff increase date from April to January 1994, and called on both Telkom and Government to give consumers a "transparent" reason for this.

Sancu chairman Lillibeth Moolman said the 6,6 percent increases on local telephone calls was a punitive measure for cash-strapped consumers.

The increases — of one call unit from 21,5c to 23,3c — were announced by Telkom managing director Danie du Toit last week.

Telephone installation costs will also rise from R222 to R241, and rentals will go up by more than R4 a month.

Du Toit said the increases were lower than the 9 percent inflation rate projected for next year.

Moolman disputed this and argued that this was a second increase in a year, (rates went up by 9,9 percent and 3,6 percent in April 1 and 7 respectively), which would mean an overall increase of 14 percent.

Sancu believed that Telkom owed the public an explanation as to why the tariffs were being revised in January.

Peru, Romania order Telkor's payphones

BIDON 2-21-93
TELKOR has secured contracts for its payphones in South America and eastern Europe.

The Reunert subsidiary has orders for 1,000 payphones in Peru and other South American countries, and for 2,000 payphones in Romania (2107).

Telkor, which also makes electronic parking meters, ticket issuing machines, access control and time and attendance systems, increased its exports by 218% in 1992 and by 233% in 1993. In 1991 exports were just 5.7% of total sales, and in 1993, they were 40.6%.

A spokesman said Telkor had already installed about 28,000 payphones in eastern Europe while, in only three, it had grown to hold 12% of

MARCIA KLEIN

this market in Europe, and was hoping for 17% next year and up to 23% in 1995.

He said Telkor was one of five big worldwide suppliers of both coin and card operated payphones and had only become a major player within the last three years, as markets opened up to SA. Telkor's products were aimed at niche markets and were designed for high vandalism areas.

The spokesman said the global telephone market was changing rapidly. Some major telephone operations were being privatised, and many payphones were becoming cellular-linked, due to problems in setting up network lines.

PUBLIC SECTOR - TELECOM, - GENERAL

1993

JANUARY - JULY

Phone cards to beat vandals

TELKOM hopes to eliminate vandalism by replacing coin-operated public telephones with "cardphones" — which use special credit-cards instead of cash — before the end of this year.

Telkom spokesman Mr Fanus Bothma said yesterday that final models of the credit card-operated public telephones were not

yet available, but prototypes would be displayed at Telkom's international telecommunications conference in Cape Town next month (267)

He said telephone cards — similar to a bank credit cards — with values of R10 and more would be used in these models, and would be available from

cafés, pharmacies, post offices and supermarkets

Coin-operated telephones for private homes will also be available by the end of the year

But renters' coin phones will be marketed mainly for in-house use in public places like clubs, restaurants, factory floors and hotel foyers.

LIBBY PEACOCK
Supreme Court Reporter

A STEINBERG man disputing high telephone bills has asked the Supreme Court to order Telkom to reconnect his telephone.

Mr Raymond Richardson is also claiming that the bills are "in all probability" because of misuse of his telephone by Telkom employees.

He applied urgently yesterday for an order compelling Telkom to reconnect his service, which was cut because he

R2 000 phone bill disputed in Supreme Court plea

AR 15/12/93

(267)

did not to pay a R2 000 bill.

Mr Richardson, a labourer employed by the South African Navy, said in an affidavit his service was disconnected on Monday. He urgently needed the telephone as his wife was a nursery school teacher who needed to communicate with the parents of children in her care.

He also lived in a area

where crime was rife and he had needed to telephone the police on several occasions.

Mr Richardson said he was usually charged between R30 and R110 for metered call units, but suddenly had accounts for R667, R1 088 and R245 in April, May and June last year.

When his wife queried the account in April, she was told

the matter would be investigated.

Nothing happened and in June he and his wife visited Telkom's offices. Later that day his wife was told Telkom had a print-out showing that a number of 087 premium rate lines had been dialled from his telephone.

Mr Richardson said Telkom claimed he owed R2 070

He paid the telephone rental and the metered call units for all but the disputed accounts and had also paid R100 towards the disputed accounts twice.

The metered units on the disputed accounts were not made by him or by anybody with access to his telephone. Neither he, his wife nor his children had called 087 lines or made overseas telephone calls, he said.

The telephone was kept locked when not in use and his wife kept the key.

Mr Richardson said the increase was probably because of misuse of his telephone by Telkom employees or people allowed access to it by Telkom employees.

During the period of the disputed accounts Telkom workers were working on the tele-

phone lines in his neighbourhood and he would occasionally pick up the telephone to dial and hear people talking on the line.

Telkom recently admitted that some of its employees had been guilty of such practices, Mr Richardson claimed.

If this was what had happened, Telkom was in breach of contract by debiting his account with metered unit calls not made by him or anybody with access to his telephone.

Mr Justice Kuhn postponed the application in chambers until today.

Partly cloudy and warm
Cape St Francis to the Kei River
Partly cloudy and warm
Namaqualand and the

ley Schuster, shore support for Blue 5

High bills: Man takes on Telkom

CT 15/1/93 (267)

Staff Reporter

A STEENBERG labourer yesterday brought an urgent application to the Supreme Court to have Telkom reconnect his telephone following a dispute over three unusually high telephone bills totalling R2 001,69

Mr Raymond Richardson, of Viola Street, who is employed by the SA Navy, has obtained legal aid.

In papers he said his telephone had been disconnected on Monday after he received three "dramatically high" telephone bills and was told that he had made a number of 087 calls.

Mr Richardson said that whereas he was normally billed under R100 a month, the three disputed accounts received in April, May and June last year were R667,92, R1 088,64, and R245,13.

He wants Telkom to reconnect his telephone until a court has decided how much is due.

He said he lived in an area where crime was prevalent and had had to call the police several times.

He submitted that the high bills



THUMBS DOWN ... Mr Raymond Richardson demonstrates his distaste for Telkom.

Picture ANNE LAING

were due to misuse of his telephone by employees of Telkom or by people allowed access to it by them.

He said Telkom recently admitted that some of its employees were guilty of such practices.

Mr Justice G A Kuhn postponed the matter to 10am today to give legal representatives an opportunity to convince him of it's urgency.

Mr H Kotzé, instructed by Windvogel, McKay and Ass, appeared for Mr Richardson. Telkom was not represented yesterday.

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SIAPDIE Suisoddo auu

Telkom fired man for tapping

Staff Reporter

A TELKOM employee was fired after illegally tapping into the locked telephone line of his girlfriend's employers and making daily long-distance calls to Riversdale.

Mr. Wendell Baatjes and his wife, Mrs. June Baatjes, of Newfield Estate, said yesterday that about five years ago they queried their "excessively high" telephone accounts as they kept their telephone locked.

"Eventually we found out that a Telkom worker was tapping into our line on behalf of our domestic servant and making two long-distance calls a day to Riversdale."

They confronted the pair, who admitted phoning illegally. Telkom fired the worker and waived the account for six months.

Telkom had waived the account in exchange for silence but they had decided that people should know it was possible for outsiders to use locked lines.

A Telkom spokesman said yesterday she could not confirm that this had taken place as records were only kept for three years at a time, but workers were constantly warned of dismissal if caught tapping into private lines.

(267) CT 16/11/93

Joint bid for liquidation

DUMA GOUBULE

A CONSORTIUM of creditors will apply for the liquidation of advertising agency Media Business which allegedly owes it about R20m - 8/10M 20/1/93.

A spokesman for the consortium, which includes the Newspaper Press Union, M-Net and Argus, said it had been decided on Friday to take collective action against Media Business in the interest of all creditors.

The SABC withdrew from the consortium after Media Business had paid 50% of its debt of more than R1m, a spokesman said.

Subsequently a second cheque for the balance of the debt had been dishonoured by the bank.

The SABC was reconsidering the situation after Media Business had failed to provide securities for outstanding debts.

Media Business could not be contacted for comment.

INFORMATION TECHNOLOGY

Telkom starts deregulation of value added services

Blom 21/1/93 267

Reports by
MELANIE SERGEANT

WITH international trends pointing towards the deregulation of value added telecommunications services, Telkom has started the process to stimulate activity

However, SA's value added network (VAN) providers are finding it tough to keep up with changing goalposts

Telkom's corporate clients GM, Blackie Lahoud, says deregulation requires government-appointed regulators to represent the interests of all parties "In SA, the legislation governing the establishment of a regulatory body on all telecommunication and broadcast affairs has not yet been promulgated, but Telkom saw the need to stimulate the economy and to provide more choice and flexibility to clients, so instituted agreements for operating private VANs"

This was done through negotiations with the National Telecommunications User Group which represents all sectors of users, VAN providers and supply companies.

With regard to large VANs like Trafex, Vanco and Firstnet, which say the goalposts are continuously changing, he says "We realise that conditions of the current agreements don't fully meet the expectations of all VAN providers, but we felt it ne-

cessary to start with agreements rather than waiting for the formal regulatory processes to be in place

"We have identified some problems and expect that mutually acceptable changes to agreements will be made as the industry matures"

One such change could be instituted in current discussions between Telkom and Trafex.

Trafex's Jonathan Fleet explains that current VAN licences do not extend to international activities, meaning that data cannot be shipped overseas This is a problem, because Trafex's network is linked to IBM's international network for global data communications "Originally, Trafex was granted permission to deal internationally, but with changes at Telkom as well as ISM taking over from IBM, the goalposts have changed"

Written permission is necessary for international data communication operations

On the issue of sharing bandwidths, Fleet says Trafex operates on 2MBit lines around SA Customers are not running on all routes to utilise all the bandwidths

Timeslots are divided into 64KBit

portions, and Trafex is happy to pay for the space it uses, but he says Telkom is advocating a situation where Trafex installs separate lines which will comply with VAN regulations "Telkom can't audit the amount of bandwidth being used, so we have applied for separate lines which is an expensive and impractical exercise."

Firstnet MD Mike van den Bergh said although his VAN could have used parent company FNB's 2MBit network, his group opted for separate lines from inception, because there was uncertainty over the regulatory situation.

Concerning international data-communications, regulations say this can be done only on Telkom's Saponet network

Meanwhile, in a move aimed to save money on fax trunk calls, Trafex this week launched a fax service This will allow electronic mail to be distributed on up to 960 fax machines.

Fleet says Trafex has special dispensation to operate international mailbox services, and has had "good co-operation from Telkom" on this issue

VAN general service agreements permit telex and fax to enter or exit the service once only

As far as could be established not one of Diamond's clients received any quid pro quo for the contract fee paid

Diamond also encouraged prospective exporters to form close corporations comprising four to five members who would jointly pay contract fees to Diamond for exporting their products to Mozambique. Exporters were interested in this scheme since substantial savings could be effected in their transport costs. No evidence could be found that such exports in fact took place.

In the light of the seriousness of the complaints against the parties concerned the Committee took steps to stop the advertisements by Diamond. Consequently interest in the activities of Diamond gradually declined and eventually no further business was carried on. Diamond Business was liquidated on 24 March 1992 and the process for the liquidation of Diamond Trucking was commenced. Information at the Committee's disposal indicates that about 70 clients concluded agreements with Diamond. Jointly they paid more than R600 000 to Diamond.

4. Evaluation and recommendation

Since Diamond is no longer conducting business and an order by the Minister would therefore be unenforceable, the Committee recommends that the Minister takes *no steps* in terms of section 12 of the Act.

PROF. LOUISE A. TAGER,

Chairman: Business Practices Committee.

(22 January 1993)

Sover vasgestel kon word het geen klient van Diamond enige teenprestasie ontvang vir die kontraksgelde wat betaal is nie.

Diamond het ook voornemende uitvoerders aangespoor om beslote korporasies bestaande uit vier tot vyf lede te stig wat gesamentlik kontraksgelde aan Diamond moes betaal ten einde uitvoer van hulle produkte na Mosambiek te onderneem. Uitvoerders het belangstelling in die skema getoon aangesien aansienlike besparings in hul uitvoerkoste sodoende teweeg gebring kon word. Geen bewyse kon gevind word van enige uitvoere wat op hierdie wyse plaasgevind het nie.

In die lig van die erns van die klagtes teen die betrokke partye het die Komitee stappe geneem om die advertensies van Diamond te staak. Gevolglik het belangstelling in die aktiwiteite van Diamond geleidelik afgeneem en het die betrokke maatskappye uiteindelik nie meer besigheid gedoen nie. Diamond Business is dan ook op 24 Maart 1992 gelikwideer en die proses vir die likwidasië van Diamond Trucking het 'n aanvang geneem. Inligting tot die Komitee se beskikking dui daarop dat ongeveer 70 kliente ooreenkomste met Diamond aangegaan het. Hulle het gesamentlik meer as R600 000 aan Diamond betaal

4. Gevolgtrekking en aanbeveling

Aangesien Diamond nie meer besigheid doen nie en 'n bevel deur die Minister in hierdie geval dus onuitvoerbaar sal wees, beveel die Komitee aan dat die Minister *geen stappe* ingevolge artikel 12 van die Wet neem nie.

PROF. LOUISE A. TAGER,

Voorsitter: Sakepraktykekomitee.

(22 Januarie 1993)

NOTICE 53 OF 1993 • KENNISGEWING 53 VAN 1993

DEPARTMENT OF POSTS AND TELECOMMUNICATIONS DEPARTEMENT VAN POS- EN TELEKOMMUNIKASIEWESE

STATEMENT OF REVENUE AND EXPENDITURE: NOVEMBER 1992 STAAT VAN INKOMSTE EN UITGAWE: NOVEMBER 1992

	Estimate Begroting 1992/93	Month of November Maand van November 1992	Total April to November Totaal. April tot November 1992	
	R	R	R	
Private radio communications services:			*	Private radiokommunikasiedienste*
Operating Expenditure ...	19 326 000	720 898	5 635 813	Bedryfsuitgawe.
Capital Expenditure	212 000	24 423	32 842	Kapitaaluitgawe
Revenue	20 000 000	214 509	2 567 811	Inkomste

* Neither revenue nor expenditure is evenly spread over the financial year. Certain large operating expenditure payments are made quarterly, half yearly or annually, whilst capital expenditure payments are related to the execution of specific short and long term projects

* Nóg inkomste nóg besteding is gelykmatig oor die boekjaar versprei. Sekere groot bedryfsuitgawebetelings geskied kwartaaliks, halfjaarlik of jaarlik, terwyl kapitaaluitgawebetelings saamhang met die uitvoering van bepaalde kort- en langtermynprojekte

267
On 1 October 1991 the telecommunications and postal services, which up to that date were rendered by the Department of Posts and Telecommunications, were transferred to the public companies Telkom SA Limited and SA Post Office Limited. This step reduced the functions of the Department to purely governmental and regulatory ones. On account of the corporatisation of the major part of the Department's activities the estimates for 1992/93 have been drastically scaled down.

The customary details of the amounts for the corresponding period in the previous financial year have been omitted as these details would not have any significance for purposes of comparison

(22 January 1993)

Op 1 Oktober 1991 is die telekommunikasie- en posdiens wat tot daardie datum deur die Departement van Pos- en Telekommunikasiewese gelewer is, oorgedra aan die publieke maatskappye Telkom SA Beperk en SA Poskantoor Beperk. Die funksies van die Departement is deur dié stap tot suiwer owerheids- en reguleringsfunksies gereduseer. Vanwee die korporatisering van die oorgrote deel van die Departement se bedrywighede is die begroting vir 1992/93 drasties afgeskaal.

Die gebruikelike besonderhede van syfers vir die ooreenstemmende tydperk in die vorige boekjaar is weggelaat omdat dit nie vir vergelykingsdoeleindes van waarde is nie.

(22 Januarie 1993)

NOTICE 54 OF 1993

MEETINGS OF PARLIAMENTARY COMMITTEES

MONDAY, 25 JANUARY 1993

Joint Committee of Public Enterprises and Transport (Marine Traffic Amendment Bill [B 6-93 (GA)], Road Traffic Amendment Bill [B 21-93 (GA)], Air Traffic and Navigation Services Company Bill [B 25-93 (GA)] and Airports Company Bill [B 26-93 (GA)]).

TUESDAY, 26 JANUARY 1993

Joint Committee on Finance (Financial Supervision of the Multilateral Motor Vehicle Accidents Fund Bill [B 11-93 (GA)], Secret Services Amendment Bill [B 16-93 (GA)], South African Reserve Bank Amendment Bill [B 22-93 (GA)] and Deposit-taking Institutions Amendment Bill [B 23-93 (GA)]).

Joint Committee on Public Enterprises and Transport (Marine Traffic Amendment Bill [B 6-93 (GA)], Road Traffic Amendment Bill [B 21-93 (GA)], Air Traffic and Navigation Services Company Bill [B 25-93 (GA)] and Airports Company Bill [B 26-93 (GA)]).

WEDNESDAY, 27 JANUARY 1993

Joint Committee on Environment, Mineral and Energy Affairs (Liquid Fuel and Oil Act Repeal Bill [B 12-93 (GA)] and Petroleum Products Amendment Bill [B 18-93 (GA)]).

TUESDAY, 2 FEBRUARY 1993

Joint Committee on Home Affairs (Public Service Labour Relations Bill [B 13-93 (GA)])

WEDNESDAY, 3 FEBRUARY 1993

Joint Committee on Security Services (Police Amendment Bill [B 19-93 (GA)] and Armaments Development and Production Amendment Bill [B 29-93 (GA)]).

Joint Committee on Home Affairs (Public Service Labour Relations Bill [B 13-93 (GA)])

OTHER MEETING

TUESDAY, 9 FEBRUARY 1993

Management Committee of Parmed Medical Aid Scheme.

Enquiries: W. Fourie, Head Committee Section, Tel. (021) 403-2568, Beltel Page No. 3199

(22 January 1993)

KENNISGEWING 54 VAN 1993 VERGADERINGS VAN PARLEMENTÊRE KOMITEES

MAANDAG, 25 JANUARIE 1993

Gesamentlike Komitee oor Openbare Ondernemings en Vervoer (Wysigingswetsontwerp op Seeverkeer [W 6-93 (AS)], Wysigingswetsontwerp op Padverkeer [W 21-93 (AS)], Lugverkeer- en -navigasiedienstemaatskappywetsontwerp [W 25-93 (AS)] en Lughawensmaatskappywetsontwerp [W 26-93 (AS)]).

DINSDAG, 26 JANUARIE 1993

Gesamentlike Komitee oor Finansies (Wetsontwerp of Finansiële Toesighouding oor die Multilaterale Motorvoertuigongelukfondse [W 11-93 (AS)], Wysigingswetsontwerp op Geheime Dienste [W 16-93 (AS)], Wysigingswetsontwerp op Die Suid-Afrikaanse Reserwebank [W 22-93 (AS)] en Wysigingswetsontwerp op Depositonemende Instellings [W 23-93 (AS)]).

Gesamentlike Komitee oor Openbare Ondernemings en Vervoer (Wysigingswetsontwerp op Seeverkeer [W 6-93 (AS)], Wysigingswetsontwerp op Padverkeer [W 21-93 (AS)], Lugverkeer- en -navigasiedienstemaatskappywetsontwerp [W 25-93 (AS)] en Lughawensmaatskappywetsontwerp [W 26-93 (AS)]).

WOENSDAG, 27 JANUARIE 1993

Gesamentlike Komitee oor Omgewing-, Mineraal- en Energiesake (Wetsontwerp tot Herroeping van die Wet op Vloeibare Brandstof en Olie [W 12-93 (AS)] en Wysigingswetsontwerp op Petroleumprodukte [W 18-93 (AS)]).

DINSDAG, 2 FEBRUARIE 1993

Gesamentlike Komitee oor Binnelandse Sake (Wetsontwerp op Arbeidsverhoudinge vir die Staatsdiens [W 13-93 (AS)]).

WOENSDAG, 3 FEBRUARIE 1993

Gesamentlike Komitee oor Beskermingsdienste (Polisiewysigingswetsontwerp [W 19-93 (AS)] en Wysigingswetsontwerp op Krygstuigontwikkeling en -vervaardiging [W 29-93 (AS)]).

Gesamentlike Komitee oor Binnelandse Sake (Wetsontwerp op Arbeidsverhoudinge vir die Staatsdiens [W 13-93 (AS)]).

ANDER VERGADERING

DINSDAG, 9 FEBRUARIE 1993

Bestuurskomitee van Parmed Mediese Hulpskema Navrae: W. Fourie, Hoof: Komitee-afdeling, Tel. (021) 403-2568, Beltelbladsy No. 3199

(22 Januarie 1993)

198 12-11 11:31

Phone users may get option to Telkom's service

Staff Reporter

267 ARG 26/11/93

TELEPHONE users will have the option of not renting from Telkom if Dr Piet Welgemoed, Minister of Telecommunications, follows the recommendations of a report that the market was big enough for at least two operators.

Dr Welgemoed is expected to announce in the next few weeks, how many licences will be granted to other operators besides Telkom, as well as further steps to privatise Telkom, a Telkom spokesman said.

Chairman of the Competition Board Dr Pierre Brooks said it was clear new companies entering the market would be at a disadvantage if the established company had state assistance.

"Deregulation must take place to ensure the long-term survival of competition in the market," he said.

The State alleges the four fraudulently obtained Reserve Bank authority for the

nor the four accused was entitled to obtain or receive the finrand.

Welgemoed ruling awaited

CAPE TOWN — Telecommunications Minister Piet Welgemoed is expected to announce a ruling on the number of operators which will be granted licences for mobile telecommunications within the next few weeks, a measure which will accelerate the deregulation of the telecommunications industry.

Once the number of operators has been determined, the operation of mobile telephone systems will go out to tender.

Welgemoed was also expected to outline the future role of state-owned corporation Telkom which, since its separation from the Post Office, has taken an initial step towards deregulation by commercialising its operations. *BIDAM*

The Minister said in a statement yesterday that the issue of mobile telecommunications was being treated with the utmost urgency as it was the cheapest and fastest method of providing all South Africans with access to telephones. *26/1/93*

Last year accounting and financial services firm Coopers & Lybrand investigated the best way of introducing mobile tele-

LINDA ENSOR (267)

communications into SA and suggested that the market was large enough for at least two operators.

The report made wide-ranging recommendations on the deregulation of the industry and at least 30 submissions on the report were received from all sectors of the telecommunications industry. Cabinet still has to decide on the report.

Welgemoed's adviser on deregulation, Pierre Pretorius, said there was a good chance the regulation of the frequency spectrum — which suffered with the breakdown of Codesa — would come up for further discussion with political groups such as the ANC and Inkatha. "No decisions will be taken before the government has spoken to all the political parties and to industries concerned," he said.

Competition Board chairman Pierre Brooks said the deregulation of the industry had to take place in such a way as to ensure the long-term survival of competition in the market.

Telkom writes off R77m

TELKOM wrote off R77m in bad debts during the current year, a major portion of it on disputed phone accounts over 087 calls, Telkom senior GM finance Stoffel Erasmus said yesterday

In many cases, Telkom had to give clients the benefit of the doubt that they had not made the calls they were being billed for, he said.

The disputes arose partly because Telkom could not provide a detailed breakdown of accounts. To do this would cost Telkom more than R400m, Erasmus said

However, Premium Rate Association of SA chairman Neil Jacobsohn said Telkom had not made public what percentage was put down to 087 calls and what percentage to other factors

He said it was "expedient for Telkom to blame 087 operators for its problems".

While some of the R77m could be ascribed to 087 calls, it could also have been put down to subscribers being unable to

TIM MARSLAND (267)

pay accounts because of the recession and to other Telkom errors, Jacobsohn said.

Erasmus said Telkom had told 087 operators they could continue operations on a different basis, which meant they they would have to get authorisation from clients to have access to their services

The operators should also preferably use toll-free lines

However, 087 operators were unwilling to do this because of the marketing costs they would incur.

Jacobsohn said it was not viable for local 087 operators to do their own billing.

He said a few operators were looking at other options. Some could return to the market. Offshore operators had, meanwhile, entered the SA market, using international phone facilities.

27/1/93
BIDMAY

Telkom hopes to woo public with media drive

Telkom will launch a huge television and print campaign within two weeks in a concerted effort to reverse the badly dented public image it acquired in its first year of privatisation.

The campaign follows an undertaking given to The Star by Telkom chairman Jack Clarke in November to clean up the service, block the 087 premium lines and create a new "user-friendly and efficient era".

At the time, Clarke was reacting to Star Line reports of sustained subscriber criticisms of sky-high bills, false meter readings, technicians plugging in to private lines to make costly calls, and computer errors resulting in service cut-offs.

Telkom blamed abuse of the 087 numbers and said it would have to write off R77 million because of unpaid premium line accounts. But the Consumer Council and other consumer bodies shrugged off the excuse and urged consumers to demand detailed accounts from Telkom and, if they were still unhappy, to sue.

"Legal action is the only alternative for consumers whose telephone lines have been cut

Star
Line
JUNE
BEARZI



because they refused to pay," Consumer Union chairman Lilibeth Moolman said.

Within days of the adverse publicity, Clark gave his "friendlier ring" commitment in an exclusive interview with Star Line.

Part of the clean-up campaign will reportedly include a "pep talk" on CCV at 8 am on February 12 by managing director Danie du Toit to Telkom employees, pointing out the errors of the past and how these must be avoided in future.

"The customer is king," they will be told, and subscribers will be able to "eavesdrop" by tuning into CCV.

On February 15 Telkom will reach out to the public in a massive media campaign.

Subscribers will also receive a letter with their accounts in which the telephone company admits its mistakes and asks for suggestions from the public.

COMPANIES

Absa slashes estate agents' fees

BANKING and finance group Absa yesterday announced a large cut in membership fees for its Multi Listing Services subsidiary, intensifying the battle for estate agents' computer listing business.

Absa deputy CE Mike de Blanche said MLS would slash estate agents membership fees by 70% from May 1 and offer members automatic access to advanced property administration software — all for R88 a month. Estate agents would also be offered the lease of a PC and printer.

De Blanche said the full computerisation of MLS had made the cut in membership fees possible. However, industry sources said the move was designed to win market share from arch-competitor Comprehensive Property Services (CPS).

CPS was backed by most major financial institutions in SA, with the exception of Absa, they said.

CPS MD Stefan Swanepoel said he was

ANDREW KRUMM

not concerned by the move, which was a "desperate attempt" by MLS to gain business. "This is the third or fourth cut in fees MLS has made in the past two years. All they have done is bring their fee structure in line at long last."

Swanepoel said the MLS fee would undercut his company's but said CPS was "fully booked for the next six months."

He said CPS's membership fees ranged from R150 to R250 a month, while the company leased out a range of computer hardware and software for between R280 and R340 a month.

De Blanche said MLS's service included the electronic processing of bond applications, the earlier registration of the property in the new owner's name, faster financial settlement to the seller and prompt payment of commission to estate agents.

Telkom joins capital market's major league

TELKOM has emerged as the third biggest player in the capital market, after government and Eskom, with turnover from its market-making activities reaching R160bn in the current year.

Telkom GM Treasury Wilhe Landman said yesterday most of the funding for 1993/94 had been completed.

About R1,3bn had been sold through the medium-dated TK05 and the TK07 bonds to pay for the TK02 which falls due on March 31. Less than R1bn remained to be funded.

Landman said funding was done in the medium area as this was where the demand was. This area also offered the best opportunities on the yield curve.

Telkom currently has R4,525bn issued in bonds. This was reduced from R7,7bn through buy-back operations and switching out of money market investments into its bonds. Landman said Telkom might issue two new bonds in 1993/94. One could mature between 1998 and 2008 and the other around 2015.

A dealer said Telkom could be considering a high coupon bond in order to make it more attractive to foreigners.

Telkom was also developing an options market in its stock.

TIM MARSLAND

He said Telkom was also increasing its offshore marketing drive. About 4% of its bonds are held by foreigners and 90% by local institutions.

Landman said a number of offshore banks had approached Telkom with a view to making a market on its bonds. Telkom had taken no decision on this.

DM200m in German bonds matured in July, he said. Telkom would consider rolling over the loans, depending on costs. It had no plans at present to raise further cash offshore.

He said Telkom would be keen to roll over the bonds to retain its presence in offshore bond markets.

Finance costs, now projected at R1,5bn for 1992/93, were reduced by about R250m through Telkom's marketing operations. Revenue was projected at R7,5bn and expenditure at R5,2bn.

Telkom also plans to issue commercial paper in the current year. Landman said the extent to which this method of financing would be pursued depended on interest rates. Telkom had the advantage that its paper was guaranteed by government.

Hanson gold-for-coal swap

LONDON — Anglo-US industrial conglomerate Hanson announced yesterday it had agreed to swap the gold assets of its US unit, Gold Field Mining Co, with the coal and quarry assets of Santa Fé Minerals Corp, which is linked to the US's Santa Fé Pacific Corp.

Hanson said it expected no significant gain or loss from the trade, which is subject to government approvals. The Santa Fé mines and quarries have a tangible net asset value of about \$131m, while the Hanson gold assets have a similar value of \$150m.

Among the assets Hanson will receive are Santa Fé's Lee Ranch coal strip-mine in New Mexico. Hanson said some of those reserves were subject to leases that generated royalty income.

EXECUTIVE SUITE



Telkom in fresh drive to improve standards

VENNESSA SCHOLTZ
Staff Reporter

TELKOM is renewing its commitment to customer service and is determined to be a fully fledged business, managing director Mr Danië du Toit told delegates to a telecommunications conference in Cape Town today.

Mr Du Toit was opening the National Conference and Exhibition on Telecommunications in South Africa, attended by more than 1 200 delegates from throughout the world.

Mr Du Toit said Telkom could not change from a bureaucratic organisation to a sleek business-oriented company at the drop of a hat.

"We've inherited a rigid infrastructure and people who are used to doing things in a certain way," he said.

"We are in the process of injecting a sense of urgency into our staff.

"Our aim is to make each and every Telkom employee understand that it is not enough for only management to be serious about seizing the

moment. Everyone in Telkom must be involved in the task and committed to making it happen."

He said Telkom would learn from its mistakes and embark on a path aimed at making the company "super-successful".

The commercialisation of the telecommunications industry, the deregulatory environment, continuous changes in technology, increased client demands, the provision of a cost-effective service and socio-political developments in southern Africa had had an impact Telkom, he said.

Priorities had been identified and these were encapsulated in the slogan Telkom for clients.

Mr Du Toit highlighted three new Telkom projects

- Toll-free helplines to give clients direct access to information and advice;

- New client service centres and improvements at existing ones,

- The decentralisation of power to the regions, which would streamline its head office and enable regions to provide a faster and more efficient service.



PLASTIC MONEY

... Ms Megan Meredith of Tygerberg Hills uses a new card-operated public telephone, installed at the Telkom exhibition in the Civic Centre. She is holding a card which has R10 worth of calls on it. Telkom has ordered 20 000 of these phones, which will be in use in the second half of the year. One feature of card phones will be single buttons which users can press to call different emergency services.

Picture STEWART COLMAN

Card-operated phones soon

Staff Reporter

CARD-OPERATED public telephones will become part of our lives from the second half of this year. Telkom has 20 000 of them on order.

Media liaison officer Mr Fanus Bothma said yesterday that the contract value was R65m which included the cost of some four million pre-paid phone call cards

Telephone calls will cost exact-

ly the same on card telephones as they do on coin-operated public phones. Card phones will not replace coin-operated ones, but supplement them

One advantage of the card phone is that vandalism of public telephones tends to decrease when phones do not contain coins.

Card phones are out of order less often and it is virtually unheard of for a card-operated pub-

lic telephone to "eat" a user's money.

Cards will initially have R10 worth of calls on them. When the calls have been used up, the cards are thrown away. Later R50 and possibly R100 cards may be introduced.

Each time the card is used, the remaining value is displayed on a small screen on the telephone.

Telkom hopes that phone cards will be sold at cafés, chemists, post offices and shops.

(267) CT 2/2/93

Telkom (261) admits to poor year

Staff Reporter

TELKOM's managing director Mr Danie du Toit told more than 1 000 international delegates attending a Telkom conference that the telecommunications company had not measured up to expectations over the past year.

In his opening address to the Telkom '93 conference at the Nico Malan Theatre yesterday Mr Du Toit said "We fully realise that our performance over the past year did not measure up to expectations"

Mr Piet Welgemoed, Minister of Transport and Post and Telecommunications, said the government was in favour of introducing competition in the industry.

Head of the ANC's Information Systems Department Mr Andile Ngcaba said yesterday the ANC was opposed to the privatisation of the public telecommunications network in the post-apartheid South Africa

'Red tape blocking commercialisation'

CAPE TOWN — Bureaucratic rigidities had blocked rapid commercialisation of Telkom, MD Daniel du Toit told conference delegates yesterday.

The three-day conference is being attended by more than 1000 delegates, many of them from abroad.

Du Toit said it was not going to be easy to convert Telkom into a fully fledged, financially healthy business organisation. He conceded that its performance during the past year did not measure up to expectations. *BIDM 2/2/93*

"Just as a giant ocean liner cannot be turned around on the proverbial dime, Telkom cannot change from a bureaucratic organisation to a sleek business-orientated company at the drop of a hat. We've inherited a rigid infrastructure and people who are used to doing things in a certain way."

However, Du Toit emphasised that there was a determination to achieve this

LINDA ENSOR

turnaround in the shortest possible period, and all operational and capital budgets would be directed towards this goal. (267)

A sense of urgency was being injected into the organisation's staff.

Telkom was giving serious attention to a number of projects to improve client services and to do away with "cumbersome bureaucratic procedures".

These included installing toll-free help lines to give clients direct access to information and advice; establishing new client service centres and upgrading existing ones with the aim of having about 100 in operation by the end of the year; and finally decentralisation of power.

"Our aim is to streamline head office and to empower the regions so that we can give our clients a faster and more efficient service," he said.

Regulation measures possible this session

LINDA ENSOR

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CAPE TOWN — Legislation providing for the regulation of the telecommunications industry would probably be passed in this year's parliamentary session, Transport, Posts & Telecommunications Minister Piet Welgemoed told delegates yesterday.

The legislation would also give greater clarity on the role and functions of the regulator, the identity of whom would be announced shortly.

Welgemoed said the parties at Codesa had agreed last year on the establishment of an independent regulatory body and he was optimistic that discussions on the relevant legislation would resume in due course "and lead to the establishment of a regulatory dispensation having broad support and credibility".

Also to be announced shortly would be the preconditions and guidelines for the issue



● WELGEMOED

of cellular licences. Welgemoed said government was in favour of introducing competition, which had a beneficial impact on efficiency and prices to the consumer.

He said he was in the process of studying the replies to the Coopers & Lybrand Study on the various policy options for restructuring telecommunication services

"Telecommunications, together with electricity and transport, is one of the essential pillars for economic growth and prosperity.

"It is, therefore, absolutely vital to apply telecommunications technology in order to improve the economic and social well-being of the community, not only in SA and the sub-continent, but throughout Africa.

"Unfortunately, telecommunications facilities are sparse in many of SA's neighbouring states. If the sub-continent's economy is to prosper, it is absolutely essential that the trading partners have stable and efficient telecommunications services," Welgemoed said.

Call for 'price caps' on Telkom

BIDM 2/2/93. (267)

LINDA ENSOR

CAPE TOWN — Price caps should be placed on services rendered by monopolistic utilities such as Telkom in order to push their productivity to the highest possible levels, Eskom corporate information office and National Telematics User Group chairman Etienne Theart said at the Telkom '93 conference yesterday.

Another way to keep tariffs within reasonable boundaries, he added, was to audit tariffs on a cost-related basis and to benchmark the tariffs against those of other utilities.

Theart argued in favour of Telkom's monopoly being kept to a minimum in a regulated environment and said co-operation with other utilities should be promoted to cut down the cost of providing the infrastructure by licence to Telkom.

"When infrastructure is to be created, the cheapest and most efficient means should be sought, regardless of the owner. The acid test

should be that the benefit to SA be maximised. The test on each issue should be whether the solution promotes the standard of living of all the communities in the SA nation."

Theart said the perceived needs of telecommunications users in SA were changing for two major reasons — the change in technology and business practice and the changing political and social scene.

The main goals would be to install an affordable telephone into each business and into, or nearby, each formal or informal home and to supply adequate economic telematics facilities to the business community.

"Telecommunication next to electrification is a very important catalyst to development in a developing country like SA. For this reason telecommunications will be a major target for control in a period of transition. To meet the

needs of all stakeholders the industry has to get its house in order and meet those needs. All role players would be wise not to hold on to unrealistic turf," Theart said.

Telkom Mobile Communications GM Lood van Aardt said the most important threat to the Telkom monopoly was the advent of affordable digital radio mobile communications.

Cable & Wireless marketing director for the Middle East, Africa and the Indian Ocean David Foot said the international trend was towards the privatisation and liberalisation of the telecommunications industry.

"Nations have realised that in certain circumstances, the policy of liberalisation and deregulation can give the competitive boost needed to modernise national infrastructures and stimulate the introduction of advanced services throughout the country, based on commercially funded research and development and private investment," Foot said.

metro

R410 000 Star 4/2/93 windfall for (267) Post Office

By Michael Sparks

A whopping R410 000 cash was retrieved by the Post Office for its own use last year from returned mail which could not be traced to the senders.

Post Office Witwatersrand regional manager Corrie Fourie revealed this yesterday when announcing that an investigation had found that no undelivered Christmas mail had been burnt by the Bryanston post office in Sandton.

He said the Returned Letter Office (RLO) in Cape Town received 566 000 letters and 215 000 registered items last year which could neither be delivered nor returned to senders. These letters included R410 000 in cash which was paid into a special account.

Post Office spokesman Julian Nel said the PO used this money for "general Post Office business".

Fourie said unclaimed parcels were kept for three months at the RLO, after which the contents were sold at public auctions.

Dealing with claims by Bryanston post office workers and Kelvin power station personnel — published in The Star last week — that thousands of undelivered Christmas mail items had been burnt at the power station, he

said the investigation had found that only discarded advertising mail and old office records had been incinerated.

Yesterday Fourie took media representatives to a shed at the Bryanston post office where at least 15 bags filled with the contents of the post office rubbish bins over the past week were kept.

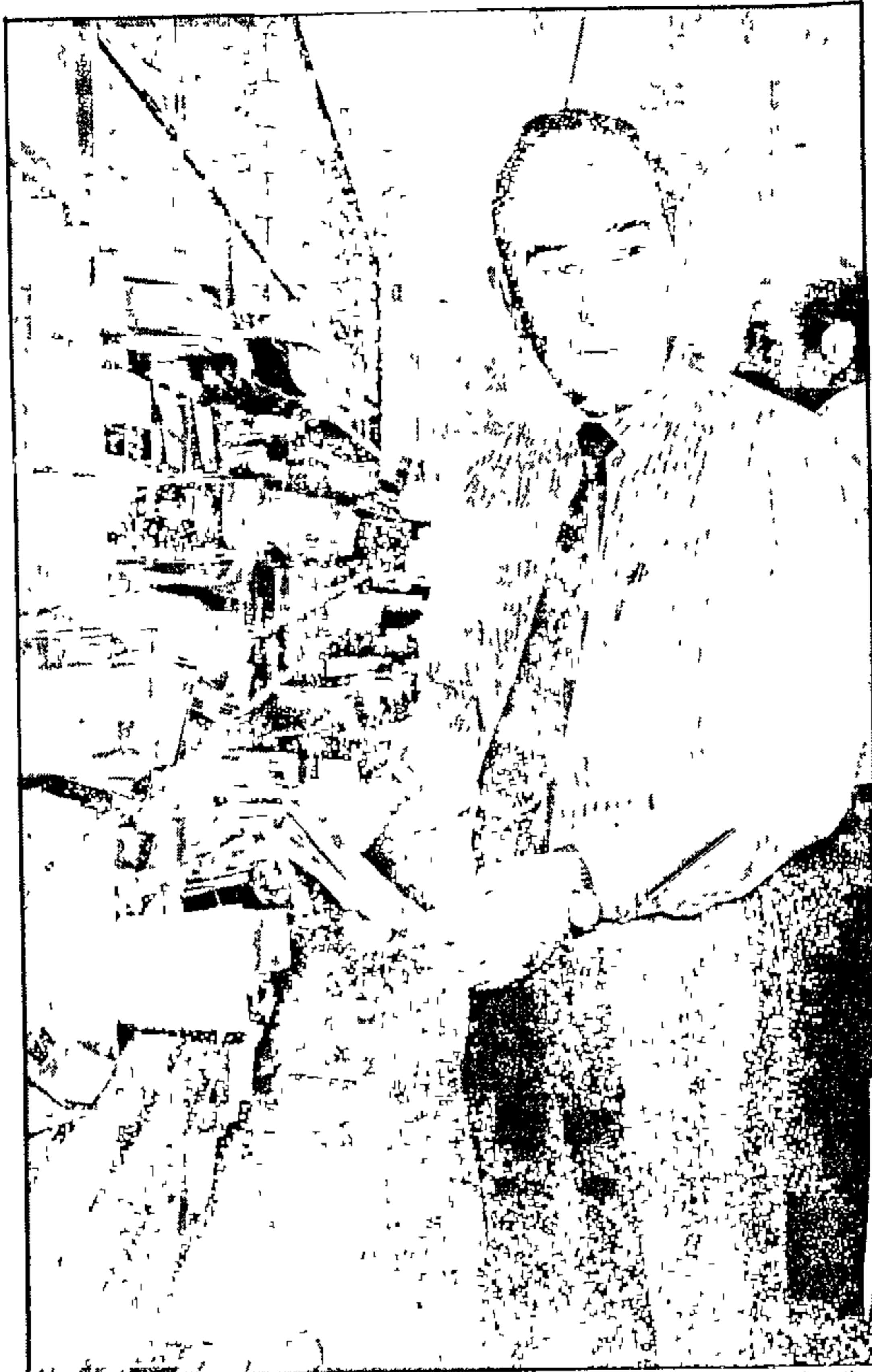
He said the rubbish had been saved to show the media what people threw away, and what the post office then had to get rid of.

One bag was tipped out to reveal discarded, unopened advertising mail, envelopes that had been torn up before being opened as well as discarded notices informing box-holders that they had articles to be collected from a counter.

Fourie said it was the contents of bags like that, as well as old office records, which had been burnt.

He added that these items were usually shredded at the Jeppe Street post office in Johannesburg and then collected by a paper company for recycling. But the shredder was not working, so the paper had been burnt which, he claimed, was standard practice around the country.

Fourie admitted that since the articles were published in The Star, the PO had received a number of calls from people complaining they had not received their Christmas mail.



Undeliverable Bryanston postmaster Ben Fourie with mail sent in September that has still not been collected by customers from their post boxes. Picture: Michael Sparks

Court order on Telkom

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CT 4/2/93

Supreme Court Reporter

TELKOM was yesterday restrained from suspending or terminating the telephone service of a Retreat naval employee who had refused to pay "dramatically high" bills.

In the Supreme Court, Mr Justice R M Marais granted the interim order and ordered Telkom to restore the service pending the determination of legal action to be instituted by Telkom against Mr Raymond Richardson, of Viola Street, for non-payment of disputed telephone bills.

The interim interdict is a sequel to a dispute between Mr Richardson and Telkom when his telephone service was disconnected over three "dramatically high" telephone bills.

Man who won't pay back on line

Telkom claimed Mr Richardson had made a number of 087 calls.

Mr Richardson said he lived in an area where crime was prevalent and needed his telephone to call police.

He claimed that during the period of the disputed amounts Telkom employees were working on telephone lines in the area and he and his family would occa-

sionally pick up their telephone to dial and hear people already talking on the line.

Telkom recently admitted that some of its employees were guilty of dialling 087 numbers, he said.

Mr M Matthee, Telkom's chief administrative officer, denied Telkom was in breach of contract and said it was entitled to suspend a telephone service in a case of non-payment.

An intensive investigation found equipment was not faulty and other factors did not influence the accounts.

It was unlikely that Telkom employees could have acted unlawfully, he said.

Mr H Kotze, instructed by Mindvogel McKay and Associates, appeared for Mr Richardson. Mr D J van der Walt, instructed by De Klerk and Van Gend, appeared for Telkom.

Telkom told to 'switch on'

Staff Reporter

THE Supreme Court has ordered Telkom to reconnect a navy labourer's telephone which was suspended when he refused to pay unusually high telephone bills.

Mr Raymond Richardson took Telkom to court after getting telephone accounts for R667, R1 088 and R245 instead the usual R30 to R110.

He told the court that when his wife queried the amounts she was told Telkom had a printout showing 087 premium rate numbers had been called from his telephone.

Mr Richardson disputed this, saying the telephone was always locked and the people with access to it were prepared to swear they had not made the calls.

He claimed the increased bills were a result of misuse by Telkom employees or people given access to his line by Telkom employees.

Mr Justice Marais granted an interim order that Telkom reinstate Mr Richardson's telephone line. The judge also ordered that Telkom had 60 days to sue Mr Richardson for money outstanding on his account.

Massive investment in cellular market expected

B/DAN 4/2/93

Reports by MELANIE SERGEANT

WITH mobile communications set to become the first area of telecommunications to be commercialised, the biggest single post-sanctions foreign investment in SA can be expected in this field as foreign companies are attracted to the market.

In an interview yesterday after the Telkom '93 conference ended in Cape Town, Telecommunications Minister Piet Welgemoed said details of competitive operators would be announced by month-end. As many parties as possible would be given a "slice of the pie". These would range from small businesses that provided services to the network operators themselves.

"We will leave as much as possible to the free market — including the choice of technology used, whether it be older generation analogue systems, or the latest cellular global systems mobile (GSM) technology."

Welgemoed said his overall intention was to ensure the best deal was struck for consumers. Cellular technology's advances, its ease of installation, and quick penetration into areas that needed phone services made it a natural first choice in the

drive to commercialise telecommunications services in SA.

Foreign investors were clamouring to enter SA's cellular market. Investment figures of R1,2bn and more were mooted by several foreign industry players at the conference. The ANC and others believed radio frequencies were a "natural resource" and that government was jumping the gun by licensing operators to use them.

Welgemoed said this was an anomaly as there was also a widespread call to have as many phones as possible installed in time for the first non-racial elections.

"The easiest method of doing this is by utilising cellular technology and encouraging the widest penetration possible through the introduction of competition," he said.

Once competition had been introduced in the cellular arena, other areas could be opened up and telecommunications services in SA could eventually operate more efficiently. Welgemoed said it was impossible to predict when the Telecommunications Bill would reach Parliament for

debate

"We have taken note of deliberations thrashed out during Codesa, as well as contributions made by interested parties to the Coopers & Lybrand strategic study into restructuring telecommunications services in SA, which was opened for input and attracted more than 20 valuable contributions and proposals from a wide range of industry players."

He said the intention was to have the Bill negotiated and accepted by the widest possible majority.

In line with calls from the ANC and industry to have a separate body to regulate competition, level the playing fields and look after consumer interests, SA would take a route similar to that of OfTel in Britain. The appointment of a regulator would be announced soon.

"We realise the importance of having a clear split between the policy-making body, the regulator and the operator."

The Minister's outlook for introducing competition was positive, and did much to allay fears expressed by many Telkom '93 delegates that government was dragging its feet on introducing competition.

Telkom has to overhaul its supply agreements

TELKOM will have to change long-term agreements with suppliers in order to deal with the new order envisaged for telecommunications in SA, and the introduction of competitor services. Plessey Telkomat MD John Temple told delegates at Telkom '93 that the agreements were introduced in the '50s to bring self-sufficiency to local telecommunications equipment providers.

"Although the agreements have been criticised, they have also assisted in developing SA's telecommunications industry," he said. With changes in the industry, the question was whether the present form of supply agreements was appropriate or not. B/DAN 4/2/93

Complex formulas were used between suppliers and Telkom and it was sometimes difficult to establish real costs, such as in circumstances where products were being sold to other customers.

"One problem can be the lack of competition for products, and the exclusion of new innovators or new entrants from the market. This can affect pricing, and Telkom is currently grappling with this problem," he said.

There was also a disincentive to innovate because of the costing formulas. This meant there was also no great incentive to do R & D, because no real profits could be made.

"If SA wants to export and to make competitively priced products, changes will be necessary, and with Telkom now moving into a new commercialised environment, all the incentives in the supply agreements must be changed so they keep up with the changing order."

SA needed to stimulate entrepreneurship. New escalation formulas could cut the costs of capital equipment, and this would benefit clients through lower costs.

EDITED BY FRED ROFFEY

Poor electronic links 'keep Africa isolated'

MANY African countries are sliding into trading oblivion through a lack of a telecommunications infrastructure — and South Africa is struggling to catch up with latest developments.

This warning was given in Cape Town at the Telkom '93 national conference on telecommunications

The executive chairman of the RF Group in the United Kingdom, Wilfred Mole, said the failure to provide adequate telecommunications services in African countries might deter foreign investors, such as mines, banks, farmers, trading companies and hoteliers

All needed good quality telecommunications to maintain their competitiveness, he told conference delegates

"Global economic integration and the needs of international and domestic business will continue to pressure developing countries to improve their telecommunications infrastructure and operations," said Mr Mole

"Unfortunately, most of them are falling behind and the resources necessary to meet growing demands are simply not there

"Public resources — such as grants and loans — obviously will continue to be made available, but it has been proved conclusively that this is a flawed approach and does not bring about the required result

"Funding a loan will not correct the inefficiencies of government departments, nor will it necessarily improve the stock of technical and managerial resources needed to operate an official telecoms system in the longer term"

Mr Mole emphasised that a "highly appropriate people remuneration fac-

tor" would be the key to bringing capital and managerial skills to the fore in arresting the decline in the telecommunications infrastructure throughout Africa

Improvements and change were driven by the profit motive

"Africa is learning, as have other areas of the world, that dedication to a market economy and the private sector is needed to harness the human element and unleash private investment," said Mr Mole

The sales manager of Trafex South Africa, Colin Mayne, said the Republic probably had another two years in which to become an adept electronic trader or suffer the consequences in the global marketplace

"We have a lot of catching up to do
"We have an opportunity to get it right from the beginning — but only if we learn from the mistakes the pioneers have made

"A South Africa battling for survival in the jungle of global competition cannot afford to pass up the chance to learn from other countries' costly mistakes

"Our international partners in Europe and the United States have already gained five to seven years' experience in electronic data interchange (EDI)"

Mr Mayne said the port of Rotterdam allowed only electronic traders to move goods through the port, while the UK had set a deadline of 1997 by which anyone moving goods through its harbours would have to be fully electronic

He urged senior managements to be "absolutely committed" to EDI's being the priority goal of their businesses and not to regard it as a "technical problem"

STimes [Cape Metro] 7/2/93

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Two teenage phone hackers caught

LLOYD COUTTS

TELKOM was spending "millions" to secure telephone lines against illegal connections, it said last week

Witwatersrand communications manager Gert Schoeman said such connections were a major headache for Telkom, particularly at distribution points like blocks of flats, where telephones were simply connected directly to cables

Two teenagers were tracked down last week after ringing up foreign calls worth nearly R100 000 on neighbours' lines in Sandown.

One neighbour received a telephone bill for R72 000

Schoeman said the calls were

made through computer equipment which enabled deaf people to use telephones

"Telkom has been investigating the matter for some months. By electronically monitoring the lines it was possible to establish from which townhouse the calls were made"

Schoeman would not identify the boys, but said a charge had been laid in terms of legislation making tampering with the telecommunication network illegal.

Their parents would probably have to pay the account run up by the boys.

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B/day 8/2/93

TELECOMMUNICATIONS

Calling for cellular

One word could sum up the Telkom '93 conference in Cape Town last week: cellular. Delegates favoured the Global System for Mobile Telecommunications (GSM) as the cheapest, most practical way to give everyone in SA access to telephones.

Telkom has said a new cellular network could be operating in SA by early next year and GSM is the most likely choice (*Business & Technology* February 5). The various contenders to build and operate the network — it seems likely that only two licences will be granted — are waiting for an announcement by government, due in the next few weeks.

Radio-linked services such as GSM have various advantages over landline services. Installation is rapid and simple, the system requires little infrastructure, costs are lower and there's less copper wire to be stolen.

In addition, GSM has wide international acceptance, making it more cost-effective than current cellular systems, according to Telkom mobile communications GM Alan Knott-Craig. GSM callers will be able to contact anyone in the world from anywhere, provided the area is serviced by a GSM network.

Knott-Craig says there could be about 100m mobile telephone subscribers world-

wide by 2000. "The process is moving towards the third generation — a universal mobile telephone service."

With its much higher traffic capacity, GSM is superior to earlier analogue cellular systems. With GSM, the information is encoded, through a digital modulation technique, for translation to radio frequencies and transmitted. On analogue systems, information is modulated and multiplied up to radio frequencies for transmission.

GSM networks consist of a number of radio cells providing complete coverage of the service area. The call is picked up in each area by a Base Transceiver Station. A group of base stations are, in turn, controlled by a Base Station Controller, which ensures seamless handover, as the caller moves from one cell to the next. The Mobile Services Switching Centre is the core of the system, controlling the base stations, routing calls to destinations and connecting the GSM to public networks.

The system gives subscribers their own dedicated telephone number for use anywhere around the world. Subscriptions are recorded on "smart cards" that have built-in microchips recording personal details.

A user can gain access to the system from any GSM telephone. Security is strict: cards cannot be activated without a valid private identity number and a sophisticated encryption process ensures confidentiality of tele-

phone calls.

Itemised billing is another spin-off of the system. Like a credit card account, the telephone bill will be sent to the subscriber's permanent address.

But buying a cellular telephone is one thing; access to a network another. Only one cellular network is operating in SA at present. Based on the old analogue system, it has 12 500 subscribers in the PWV, Durban and Cape Town. "The frequency band of the system is congested and there isn't much scope for expansion," says Siemens mobile phone technical manager Paul McKibbin.

Another disadvantage of the current setup is the high cost of the telephones. Says McKibbin: "The frequencies allocated here were different from elsewhere in the world, so terminals had to be manufactured specially for the SA market, which meant there was no possibility of getting cheap terminals." ■

ENTERTAINMENT Fm 12/2/93

Singing a new tune

The success of Irish singer Chris de Burgh's tour of SA bodes well for the entertainment industry. Promoters learnt a lot from last year's financially disappointing Paul Simon tour, which was dogged by political controversy and threats of violence.



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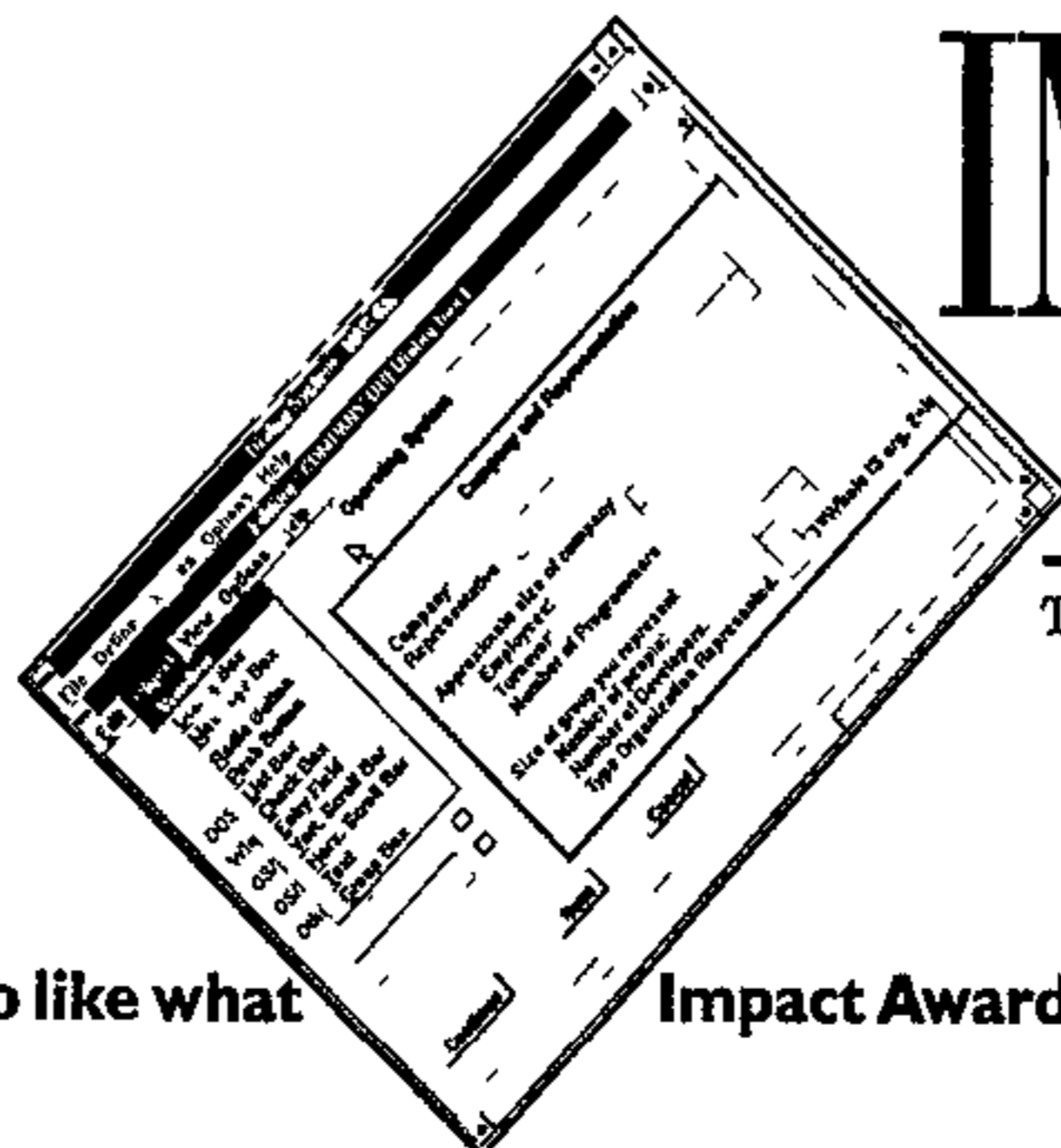
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Telecommunications Shake-up

Own Correspondent

JOHANNESBURG. — A shake-up of the telecommunications industry is on the cards with government's long-awaited decision to allow competition in the cellular phone market.

The country can look forward to competition between at least two new network operators in the next few months.

But the move has been strongly criticised by top Telkom sources and the ANC, who believe the decision is premature.

The ANC warned that a new regulatory body in a democratic SA would have powers to revoke any licences granted now.

Posts & Telecommunications Minister Piet Welgemoed said in a statement last night that two licences would be granted to two competing operators to introduce cellular phones in SA.

Effectively, Telkom is losing con-

trol over the vital telecommunications network, because government has restricted its share to only 50% of one of the licences.

Telkom and its partner or partners will now have to compete with SA/International consortiums.

SA can look forward to at least R1,2bn capital investment from a new competing overseas-based operator. Six companies and consortiums are vying for the licences.

Competition

Statements of interest have already been submitted by M-Net and UK-based Cable & Wireless, Grinel, Transel, Vodafone, and others.

It is believed that applications have already been submitted by the M-Net consortium and Vodafone.

Welgemoed said Telkom's share of the action was limited to 50% of one licence "because of its huge capital obligation as a sole suppli-

er of the fixed network, and further obligations to expand this network".

It is understood government was so disenchanted with Telkom's handling of the 087 service that it was not prepared to give it a controlling interest in a licence.

Welgemoed said the new move was in line with government's policy of free enterprise and competition.

"Licences will initially be granted to two operators, by way of a tender on which more details will soon be available."

Welgemoed announced that a "regulator" would be appointed to regulate the telecommunications industry. He would ensure a "level playing field will be created for the different operators."

The regulator's task would be to ensure that cellular phones are available "to offer a significant advantage to lesser developed communities." The regulator would

(267) CT 18/19/92

also ensure that control of both licences remained in South African hands.

ANC information systems department head Andile Ngcaba said the move was premature. "Welgemoed should have waited until the country has a regulatory body in place under a new transitional executive council or interim government."

While Telkom refused to comment officially until it had studied the Minister's statement, anger was evident among its top brass.

One source said that the fact that control is being taken away from Telkom opens the industry up to potential nationalisation by a future government. If Telkom was given a 51% share in its network, government would have a controlling share in at least one of the licenses.

Another source says government is "de-monopolising by stealth."

and warns that a new government could be sorely tempted to nationalise the systems, because cellular networks are the most profitable operations of telecommunications authorities around the world.

CEO of M-Net Communication Technologies, Ian Wilkinson, says he looks forward to a quick and fair decision on the licence award.

Job creation

M-Net and Cable & Wireless believe the decision to have two operators will encourage overseas investment, and create jobs.

They estimate that a second cellular operator will directly or indirectly create about 2 000 new jobs in SA.

International experience shows competition brings downward pressure on prices, improves service quality, and ultimately leads to a larger market.

Cellular phones get the go-ahead

The Argus Correspondent

JOHANNESBURG. — Cellular telephones — the ultimate status symbol overseas — have been given the official go-ahead to invade South Africa.

Posts and Telecommunications Minister Dr Piet Welgemoed announced last night that he had decided to grant licences to two cellular telephone operators. Telkom would be granted a share in one of the licences.

The introduction of cellular phones is set to transform the country's communications. Cheap and easy to install, cellular phones are expected to link people in isolated rural areas with the telephone service for the first time.

Mr Welgemoed said he would appoint a regulator for the telecommunications industry who would be assisted by a panel to advise the ministry on policy issues.

The regulator would be expected to ensure that a "level playing field" was created for other operators and to ensure developing communities benefited from the distribution of cellular phones.

More licences could be granted, depending on the availability of frequencies.

So far frequencies had been made available in the 900Mhz spectrum. Each operator would be given 10Mhz.

Telkom would be granted a 50 percent share in one of the first two licences, he said.

The conditions of practice for Telkom and its partners would be exactly the same as those applying to the other licensee.

He said the names of the licencees would be announced later.

Although the introduction of cellular phones is set to bring South African telecommunications in line with those around the world, it is certain to hurl the country into the worldwide debate on their safety.

A raging row broke out in the United States last month when a Florida man claimed his wife's fatal brain tumour was due to her consistent use of a cellular telephone. Although some research has shown a relationship between use of cellular telephones and brain tumours, none has yet been conclusive.

come under the attention of the Department of Trade and Industry

- (2) All cases which come to the attention of the Department of Trade and Industry are, as appropriate, investigated in collaboration with concerns such as the South African Reserve Bank, the Commissioner of Customs and Excise, other departments, the Office for Serious Economic Offences, the Government Attorney and the Commercial Branch of the South African Police
- Furthermore, external verifications of GEIS claims are undertaken by the Department on an ongoing basis

- (3) In regard to cases of fraud under the General Export Incentive Scheme, re-funds are demanded from claimants who have acted illegally and such cases are handed over to the Commercial Branch of the South African Police for further action. In cases where fraud is proven, exporters are deregistered

*27 Mr L FUCHS asked the Minister of Posts and Telecommunications

- (1) Whether Telkom had any bad debts during the period 1 February 1992 to 31 January 1993, if so, (a) what is the total amount involved and (b) how is this amount made up,
- (2) whether any portion of this amount is due to the premium rate (087) industry, if so, what portion?

The MINISTER OF POSTS AND TELECOMMUNICATIONS

- (1) Yes, Telkom had bad debts during the period 1 February 1992 to 31 January 1993
- (a) As the figures for January 1993 are not as yet available, the figures quoted below are applicable to the period 1 January to 31 December 1992. During this period bad debts amounted to R65,0 million
- (b) Approximately 98% of the above-mentioned amount represents tele-

HOUSE OF ASSEMBLY

phone debtors whilst the balance is made up by other telecommunications services

- (2) Yes. Part of the R65,0 million can be attributed to the 087 service. It is not possible to furnish a reliable estimate of the amount involved at this stage as the billing system does not provide detailed information in respect of calls made. There are, however, still a number of cases that are receiving attention but which have not yet been recorded as bad debts and where the amounts obviously include an 087 service component.

Military Intelligence/self-governing territories:

contact

*28 Mr J A JORDAAN asked the Minister of Defence †

- (1) Whether a previous head of Military Intelligence, whose name has been furnished to the South African Defence Force for the purpose of the Minister's reply, at any time established contact with any chief ministers of the self-governing territories, if so, what (a) is the name of such head and (b) was the nature and extent of the contact,
- (2) whether any of his successors as chief of Military Intelligence continued this contact, if not, why not; if so, what are the relevant details?

The MINISTER OF DEFENCE

- (1) No, not while he was associated with Military Intelligence
- (2) No. This is not a task of the Military Intelligence Division

Sentences: correctional supervision

*29 Mr A J LEON asked the Minister of Correctional Services

- How many persons had been sentenced to correctional supervision as at 31 December 1992?

B107E

The MINISTER OF CORRECTIONAL SERVICES

During the period 15 August 1991 to 31 December 1992, 2 523 persons were sentenced to correctional supervision in terms of section 276(1)(h) of the Criminal Procedure Act, 1977 (Act 51 of 1977)

The number of persons whose sentences of imprisonment have been converted to correctional supervision by the court *à quo* or the Commissioner of Correctional Services respectively, in terms of sections 276A(3), 287(4) and 276(1)(i) of the Criminal Procedure Act, 1977 (Act 51 of 1977) for the period 15 August 1991 to 31 December 1992 is 523

The total number of persons who have therefore been placed under correctional supervision for the period 15 August 1991 to 31 December 1992 is 3 046

The hon member is also referred to my reply of 17 February 1993 in the House of Assembly to question number 17 for oral reply (see col 90)

Interception and Monitoring Prohibition Act: promulgation

*30 Mr A J LEON asked the Minister of Justice

- (1) Whether the Interception and Monitoring Prohibition Act, 1992 (Act No 127 of 1992), has been promulgated, if not, why not, if so,
- (2) whether a judge of the Supreme Court has been designated to consider applications to monitor and intercept communications over telecommunications lines of individuals, if so, which judge;
- (3) whether any applications to monitor any telephone or telecommunications line have been made, if so, how many as at the latest specified date for which information is available?

The MINISTER OF JUSTICE

- (1) Yes, on 1 February 1993
- (2) Yes, the Honourable Mr Justice M T Stewart has been designated in terms of section 3(1)(a) of the Act

(3) Yes, for the period 1 to 10 February 1993, two applications were received in terms of the Act

Development Aid: disposal of toilets

*31 Mr P G SOAL asked the Minister of Regional and Land Affairs

- (1) Whether, with reference to his reply to Question No 7 on 3 June 1992, any of the toilets valued at approximately R15 million purchased by the former Department of Development Aid are not in use at present, if so,
- (2) whether any further plans have been made to dispose of these toilets, if so, what plans;
- (3) whether he will make a statement on the matter?

B109E

The MINISTER OF REGIONAL AND LAND AFFAIRS.

- (1) and (2) The hon member is referred to the reply furnished to him on Question No 7 on 3 June 1992. As indicated, the original value of the 4 600 toilets which had not been used at that stage, amounted to ± R2 900 000 and not R15 000 000

The toilets concerned on former South African Development Trust land have been disposed of by means of allocation and/or by making them available to bodies for utilization in existing and developing formal and informal residential areas

(3) No

KwaNdebele: third report of Commission of Inquiry

*32 Mr P G SOAL asked the Minister of Regional and Land Affairs

- (1) Whether the Commission of Inquiry into the 1986 Unrest and Alleged Mismanagement in KwaNdebele has brought up a third report, if so,
- (2) whether the Government has received the said report, if not, why not, if so, when (a) was it so received and (b) is it expected to be made public?

B110E

HOUSE OF ASSEMBLY

Telkom debts (267)

Telkom's bad debts last year totalled R65 million, Minister of Posts and Telecommunications Dr Piet Welgemoed said yesterday. — Sapa 8/2/93

TELECOMMUNICATIONS (267)
 FM 19/2/93
Ending the monopolies

The days of telephone monopolies around the world are numbered. Driven by changes in technology, social and political priorities and increasingly complex and demanding consumer needs, telephone monopolies — even SA's — are being forced to become more competitive.

Some countries have moved faster than others and some have not moved at all. But the trend is clear — globalisation of the world economy means that telecommunications will be a key global industry of the next century.

Regulation and deregulation of telephone operations was a recurring theme at the recent Telkom '93 conference in Cape Town. The experiences of the key international players who were there hold many lessons for SA as the restrictions on the industry ease.

Gemini Consulting principal Edward Goldstein says the transition from monopoly to competition is difficult. He should know — he was on the management team at US telecommunications giant AT&T and the New York Telephone Co during what he calls "the critical transition years."

"Telephone administrations have traditionally excelled at planning and operating in relatively stable, slowly changing environments. They tend not to be so skilled, however, at managing swift, unpredictable changes."

The transition is difficult because the company is forced, for the first time, to be completely efficient and user-friendly.

The problems include the lack of required skills, such as marketing, more rapid decision-making than monopolies are used to and competition that rapidly pushes prices down to unimaginably low levels.

"Few telecom administration managers have had much experience and training in these matters," Goldstein says.

AT&T, Old Ma Bell, was broken up in 1984, with the seven Baby Bells becoming regional competing operators in their own right. The unbundling set off a scramble among telecommunication equipment suppliers to get a slice of the action.

Eight years later, AT&T has diversified from being a mere telephone company and is now one of the largest equipment suppliers in the world. By expanding into other areas of telephone-related technology, the company has become a long-distance operator and a computer and software vendor, making it the master of telecomputing.

The US has reaped the benefits of deregulation — call costs are the lowest in the world and the Bells have an edge in competition for equipment and consulting contracts in other parts of the world as deregulation of foreign monopolies slowly takes hold.

Australia has also opted for competition between service providers, but the country is taking a longer route by introducing duopolistic competition, overseen by a regulator, with open competition in facilities and services due in 1997.

The Australian government appointed regulator Austel to watch over economic and technical regulation of the telecommunications industry. The body's main functions include the promotion of competition, consumer protection, licensing and managing the number of services.

The country now has a fixed network duopoly (operators are Telecom and OTC) and each operator has a mobile telecommunications licence to supply cordless services.

A third mobile operator was due to be selected by the end of last year with services scheduled to begin operation by the middle of this year.

Austel chairman Robyn Davey says government opted for regulation of the industry because the rapid move from monopoly to competition called for intervention to ensure real and effective competition.

"Telecommunications-specific rules are required to deal with the uncertainties created by such dramatic change, particularly in an industry that is driven by rapidly developing technologies," he says.

Davey also says Australia did not opt for an agency like the US Federal Communications Commission partly because broadcasting regulation is different from telecommunications regulation.

This approach is similar to the set-up envisaged by ANC information systems head Andile Ngcaba, who believes that there should be two regulators — one for broadcast content and one controlling infrastructure such as tariffs, licensing and the construction of networks.

FOCUS: *Telkom spends R7,5-m on improving its image. But what about the service?*

Telkom's tears. Consumers' trials

TELEVISION viewers should line up several boxes of tissues when they watch 90 seconds of advertisements, in both official languages, featuring Telkom's chief executive, Danie du Toit, apologising to consumers.

He is backed up by a thousand violins playing something awfully mournful — perhaps a funeral dirge over a body of bad service. He apologises for the appalling service we have all had to suffer and promises better.

This TV advert, plus advertisements in the press, will cost the company R7,5-million.

And now, reporters were told at the launch of the advertising campaign, the cabinet is working out what increases Telkom can pass on to consumers to help the company jack up its dismal performance — although it is making a nice profit at our expense.

The campaign is poorly timed. Journalists were told by way of explanation for the campaign that the 64 000 Telkom staff members will all be trained and retrained to render better service. But nobody in the upper echelons, it would seem, has been fired for delivering such a bad service — and they do not seem to be getting any retraining either. Instead, corporate soul-searching has produced the need to hire more experts at the top and, to a large extent, to blame the change of culture from government to private enterprise for the poor service.

It may be so, but this Critical Consumer has a longer memory than those at Telkom. There was a period when the telephone service was run by the government and the service was terrible. Then the government brought in Louis Rive and it improved dramatically. Service slipped again after Rive's retirement

CRITICAL CONSUMER

Pat Sidley's weekly column on controversial issues
19/2 - 25/2/93



— a slide which continued until privatisation when the gradient became steeper

Telkom should perhaps have reorganised its people at the top, fired those with a proven track record of incompetence (making money out of a monopoly by forcing exorbitant charges out of the public takes no skill), and done the retraining it says it will do.

Only then could it have advertised its achievements to a public that would have tasted corporate contrition in an improved service — the place it really counts. It could have played triumphant, happy music to reinforce our by-then improved feelings towards Telkom.

The counter argument is that Du Toit has placed his butt on the line and he will simply have to produce the goods. If he does not, will the culture of corporate responsibility take its toll in the old government way (leaving all intact with feathered nests) or the new privatised way (with a Bob Aldworth-like fall from grace)? This Critical Consumer is sceptical that any meaningful changes will take place.

Most of the top structure of Telkom is white, male and Afrikaans. The majority of its present, and potential, consumers are

black, female and speak several different languages.

The only change since privatisation is that parliament cannot force a modicum of accountability with the ending of formal government control of the telephone service.

There will not be any rapid change to the services available to consumers. Telkom has warned that it cannot extend the service of detailed billing to all consumers as the technology is not available everywhere. And the cost of providing a detailed account will be passed on to consumers.

Telkom faces a major legal problem here, however, as the Cape Town Supreme Court recently upheld a consumer's right to keep his service because Telkom could not prove that the consumer had run up the extremely high bill.

Other services may not be introduced either. A journalist asked if Telkom would offer reduced rates at off-peak hours for overseas calls. She was told that the other country would receive the calls during working hours and that research would have to be done.

All the competing telephone companies in the United States offer this service, so do the Dutch, Singapore and Australian services as well as British Telecom and its rival, Mercury. Their consumers can dial some country with another time zone and get the benefit of reduced rates at the time the call was made in the country of origin.

Danie du Toit and Co have placed their already sullied reputations on the line. Consumers may have little choice but to sit back and see if the phone company delivers the goods. They will need the tissues for the tears, if not from deep sadness, then from laughter.

Post office (16) revenue soars

Political Staff
21/5/93

THE Post Office expects to almost double its income in the 1993/94 financial year, mainly because of higher licence fees for radio communication introduced at the beginning of the year.

Introducing the Post Office Appropriation Bill, Posts and Telecommunications Minister Dr Piet Welgemoed said yesterday the increase would boost the Post and Telecommunications Department's revenue from R26,5 million to R42,7m.

Higher licence fees boost Posts budget

CAPE TOWN — The Department of Posts and Telecommunications was budgeting some R38,2 million for the new financial year, Minister Piet Welgemoed said yesterday.

Introducing the Post Office budget, he said this was about R18,7 million more than the revised estimate for the present financial year.

Welgemoed said the expected revenue for 1993/94 was a total of R42,7 million, as against R26,5 million.

"The higher revenue budgeted for is based mainly on higher licence fees for radio communication which came into effect on January 1 1993."

Welgemoed said the present financial year was the first full year in which the department had functioned in its new regulatory role.

"The year was mainly a transitional one, and for some time still the department will inevitably remain in a transitional phase."

Consultants from overseas

STAR 25/2/93 (267)
were appointed in 1991 to advise the Government about the design of a regulatory framework

Their report had been published for comment last year and the processing of far-reaching comment from many parties was almost complete.

The report and comment would form the basis of regulatory legislation now being dealt with, the Minister said

A new development was the revolutionary cellular telephone system to be introduced in South Africa. The Government had decided to grant licences to two networks to operate cellular phones.

While two licences for mobile operators would be granted, the State retained the right to grant further licences as the market developed.

To enable Telkom to share in the rapid development of telecommunications technology, it had been decided to grant the organisation a share in one licence, he said. — Sapa

Rosy Post Office forecast

CAPE TOWN — The Post Office expects to almost double its income in the 1993/94 financial year, mainly because of higher licence fees for radio communication introduced at the beginning of the year.

Introducing the Post Office Appropriation Bill, Posts and Telecommunications Minister Piet Welgemoed said yesterday the increase would boost the Posts and Telecommunications Department's revenue from R26,5m to R42,7m.

The increases would affect all users of radio spectrums, including the cellular phone network, radio stations and two-way radio systems.

He said there was a good chance broad agreement could be reached in negotiations over the regulation of the telecommunications spectrum.

The proposed body would ensure the greatest possible degree of independence for users of the spectrum and legislation would be prepared on the subject.

Another expected development was the introduction of a new computerised system for managing the electromagnetic spectrums, which would include the con-

struction of six regional stations. (267)

The increased management costs involved would raise the department's total expenditure by R19m. Total expenditure in the present financial year was R19,530m against the R19,538m budgeted for, while revenue was estimated at R26,5m against the R20m budgeted.

Sapa reports Welgemoed also told Parliament the present financial year was the first full year in which the department had functioned in its new regulatory role.

"The year was mainly a transitional one, and for some time still the department will inevitably remain in a transitional phase."

As he had mentioned in his budget speech last year, foreign consultants were appointed in 1991 to advise government about designing a regulatory framework.

Their report had been published for comment last year and the processing of comment from many parties was almost complete. The report and comment would form the basis of regulatory legislation currently being dealt with.

Post returns to township with decess

Race for slice of cellular pie

Reports by
MELANIE SERGEANT

FEARS that local companies will not benefit enough from the massive spending due to take place in setting up two cellular phone networks in SA have been voiced by the Electronics Industries Federation (EIF)

EIF vice-president Tony Farah said government could be "rushing" the task of implementing the new systems

Government is widely expected to issue tender documents for the new networks in the next few weeks, with installation of the system starting before year-end

Farah said that with two independent networks being installed, the investment would be considerable. Depending on the technology used, it is believed an investment of at least R1,3bn will be needed

"Government should ensure in the tender that as much as possible of this sum is spent in SA. Local content should be a selection parameter, with as much SA value used as can be supplied"

However, potential network operators said they would certainly shop around the world to source the most cost effective products, as this would keep costs as low as possible. One mooted the possible introduction of a new supplier in SA to compete with companies like Altech and Siemens

Farah said money spent overseas should be offset against exports from SA. He said local industry should be encouraged to de-

velop peripheral equipment to adapt the system to SA's specific conditions.

Altron Group executive Jacques Sellachop pointed out that it would probably not be economically viable to make base station and other infrastructural equipment for the networks in SA. Local input would stem from all the network planning, software configuration and support, as well as the installation and commissioning and after-sales field support

With regard to pricing, he reckoned systems sourced from Altron would be supplied at prices competitive with worldwide prices

"Also, we are now reaping the benefits of long-term contracts with Telkom, because we have experts in the field in SA who ensure that the skilled infrastructure is in place to handle the work," he said.

Both Altron and Siemens said a newcomer would take some time to get the necessary infrastructure in place to support the networks.

Farah argued that SA was rushing the implementation because internationally the lead time, from licensing to installation, was typically two years

"The only way this time would be reduced in SA, is if certain stages have already been completed," he said

Farah said. "We feel the entire situation is being held close to certain parties' chests.

"We want an open situation so as broad a range of players have the opportunity to participate as possible"

He said unless this happened, there could be "disaster for the current industry, and for future economic growth"

The EIF said the introduction of cellular phones, if properly handled, would stimulate economic growth, but various essential issues must be considered when licences are granted

It was widely expected that the licences would have certain criteria attached. Among these were target dates for certain penetration levels to be reached, and socially-oriented criteria. This was to ensure operators did not only provide services to more affluent communities, but also to those who had no access to phones

The EIF also said that a major problem is that there is as yet no regulatory scheme for issuing licences. "Theoretically, the Department of Posts and Telecommunications has the authority, but there is currently no mechanism for issuing licences which satisfies the new democratic criteria espoused by government and opposition parties"

Posts and Telecommunications Minister Piet Welgemoed has said that a regulator is to be appointed soon.

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 *(267)*

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 (265)*

A Telkom spokesman said the suspension was indefinite and could last for as long as the pupils' strike continued *(262)*

"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. *(263) (264)*

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 *(266)*

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 *(267)*

Nineteen of them, all in the Transvaal, still owed Eskom huge amounts of money, Delport said

Sowetan 25/2/93

Sowetan 25/2/93



ANC slates decision on cellular phones

812 m
26/2/93, MELANIE SERGEANT

267

FLYING in the face of strong ANC criticism, government is going ahead with its decision to issue licences for two cellular phone networks

Government sources say there are good reasons to have the network in place as soon as possible. It now looks set to be ready by the end of March.

Government rejects the ANC's criticism and argues that the cellular service will be the cheapest and most effective way to provide services to the masses.

The ANC said yesterday the appointment of an independent regulator and the issuing of cellular licences should be taken in the context of a national telecommunications policy and a regulatory framework which did not exist in SA. It said also these decisions should be taken under a transitional executive council

Giving a clear indication of what the terms of the tender would be, a source argued that the tender took into account all the ANC's criticisms to ensure widespread penetration

Companies will have about two months to tender, and government hopes to have licences allocated by June.

The ANC argues that government's decision on cellular phones does not address the shortage of phones among SA's black inhabitants, with 0,8 phones per 100 people compared to 70 among whites. It says also cellular phones are not the cheapest way to provide phones to the people and that internationally cellular phone communication is still regarded as elitist

A senior government source said the tender was sensitive to issues like providing telecommunications to less advantaged communities

He said the state's main aim was to offer a significant advantage to less advantaged communities. "This could be done in various ways either through taxing and cross-subsidising services, or there could be a pre-condition in the tender which stipulates that certain numbers of services must be installed within certain timeframes," he said. Another option could be to levy the operators, and money could be utilised to install services in less developed areas

New operators would have a shared liability, with Telkom, to develop community services. In weighing up tenders, the way community service needs were met would carry significant weight

"Telkom cannot invest such large amounts in a new service, this is a major reason for Telkom being given only 50% of one of the networks," he said

He said the tender would not be prescriptive in terms of technology, whether analogue or digital.

DEPARTMENT OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

1992/93 financial year

Cape Province	13,94%
OFS	4,18%
Natal	4,46%
Transvaal	14,57%

Port Elizabeth/Uitenhage: population numbers

209 Mr E W TRENT asked the Minister of Home Affairs

How many (a) male and (b) female (i) Whites, (ii) Coloureds, (iii) Asians and (iv) Blacks were there in the magisterial districts of (aa) Port Elizabeth and (bb) Uitenhage or the Port Elizabeth/Uitenhage metropole as at the latest specified date for which information is available?

The MINISTER OF HOME AFFAIRS

(aa)	(a)	(b)
(i)	70 983	73 318
(ii)	76 963	82 415
(iii)	4 286	4 211
(iv)	182 517	175 960
(bb)	(a)	(b)
(i)	19 746	19 854
(ii)	21 937	23 189
(iii)	506	545
(iv)	48 614	48 160

1991 Population Census, 7 March 1991 Final data after having been adjusted for over- and undercount

Mortality figure

215 Mr M J ELLIS asked the Minister of Home Affairs

(a) What was the mortality figure in each province for the 1991 calendar year and (b) what percentage of the total population in each province does each such figure represent?

The MINISTER OF HOME AFFAIRS:

	(a)*	(b)
Cape Province	50 610	0,8
Natal	26 330	1,1
Transvaal	62 958	0,7
Orange Free State	14 484	0,7

ment made in each of the two categories referred to in subparagraph (iii) above?

The MINISTER FOR PUBLIC ENTERPRISES. B495E

The Managing Director of Transnet Limited has furnished the following reply to the hon member's question

- (1) No
- (2) Falls away

Bophuthatswana: guarantees/sureties given by State

227. Mr K M ANDREW asked the Minister of Foreign Affairs

- (1) Whether any guarantees or sureties were given directly or indirectly by the Government or any Department or agency of the Government to any person or organization for (a) loans granted, (b) lines of credit granted and (c) other specified financial services rendered to (i) the Government of, (ii) any Government Department of, (iii) a development corporation in and (iv) any other specified person or organization in Bophuthatswana in the 1991-92 financial year; if so,
- (2) (a) what amounts were involved in each case and (b) what was the total amount outstanding in terms of such guarantees or sureties as at the latest specified date for which information is available,
- (3) whether foreign currencies are involved in any of these guarantees or sureties; if so, (a) what currencies, (b) how much is involved and (c) who is responsible for bearing the potential cost of exchange rate fluctuations?

The MINISTER OF FOREIGN AFFAIRS

- (1) No.
- (2) and (3) Fall away

Transnet: office accommodation

232 Mr R V CARLISLE asked the Minister for Public Enterprises

- (a) What proportion of the office accommodation owned or leased by Transnet in cer-

tain buildings, particulars of which have been furnished to the Minister's Department for the purpose of his reply, is currently utilized by Transnet in respect of each such building and (b) in respect of what date is this information furnished?

The MINISTER FOR PUBLIC ENTERPRISES. B528E

The Managing Director of Transnet Limited has furnished the following reply to the hon member's question

(a) Paul Kruger Building, Johannesburg	100	Per cent
South Station Building, Johannesburg	100	
Park Chambers Building, Johannesburg	100	
Union Square Building, Johannesburg	100	
NZASM Building, Pretoria	61	
Station Building, Pretoria	91	
Station Building, Pretoria	100	
(b) 23 March 1993		

Children in Port Elizabeth/Uitenhage

242 Mr E W TRENT asked the Minister of Home Affairs

How many (a) White, (b) Coloured, (c) Asian and (d) Black children of school-going age in the (i) pre-school, (ii) primary school, (iii) secondary school and (iv) 18 to 22 years age categories were there in the Port Elizabeth/Uitenhage metropole as at the latest specified date for which statistics are available?

The MINISTER OF HOME AFFAIRS. B548E

(a)	(b)	(c)	(d)
(i)	7 342	13 844	585
(ii)	18 776	32 564	1 391
(iii)	15 166	22 795	936
(iv)	16 973	23 691	867
			50 661

Notes
The age categories are compiled as follows

- (i) 3 to 5 years
- (ii) 6 to 12 years
- (iii) 13 to 17 years
- (iv) 18 to 22 years

Telephone charges rise, but Telkom cuts some international rates

RATES

CAPE TOWN — Telkom yesterday announced a modest 9,9% increase in the unit cost of national telephone calls and a cut in the price of many international calls.

Telkom MD Danie du Toit said the new rates would increase Telkom's operating income by 7,8% — well below inflation.

The increase, effective from April 1, is about half of Telkom's last increase, at the beginning of last April.

Du Toit said the duration of metered units, at an increased unit cost of 18,9c from 17,2c, would remain unchanged. One-off telephone installation costs would in-

crease 10,3% and telephone rentals 10,5%.

Du Toit said the "good news" was that there was no increase in rentals for social pensioners. The unit cost at payphones would also remain unchanged, because Telkom realised "this service was indispensable for the less privileged".

Pre-paid phone cards would be introduced within months.

Improvements in the trunk telephone exchanges would enable Telkom to replace the existing four rate groups with 15 rate bands and introduce peak, standard and off-peak charges to 21 countries. The stan-

2/3/93

2/3/93

TIM COHEN

dard rate to more than 100 countries would fall by an average 7%.

New off-peak rates would be up to 20% cheaper than the new standard rate, while peak rates would be up to 5% more expensive than the standard rate. For about 80 destinations, standard charges would rise about 9% to ensure sufficient income.

Du Toit announced that detailed accounts would be available from the end of the year, although what exactly would be recorded still had to be decided.

267

In some countries, all calls above a certain cost were recorded and it was possible user groups might suggest only international calls be recorded.

Telkom had budgeted more than R50m for community telephone services, which would typically include radio telephone services in isolated communities.

Du Toit said although Telkom had recorded a profit of about R800m, total income had been significantly less than expected, due mainly to the poor economy. The utility had recorded a shortfall of R538m in income during the current finan-

cial year but had limited its effect by expenditure cuts of R329m, achieved largely by a 5% natural attrition rate in staff levels.

Du Toit said the introduction of 087 services had been disastrous for Telkom. Account queries had increased from about 2 000 to 10 000 a month and Telkom was quite happy to forgo the R76m in income it had gained from the service.

DP spokesman Geoff Engel said the increases had to be viewed in the light of Telkom's position as a state-controlled mono-

To Page 2

Telkom 2/3/93

poly which had "grossly underperformed" in its public service during the past year. Telkom was budgeting to improve its profit to R900m in the next financial year, but the increase had not been motivated sufficiently when one considered its poor track record and its privileged position. Engel said Telkom also faced various structural deficiencies as it had an insufficient capital base, and had to pay a huge dividend every year to cross-subsidise

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From Page 1

Post Office tosses ADRIAN HADLAND reports that Consumer Council executive director Jan Cronje said the increased tariffs would force consumers to make fewer calls or discontinue their phone services.

A spokesman for the National Communications Committee, representing Sacoba, AHI and Setfesa, said the increase would only add to business difficulties.

Telephone costs to go up

By BARRY STREEK
Political Staff

THE price of telephone calls, rentals and installation costs will go up on April 1

The unit cost of telephone calls will increase by 9,9 percent from 17,2 cents to 18,9 cents — for a five-minute local call

The cost of international calls to Europe, North America and Australia will come down, with 20% lower

charges for newly introduced off-peak calls to 21 countries

Telkom is to introduce detailed billing on telephone accounts by the end of the month so clients can request full details of all calls

Telkom's managing director, Mr Danie du Toit, said yesterday the new rates would increase Telkom's total operational income by only 7,8 per cent

But the Democratic Party's posts and telecommunications spokesman,

Mr Geoff Engel, said these increases "must be reviewed in the light of its position as a state-controlled monopoly which has grossly underperformed in its service to the public"

"Telkom is budgeting to improve its profits from R800 million this year to R900 million next year and the increase has not been sufficiently motivated," Mr Engel said

However, Mr Du Toit said Telkom had again succeeded in keeping its rate increases below inflation

Telephone rentals are to go up from R27,14 to R30 a month, an increase of R2,85 a month or 10,5 percent, although rentals for social pensioners are to remain unchanged

One-off installation and other service costs would be increased by 10,3 percent from R177,27 to R195,45 for business and residential clients, by 9,7 percent for social pensioners

Mr Du Toit said the unit cost for coin phones would remain the same

He said although Telkom had provided 169 000 new services during its first year of operation and was serving 3,5 million clients, there was a backlog of 120 000 applications for telephones

Telkom's expenditure was expected to be R2 285m in 1993/4, compared with R2 141m in 1992/3

213/93 (267)

Anger at telephone costs rise

APR 23 1981

Indignant reaction by business, consumer groups to Telkom's announcement

The Argus Correspondent and Sapa

JOHANNESBURG — Business and consumer groups have widely criticised the increase in telephone costs.

Telkom announced yesterday that local telephone calls would rise from 17,2 cents to 18,9 cents for five minutes, rentals would rise from R27,14 to R30 and installation costs from R177,27 to R195,45. These figures exclude VAT, which is expected to be increased in the

Budget on March 17

The increases come into effect on April 1

Businessmen said it would add to the difficulties in the hard-pressed business sector.

The National Communications Committee said that although Telkom had held the unit rate to the rate of inflation, "it does nothing to bring that rate down further".

"This increase will adversely affect all consumer interests," The NCC represents the Afri-

kaanse Handelsinstituut, the South African Chamber of Business, and the Steel and Engineering Industries Federation of South Africa.

Ms Lyn Morris of the Housewives' League, said "I suppose Telkom will blame inflation

"The problem is that telephone calls affect not only the individual Businesses and manufacturing also have to increase (their prices) which means that the consumer will pay again. It is an additional

cost, along with probable increased postage tariffs. We end up paying for these things two or three times"

Mr Jan Cronje, executive director of the Consumer Council, said that the increase would "compel consumers to make less use of telephones"

Democratic Party Posts and Telecommunication spokesman Geoff Engel said the increases should be reviewed

"Telkom is budgeting to improve its profits from R800 million to R900 million

next year, and the increase has not been sufficiently motivated when one takes into account its poor track record, and privileged monopoly position

Telkom also faced structural deficiencies as it had an insufficient capital base and had to pay a huge dividend every year to cross-subsidise the losses of the Post Office, he said.

This structure would ensure that Telkom would never become commercially competitive, Mr Engel said

Post Office ⁽²⁶⁷⁾
ARG 3/3/93,
'must expand'

THE Post Office must make a concerted effort to ensure equal services for the broader population, says Minister of Post and Telecommunications Dr Piet Welgemoed.

Replying to the first reading debate on the Post Office Budget, he said the expansion of telecommunication services to squatter and rural areas had to be financed through cross-subsidisation to adjust their skewed development.

"If you consider that there are 71 post offices in Pretoria but only two in Mamelodi, or that one post office serves 2,5 million people in Inanda, near Durban, a concerted effort is needed to build more post offices and to ensure greater equality of services to the population at large."

Telkom's proposed tariff increases for 1993/4 were below the inflation rate. It had budgeted R2,8 billion for capital development, of which a small part would go to cellular telephones. This should stimulate industry and create jobs.

More than R100 million would be spent each year until the end of the century on modernising the rural telephone service. — Sapa.

Star 3/3/93

Stamps available at cafes and shops soon

(26)

CAPE TOWN — Stamps would be sold through businesses such as bookshops, cafes, supermarkets and even pharmacists by the end of May, Posts and Telecommunications Minister Dr Piet Welgemoed announced yesterday.

Introducing the Post Office budget, he said this was one of the ways the Post Office, which faced a R520 million deficit at the end of its first financial year, hoped to put basic services within everyone's reach.

The Post Office also hoped to introduce post shops soon, which would make it easier to do one-stop shopping.

"Among other things, we shall offer postage-paid envelopes, bubble packaging and easy-to-use boxes for posting."

Postal deliveries had to be rationalised and this had al-

ready been discussed with various local communities.

It was planned to set up group boxes at delivery points, boxes at the entrances to private properties, and fixed poste restante addresses at post offices in the next three years.

Outlet points were to be increased to 3 000 in the next five years — 1 000 more than at present.

Many of the existing 2 000 post offices and agencies were uneconomical. These would be phased out and postal services repositioned to serve the entire community, Welgemoed said.

Near the end of the Post Office's first financial year, it was expected the corporation would show a loss of R520 million, R30 million less than budgeted. The weak economy had also affected postal volumes — Sapa.

Sapos expecting even larger loss

B/DAY 3/3/93

(267)

CAPE TOWN — Sapos, the newly commercialised post office utility, was expected to record a R520m loss this year — about R30m more than expected, Posts and Telecommunications Minister Piët Welgemoed said in Parliament yesterday.

Announcing "drastic changes" in post office operations, Welgemoed said 1 000 new post office points would be opened over the next five years.

One-stop post office shops would be introduced and cafes and supermarkets would sell postage stamps.

Welgemoed said the post office would adopt a "client is king" approach and a host of changes would be introduced to satisfy client needs.

The post office would introduce postage-paid envelopes, bubble packing and easy-to-use boxes for posting. Packaging for priority mail and speed services would also be made available.

Welgemoed did not announce the expected postage tariff increases yesterday during the Post Office Appropriation Bill debate as this had become the responsibility of the commercialised utility.

The main reason for the greater-than-expected loss was the effect of the weaker-than-expected economy which had had an impact on postal

TIM COHEN

volumes, he said.

Resistance of bigger clients to tariff increases had forced management to take into account that the aim of placing the post office on a break-even basis could not be achieved only by adjusting tariffs, he said.

Costs would have to be curtailed and to achieve objectives management had committed itself to "drastic changes".

Sapos had developed an infrastructure that was not cost effective.

Rationalisation of service points was a high priority. Many of the current 2 000 post offices, including postal agencies, were "completely uneconomic".

Sapos's policy was to try and take post offices to the client. The utility would also have to rearrange its infrastructure so that under-developed communities could be serviced, he said.

After the second year of operation, Sapos expected a drastic improvement in its results and this would go hand in hand with improved service, he said.

DP telecommunications spokesman Geoff Engel said the post office savings bank should be closed and pensions should be paid through the efficient and sophisticated electronic banking infrastructure.

Detailed phone bills 'budgeted'

Staff Reporter

TELKOM was able to introduce detailed telephone bills because these were budgeted for, Telkom spokesman Mr Fanus Bothma said yesterday.

Telkom on Monday announced the introduction of itemised billing.

Mr Bothma said itemised accounts would only be available with telephones on digital exchanges.

He said the service would cost about R100 million.

Telkom yesterday also said the new service would be introduced at the end of the year and not the end of this month as was reported yesterday.

CT3/B93

Stamps now at corner cafe

Political Staff

257
CT 3/3/93
SOUTH AFRICANS will be able buy their postage stamps along with their milk, bread, newspaper or medicine by the end of May

In terms of a plan outlined by Posts and Telecommunications Minister Dr Piet Welgemoed in Parliament yesterday, bookshops, cafes, supermarkets and pharmacies may sell stamps

"This will place the basic product

within easy reach of everyone," said Dr Welgemoed in yesterday's debate on the Post Office Appropriation Bill.

He also announced that the government hoped to introduce the concept of "post shops, which will facilitate one-stop shopping

"Among other things, we shall offer postage-paid envelopes, bubble packing and easy-to-use boxes for posting.

R520m post office loss

03/21/93
Political Staff

SAPOS, the newly commercialised post office utility, is expected to record a R520m loss this year — about R30m more than expected, Posts and Telecommunications Minister Dr Piet Welgemoed said yesterday.

Announcing "drastic changes", Dr Welgemoed said 1 000 new post office points would be opened over the next five years, one-stop post office shops introduced, cafes and supermarkets would sell stamps and clients' needs prioritised.

The loss was mainly attributed to the effect of the weak economy which had impacted on postal volumes. (267)

HOUSE OF ASSEMBLY

private post boxes will be available for our clients with effect from July 1993.

QUESTIONS

†Indicates translated version

For written reply

General Affairs

Post offices/postal services: Sandton area

66 Mr D J DALLING asked the Minister of Posts and Telecommunications

Whether it is the intention to provide any additional (a) post offices and (b) postal services in the Sandton area in 1993; if so, (i) where, (ii) what services, and (iii) when, in each case?

The MINISTER OF POSTS AND TELECOMMUNICATIONS

(a) No

(b) Yes

(i) Benmore Post Office

(ii) It is the intention to enlarge the Benmore Post Office and to install an additional 450 private post boxes

(iii) If nothing happens the additional

General.

Although it is not our intention to provide additional post offices in the Sandton area during 1993, we are busy with a countrywide investigation with a view to providing an infrastructure that could suit the entire communities. It is *inter alia* the intention to extend our services within the next five years to offer 3 000 outlets (1 000 more than at present) to our clients. Many of the existing 2 000 post offices and postal agencies are operated at a loss and although we intend to phase out uneconomical offices, postal services will be re-positioned and expanded in such a way to serve the entire communities by means of low cost agencies.

We would also like to place basic services within easy reach of all and realise that it is a hassle queuing to buy a few stamps. By the end of May 1993 enterprises such as bookshops, cafés, supermarkets and chemists will also sell postage stamps. However, we still want our clients to keep on visiting our own offices and will, by the end of the year, introduce strategically placed post shops to enhance one-stop-shopping. Among other things we shall offer postage paid envelopes, bubble packing and easy-to-use boxes for posting. Packaging for our priority mail and speed services will be available

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tor Dame Hough yesterday

R520m Post Office loss

BUSINESS Day incorrectly reported yesterday the Post Office suffered a loss of R30m more than budgeted for. In fact the utility incurred a loss of R520m compared to an expected R570m loss. Business Day regrets the error.

Japan steel exports up

JAPAN's steel exports in January rose 3.9% from the same month a year ago to 1.24-million tons, marking the ninth consecutive month of year-on-year gain, the Japan Iron and Steel Federation reported in Tokyo yesterday. A spokesman said sharp increases in exports to China helped offset plunging exports to the US in the wake of anti-dumping duties on carbon steel imports.

REPORTS Sapa Business Day Reporters AP-DJ

as much labour as technically possible

China spends R9m on office block

BIDAM 4/3/93
TRACY SCHNEIDER

THE Great Wall Group, a trading company founded by the mainland Chinese government, has bought a R9m office block in Bedfordview to start its business venture in SA.

The office will be opened officially at a function this evening.

China's trade with SA previously was conducted discreetly through Hong Kong until political changes in SA prompted it to introduce direct trading links last year.

Exhibitions are now planned in both countries, starting in Johannesburg in April with a trade expo organised by the China Council for the Promotion of International Trade.

The Great Wall Group will be involved in an exhibition in SA in September, when 100 corporations will display a variety of goods including textile, industrial, chemical and

hardware products. SA businessmen will be invited to exhibit in Beijing in March 1994.

"We came here with the express purpose of facilitating trade and economic co-operation with SA," said the group's business manager Qingguo Jiang. "Apart from the Bedfordview offices, we have R2m in other assets and are looking into other real estate opportunities and joint investments with local businessmen. We also are hoping to invest in factory and manufacturing plants."

And China and SA Trading GM Chenxiong Liu said "About 200 Chinese businessmen will come to SA to meet their counterparts and discuss business."

'Tax hike will slow economy'

BIDAM 4/3/93

PRETORIA — The tax hike to be imposed in the March 17 Budget will slow down an almost static economy further and stagnation will continue into 1994, economists say.

Stellenbosch Bureau for Economic Research economist Nils de Jager said yesterday consumer confidence was at a low ebb anyway and would be depressed further as disposable incomes shrank.

Sales would decline further, spare industrial capacity, now at about 20%, was likely to increase, as would unemployment and crime.

The conventional Keynesian medicine for a rundown economy, De Jager said, was to increase state spending directed at creating jobs and to reduce taxation. However, in government's present Catch 22 situation, this was impossible.

It could be said taxation was being raised to pay interest on government's massive debt which had reached 9% or nearly R30bn.

Interest on the debt was the largest

single Budget item, even exceeding the education vote.

De Jager said the debt problem had been aggravated by government writing off R3.6bn in drought aid in the coming financial year instead of over three years as first intended.

But, De Jager added, perhaps the most worrying consequence of higher taxation was the impetus it would give to greater unemployment.

Absa senior economist Adam Jacobs said tax hikes would contract the economy further and could result in government's tax take from companies and individuals actually decreasing in spite of the hikes.

"We are caught in a vicious circle with company profits and taxpayers' incomes threatened by declining consumer demand and growing unemployment," he said.

Jacobs said another serious consequence would be a further shrinking of personal savings.

GERALD REILLY

De Klerk rejects mine loss claim

CAPE TOWN — Government was not liable for losses suffered by SA company Swissborough Diamond Mines, President F W de Klerk said in Parliament yesterday.

Replying to a question by Luwellyn Landers (LP Durban Suburbs), he said government had told Swissborough director Josias van Zyl there were no acceptable grounds for the appointment of an independent inquiry into the alleged confiscation of the company's interests when the Lesotho government revoked its mining leases as part of the Lesotho highlands water scheme.

Van Zyl had been told to direct any claims to the Lesotho authorities. The Swissborough issue is pending before the Lesotho high court.

The question had been why government had not intervened after SA nationals had suffered a R1bn loss. De Klerk said it had to establish if the loss had been suffered, and then if intervention was required — Sapa

Chamber call for wage restraints

MARIANNE MERTEN

THE Northern Transvaal Chamber of Industries had urged that wage restraints be included in Finance Minister Derek Keys' model for economic restructuring, it said in a statement yesterday.

The Keys model, due to be published next week, is thought to address economic restructuring to promote the productivity of resources.

Wages had risen over the past three years despite negative growth to such an extent that it had increased the unit cost of production, a chamber spokesman said.

Wage increases had created a structural economic problem which could not be addressed by only looking at wage restraints, but other factors such as export incentives and government control needed to be examined.

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UUM 1.0

Looking for bottlenecks

Eighteen months of trying to run itself like a business, and already on its second MD, the money-losing Post Office is still struggling to turn itself around. But no-one can say it's not trying. Now it has hired an international consultancy firm as part of a R2,5m effort to reform the organisation and streamline its operations.

UK-based Alexander Proudfoot is selecting and training 12 postal employees as "consultants" who will be able to sort out the inefficiencies and bottlenecks in the mail-handling facilities at the four main postal centres.

Over the next year, the group will look at cutting unnecessary procedures and "unfriendly systems." It will also study the postal services training programmes. First on its agenda is an investigation into Cape Town's mail-handling facilities.

Proudfoot has already completed a R1m exercise to straighten out the Post Office Savings Bank. The effort, which began late last year, "has resulted in a quantifiable saving of R3m in addition to a large improvement in quality of service," says Willie Joubert, senior GM postal services.

The Post Office selected Proudfoot because of its work for the New Zealand Post Office, which is regarded as one of the most efficient and innovative postal services in the world.

In the past 18 months, senior SA postal officials have been sent overseas to examine postal services in the UK, US, Australia, New Zealand, Canada and elsewhere. Says Joubert: "Of everything seen, management was most impressed by the work done by Proudfoot in New Zealand." ■

A decision to start marketing the base as soon as possible was taken last week at a meeting of the Gateway International Committee, established to investigate ways to make the best use of the facilities. Vermaak is chairman of the committee comprising representatives of all major players in the region, including nearby Lebowa, the local chamber of business, the regional services council, the SAAF and the Department of Civil Aviation.

The committee's members expect some of the aerial exports and imports of Botswana, Zimbabwe and Mozambique to pass through the base. The entire region, centred on Pietersburg and known locally as the Great North Region, borders those countries. Vermaak and his committee see the base becoming the hub of the north, with flights serving Botswana, Zimbabwe, Zambia, Malawi, Mozambique, Kenya, and even Angola, after it stabilises.

Already several import-export companies, including two from Britain, are investigating the possibility of setting up operations there, and a trade delegation from mainland China visited the area recently.

The region is one of SA's richest farming areas, with adequate water for large-scale irrigation in normal times. The climate is subtropical, so fruit such as mangoes and avocados grow well and vegetables can be grown year round under irrigation. It already sends a lot of fresh produce by air to Europe and some Arab Gulf states, but all of it now has to be transported more than 300 km south to Jan Smuts airport.

The airport is big enough to handle a Boeing 747. The committee believes that this

will be an incentive to farmers in the region to produce enough to warrant dedicated freighters landing there to take their produce to overseas markets. This will stimulate technology development and increase employment.

Tourism might also benefit. Charter operators could turn the airport into a hub, flying clients from there to game lodges and other tourist attractions in the region and nearby countries.

The aerial activity could give rise to an aviation industry, concentrating on the repair and servicing of aircraft. "It would pay most operators, particularly those in neighbouring countries, to send their aircraft here for servicing," Vermaak says.

He believes that Pietersburg's location and "under-used and uncluttered air space, compared with the PWV's" will give the airport a competitive edge. ■

Local rates up, but cheaper calls abroad

Hello! It's

Star 2/13/93

good and bad

(267)

Telkom news

Own Correspondent
and Staff Reporters

CAPE TOWN — Telkom yesterday announced an increase in the price of telephone calls — but had good news with the introduction of off-peak international rates, plans to give consumers detailed telephone accounts and a programme to provide more telephones to remote areas.

At a press conference Telkom managing director Danie du Toit set out the new costs, amounting to an average tariff increase of 7,8 percent, effective from April 1.

Local telephone calls during the day, which now cost 17,2c for a five-minute unit, excluding VAT, will go up by 9,9 percent to 18,9c. To this must be added VAT, at a current rate of 10 percent, making a local phone call 20,7c. An increase in the VAT rate, however, is expected to be announced on Budget Day, March 17, which would push up the cost of all Telkom's services.

Du Toit said that on April 1 Telkom would introduce the long-awaited off-peak charges to 21 countries.

He also announced that Telkom was to spend

R100 million installing a detailed billing system for clients. The move will be welcomed by many consumers, particularly following the 087 line debacle and dissatisfaction with bills.

Du Toit said telephone rentals would increase 10,5 percent from R27,14 a month excluding VAT to R30. With VAT added, rentals became R33 a month. Telephone rental for social pensioners would remain unchanged.

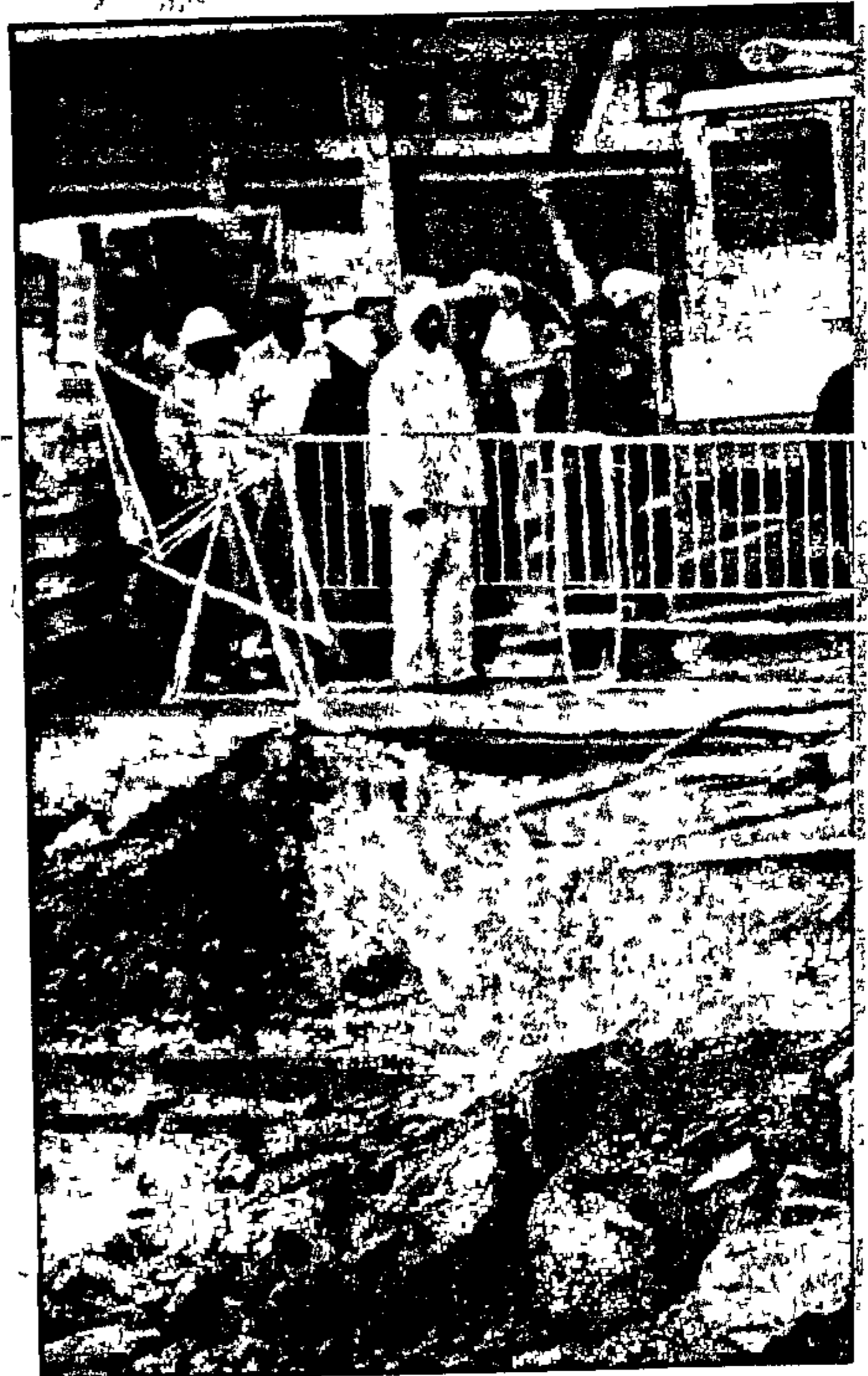
Telephone installations would increase by 10,3 percent from R177,27 before tax to R195,45 for business and residential clients. If VAT was added, this price became R215. The installation cost for social pensioners would rise by 9,7 percent from R28,18 before tax to R30,91. With VAT this would be R34.

Call-box charges would remain unchanged at 30c a unit for the second year running, "an dispensable service for the less privileged", Du Toit said.

Telkom would drop its attachment levy of R3,41 that people had to pay to use an answer machine or fax machine. Telkom would use R6,9 million on this.

Some phone rates in rural areas would be cut to bring all rates into line.

● To Page 3



Quenching the flames . . . firefighters at a blaze caused terday. Fire department officials believe excavators a

P.T.O.

Telkom Star 2/3/93 charges to rise (261)

● From Page 1

Telkom planned next year to install 2 000 telephone services in rural areas where little or no telecommunications infrastructure existed, at a cost of R50 million.

At present, there were nine telephones for every 100 people in South Africa. Telkom had 3,5 million telephone clients countrywide. Telkom technicians installed 13 000 new main telephone services a month. At this stage there were 120 000 applicants waiting for phones.

Du Toit said Telkom had once again succeeded in keeping its rate increase below inflation. The 7,8 percent average increase would net Telkom an extra R584 million for the next financial year.

Telkom expected to close this financial year with a pre-tax profit of R800 million and was budgeting next year for a R900 million profit.

Du Toit said that by next year Telkom planned to repair at least 80 percent of faults within 24 hours of their being reported.

Democratic Party spokesman Geoff Engel said the 7,8 percent increase had to be seen in light of Telkom's position as a State-controlled monopoly that had grossly underperformed in its service to the public.

The National Communications Committee representing the AHI, Sacob and Seifsa said while the new charges didn't fuel inflation they did nothing to reduce it.

The Consumer Council said that the increase would "compel consumers to make less use of the telephone system".

TELKOM FM 5/3/93

Talking prices

(267)

The cost of local calls will go up nearly 10% on April 1 but Telkom may have managed to garner a little positive PR by reducing rates on some international calls for the second straight year. And, while last year's innovation was introducing different rates for different countries, this year's advance is introducing different rates for different times of day.

On local calls, the unit cost will rise from 17,2c to 18,9c but the duration of metered units will remain the same. Telephone rentals will climb by more than 10%, as will installation fees.

Telkom MD Danie du Toit says improvements in trunk telephone exchanges have allowed Telkom to replace the four rate groups with 15 rate bands, making way for standard, peak and off-peak tariffs to 21 countries.

Other spin-offs are an average 7% reduction in the standard rate to more than 100 countries. However, the standard rate will increase by an average of 9% to another 79 countries.

Popular destinations

At first glance, the new rates look like a very good bargain, especially to countries such as Italy, where the new standard rate is down to R10,31 a minute from R11,39. But the new rates exclude Vat while the current rates include Vat. This is probably because the new Vat rate has not been announced.

The new rates for the UK and US — two of the most often-called destinations — are the same: R5,67 a minute during peak times, a standard rate of R5,40 and R4,36 off-peak. The current rate for both countries is R5,97 a minute.

Calling Australia is set to become significantly cheaper, though. The current rate is R5,97 a minute while the new rates will be R4,93 (peak), R4,76 (standard) and R3,91 (off-peak).

The peak, standard and off-peak calling

BUSINESS & TECHNOLOGY

FM 5/3/93.

(267)

times hardly vary from place to place. Peak hours are more or less set at 11 am-3 pm, local time (2 pm to 6 pm for callers to the US) Monday to Friday, and standard calling times start at 8 am and finish at 11 am before beginning again at 3 pm and running until 10 pm. Off-peak times take up the remainder of weekday nights and weekends from 10 pm on Fridays until 8 am on Mondays.

Competition works

Telkom has been under pressure to cut rates ever since discount long-distance call operators began breaking into the local market.

WorldPhone CE Jerome Swersky isn't worried about Telkom's move, however. "On calls to the US, we're still 18% cheaper at off-peak times."

Swersky doesn't believe that WorldPhone will lose any business. "If anything, the new rates should reduce delivery costs and we can pass on these savings to our consumers," he says.

Telkom has trumpeted its success in beating inflation but it seems the company still has a way to go. Costs in the telecommunications industry are declining in lockstep with computer industry costs — about 20% a year — but SA has yet to see prices drop like that. ■

Services Act, 1959 (Act 8 of 1959) during departmental trials, members were seriously warned against such actions and were made aware of the implications thereof on their careers. Furthermore, such inadmissible conduct is duly considered in the competence evaluation of such members.

Cellular telephones: introduction/licensing

116 Mr G C ENGEL asked the Minister of Posts and Telecommunications

- (1) Whether any consideration has been given to the introduction and licensing of cellular telephones in South Africa; if not, why not, (a) what systems are being considered and (b) (i) when and (ii) at what estimated capital cost will the system or systems decided upon be introduced,
- (2) whether the market will be deregulated in this regard, if not, why not, if so, what are the relevant details,
- (3) whether the Post Office or Telkom is considering joint ventures or partnerships with any private companies, if not, why not, if so, with which companies,
- (4) whether he will make a statement on the matter? B283E

The MINISTER OF POSTS AND TELECOMMUNICATIONS

- 1 1 At least two additional cellular licences will be granted to cellular operators in South Africa this year. Telkom has been operating a C450 analogue cellular service in South Africa for a number of years. Capacity on this network has virtually been depleted.
- 1 2 The Regulator has not indicated whether a uniform standard for cellular operators will be adopted by both operators. Telkom has indicated a strong preference for the digital GSM standard and indications are that the Telkom cellular consortium will be allowed to apply the GSM standard. Other standards which the Regulator may accept are the analogue standards TACS, AMPS and NMT. In the interest of the promotion

of trade and industry in Southern Africa it might be necessary to standardise.

- 1 3 If the GSM standard is used then all GSM telephones which have been licensed by any international accredited test house can be used without further testing in South Africa being necessary. In the case of analogue standards local testing of terminals might be necessary.

1 4 The capital cost of a network with a 250 thousand subscriber capacity and a 70% country coverage would be in the vicinity of R700 million.

- 1 5 It would take an estimated 1 year to install such a network from the time the Regulator allowed such an installation to begin.

The market will be deregulated on three fronts.

- 2 1 First of all there will be two cellular networks. Telkom has been allowed a 50% share in one network. The second network operator will be appointed by the Regulator after considering submissions to a tender in this regard.
- 2 2 In terms of the resale of air-time it is expected that there could well be other service providers appointed by both or either of the network operators.
- 2 3 In terms of the sale of cellular telephones there should be no barriers to entry. Any dealer or retailer may sell approved cellular telephones.
- 3 Telkom is considering joint ventures with other local and international partners. At this stage negotiations do not allow for the identification of these potential partners to be disclosed.
- 4 A press statement on the matter has already been made. Requests for tenders for the second licensee are expected before June 1993, as are the conditions of the two cellular licences.

Ecotourists: foreign exchange

139 Mr J CHOLÉ asked the Minister for Administration and Tourism +

- (1) (a) How many ecotourists from abroad visited the Republic in 1991 and 1992.

respectively, and (b) what percentage did such tourists represent of the total number of foreign tourists who visited the Republic in each of these years;

- (2) (a) what amount in foreign exchange did the Republic earn as a result of ecotourists in 1992 and (b) what 10 destinations, in order of importance, were the priority of the above-mentioned ecotourists in that year? B344E

The MINISTER FOR ADMINISTRATION AND TOURISM.

- (1) In the international context there are various definitions of ecotourism. While none of these have to date been formally recognised as a standard definition they generally embrace experiences related to climate, scenic beauty, wildlife and ethnic cultures. As a result, it can be said that 66% of all overseas visitors were motivated by ecotourism to travel to South Africa. During 1991, 521 000 overseas visitors arrived of which 344 000 were motivated by ecotourism. For 1992, the figure is estimated to be

386 000 overseas arrivals who were motivated to visit the Republic by ecotourism. (The official arrival's figure for overseas visitors during 1992 must still be announced.)

- (2) According to a research study conducted during 1991, overseas visitors stated that they have spent an average of R4 900 per visit (excluding airfares) which indicates that the total income derived from ecotourism was approximately R1 686 million. An estimated income figure relating to ecotourism for 1992 comes to R2 421 million (excluding airfares).

The most important ecotourism destinations in the RSA have not been specified through research yet, but the 10 most frequently visited regions were Johannesburg; Cape Town; Durban/Umlanga; Eastern Transvaal, Pretoria, Garden Route, PE/East London, Natal South Coast; Bophuthatswana, Bloemfontein and Kimberley. These regions are listed in order of importance, although regular variations might appear amongst the last 5 regions.

Postal tariffs likely to increase 30%

CAPE TOWN — Post Office tariffs are likely to increase by about 30% on April 1 — slightly less than the 33% increase projected last year. *B/D/M 10/3/93*
The increase, likely to be announced on March 22, will mean that a stamp for a standard-sized letter will rise by about 10c from the current 35c.

Last March Post Office board chairman Donald Masson said the utility hoped to break even within five years, and that this would necessitate a 33% tariff increase every year during the period.

Tariffs were increased by 33% last year, but this year, according to government sources, the increase is expected to be

TIM COHEN

slightly less because of the better than expected shortfall. Posts and Telecommunications Minister Piet Welgemoed said last week the Post Office's loss amounted to R520m — about R30m less than expected. *(267)*

A spokesman for the Minister said yesterday tariff increases were no longer the Cabinet's decision. The Post Office's business plan was submitted to Cabinet for its approval as government was Sapos's sole shareholder and the funder of its deficit. Government had approved the plan about three weeks ago, the spokesman said.

New postal links being forged

PRETORIA — Lucrative new contracts had been signed with neighbouring African countries as the SA Post Office began to extend its services to the subcontinent, Post Office MD Henne Diedericks said

After two years of negotiations, the Post Office hoped to normalise postal links with southern African countries before year-end, he said yesterday

Post Office GM international services Gawie van Eeden said the time was appropriate for the Post Office to reinstate links "There has been a change in attitude African countries are reaching out to us for assistance"

Diedericks said a contract worth R215 000 annually had been signed to provide a road mail service link between Botswana and SA

Also in the pipeline was an international priority mail service with Mozambique, a COD service with Zambia and a reinstatement of the postal service for printed matter between SA, Kenya and Angola

The SA Post Office had been requested to assist Namibia in establishing an inter-

ADRIAN HADLAND and
MARIANNE MERTEN

national postal service (267)

Reinforcement of links with African countries could be ascribed to the rapidly changing political situation in the SA as well as its re-entrance into the international arena, Diedericks said

Delegations from postal administrations of Namibia and Mozambique had visited SA last month, while discussions with Botswana, Lesotho, Malawi and Swaziland were scheduled Kenyan and Angolan postal authorities had also been in contact, Diedericks said

He announced that as a result of closer co-operation between these countries, the SA Post Office would host a conference of southern African postal administrations later this year Angola, Botswana, Kenya, Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe would be involved

Van Eeden said the Post Office hoped to apply for readmission to the Universal Postal Union at the organisation's meeting in Seoul next year.

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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.

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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Post costs set to rise 30%

Political Staff (267)

POST OFFICE tariffs are likely to increase by about 30% on April 1 — slightly less than the 33% increase projected by the newly commercialised service last year.

The increase will mean that a stamp for a standard-sized letter will increase by about 10c from the current 35c.

Tariffs were increased by 33% last year, but this year the increase is expected to be slightly less as the utility recorded a better than expected shortfall.

5/10/3/93

INFORMATION TECHNOLOGY

SA must look before leaping in, expert warns

BIDAN 11/3/93 (267) (100)

ALTHOUGH global systems for mobile communications (GSM) is being strongly touted for use in SA's new cellular networks, some serious questions need to be asked about whether this technology is the most appropriate for all the country's needs.

At a presentation to the Port Elizabeth Communications Systems special interest group inaugural seminar this week, Computer Society of SA vice-president Peter Davies said. "Optimists say GSM will become the standard for the rest of the world, but what about North America and the Far East?"

Major product manufacturers were based in these areas, so the assumption that GSM was a "world-wide standard" and that prices of handsets for the system would plummet from about R4 000 to a few hundred rands in less than four years had to be questioned, he said.

"Some vendors say that call rates could subsidise the cost of handsets, but this would be out of line with new international trends. Internationally, mobile phone users are using the service less."

It was not safe to assume there would soon be many cheap mobile communications devices available because in the US, where mobile communications had been around for some time, manufacturers were competing for the larger US market,

Reports by
MELANIE SERGEANT

estimated to be 10-million cellular phones which were not based on GSM technology.

"The same is happening in Japan, where manufacturers are looking at GSM, but this is not seen as their major market, because of the massive installation and demand for analogue-based phone systems."

He says there is also some gloom over the fact that monthly phone bills per mobile device in the US fell from \$81 in 1991 to \$73 in 1992, and that with increasing competition there is less chance of cellular phone licences being equated to "licences to print money".

"At best, one third of the world will eventually conform to the emerging GSM standard," Davies reckons

For this reason, he questions whether this will provide the low-cost, high penetration sought by SA which is set to grant two licences to operate networks.

"There are cheaper solutions, based on rural radio phone systems, for example, where cheap standard phones can be fixed to a pole buried in the ground. Some of the new GSM phones are not very robust, so one queries their usefulness as the sole telecommunications medium in homes around SA," he says.

Also, if portability is an issue, he points to the potential of cheaper CT-2 Telepoint systems with stations located at strategic points which allow phone users within a certain radius to hook up to the network.

Telepoint has not enjoyed good penetration in Europe and the US, but Davies says this is probably because its application is different: users want fully mobile systems, unlike many SA users who would be happy to have a basic, static phone service at work or in their homes.

Davies warns that millions of rands could be wasted by installing cellular systems in inappropriate areas, albeit that introducing GSM is an important and necessary step in SA's telecommunications and economic development.

"In the US, a recent study showed that 75% of respondents to a survey said cellular phones increased their business productivity."

But at the end of the day, SA should not expect cellular telephony to be the panacea for all its telecommunications problems, he says. It should not be installed for all applications if less expensive and more appropriate technology can be used.

There will also be problems interfacing GSM technology into the data communications arena, as there were problems in the past with modems, routers and other data communications equipment, he warns

Star 12/18/93
**Stamps to go on
sale in shops** (267)

Postage stamps will be on sale in shops from May 7

South African Post Office managing director Henne Diederichs said shop sales were part of a four-point plan for "customer orientation".

He also announced that a stamp without a face value would be available for the first time on April 1

Diederichs said as part of the Post Office's attempts to give every South African a postal address, between four million and six million post boxes would be made available — Sapa

TELKOM

FM 12/3/93

An unexpected blast

(267)

Competition will concentrate Telkom's mind wonderfully

Telephone subscribers, who have long had to endure poor service and untrustworthy accounts, can take heart, things could soon start to improve. The cause for optimism lies not in the promises contained in Telkom's recent R7,5m humble-pie advertising campaign, but in the news that competition is on the way at last.

Posts & Telecommunications Minister Piet Welgemoed's decision to licence two cellular phone services later this year effectively ends Telkom's monopoly of the telephone market. Government expects to issue a call for tenders at the end of the month and to award contracts by June.

The two new cellular services, which will

each have a capacity of between 100 000 and 200 000 subscribers, are expected to be running next year. The cellular networks will complement and eventually replace Telkom's carphone network.

The new phones are likely to be much cheaper as well as more extensive in their market penetration than the current car-

phone service. They will be targeted not only at affluent motorists but also households and small businesses in all areas.

The private sector will play a big role in both new networks. Telkom has been guaranteed a 50% stake in one of the services and may end up as the junior partner in the day-to-day running of its network.

Organisations thought to be in the running for licences include local firms M-Net, Grinaker Electronics and Transnet's telecommunications arm Transtel, as well as Cable & Wireless and Racal Vodafone of the UK, US operator AT&T, France's Telecom and Germany's Deutsche Bundespost Telekom.

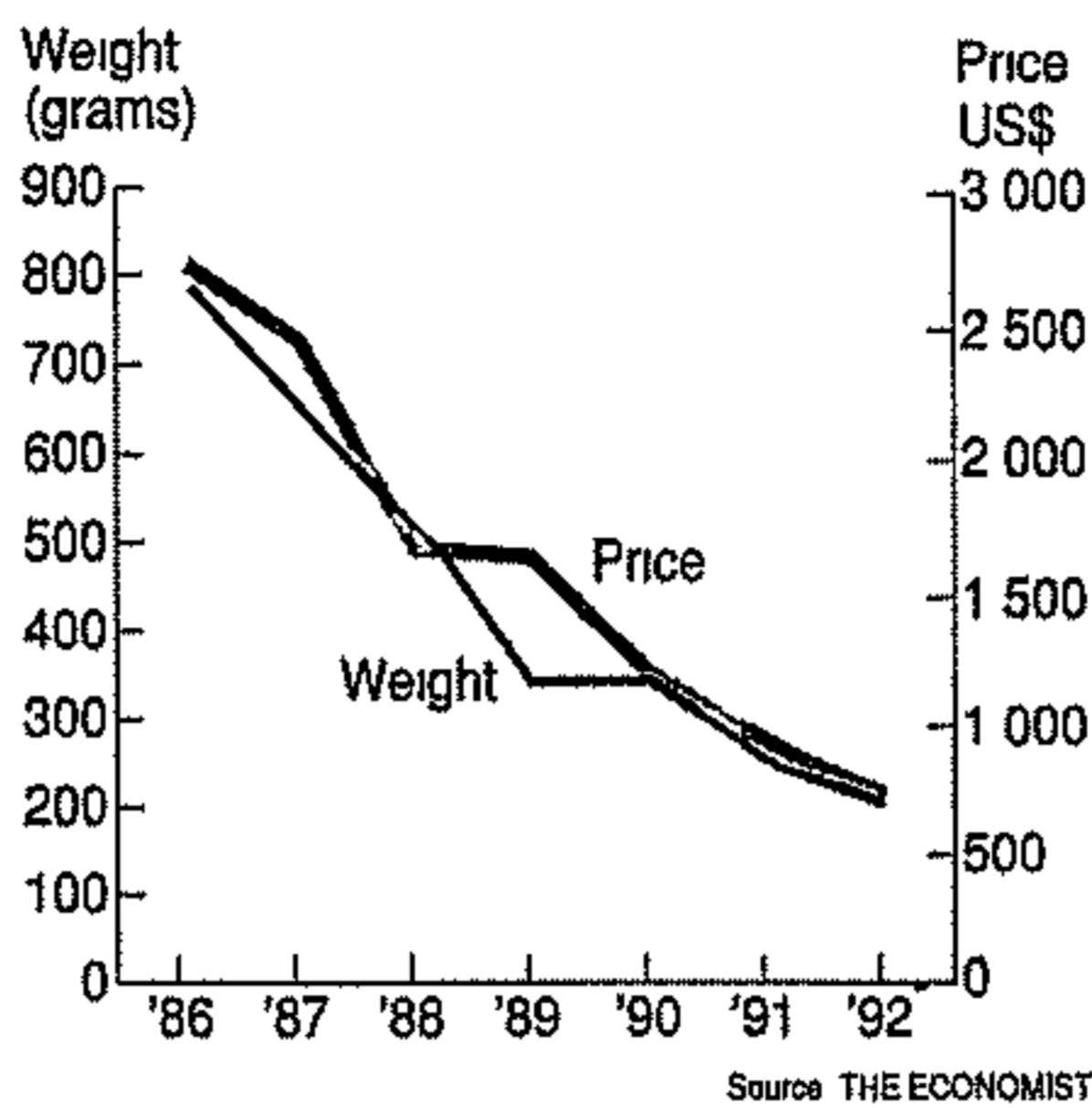
Telkom was expected by most observers — including many of its own senior management — to be granted exclusive rights to operate one (and possibly the only) new network. However, it appears that doubts about Telkom's ability to run the new service in the face of stiff competition and possible unease over its capacity to raise the R300m-R400m needed to get the network in place, have swayed government.

"Telkom was lucky to get 50%. Some people in Cabinet were not willing to give them anything," said one government source.

Benefits

The US, UK and New Zealand, as well as developing nations in Asia and eastern

**Lighter and cheaper
Top-of-the-range cellular handsets**



Europe, have achieved significant economic and social benefits by encouraging high levels of competition in their telecommunications markets. The potential for SA is enormous.

However, the extent and pace at which the market is deregulated will largely be dictated by politics.

The ANC, for example, has criticised government's decision to issue licences ahead of the drawing up of a national telecommunica-

tions strategy that the ANC wants, in particular to redress past imbalances. While more than 90% of white households have access to a telephone, it is estimated that the same can be said of only 15% of black homes.

Though niches in the telecommunications market, such as the supply of PABXs and the provision of value-added data services are no longer the sole domain of Telkom, extensive deregulation, similar to that experienced in many of the world's leading economies, has been stifled by political wrangling and faint-heartedness.

Government first began looking at curtailing its influence in telecommunications in the mid-Eighties. In line with many governments elsewhere, it sought to privatise the national telecommunications operator, together with other State enterprises, in order to reduce its direct involvement in the economy, increase the size of its tax base and, if possible, to improve productivity and efficiency.

These plans were scrapped as a result of widespread political opposition. Government eventually opted to commercialise the Post Office along with Transnet and Eskom. In October 1991 — nearly two years after government's original target date — the PO was split into two supposedly independent tax-paying corporations, SA Post Office and Telkom SA, each with a board of directors but still wholly owned by the State.

continue ->

Unfortunately, due to their titles, Hankey Bannister's first clientele belonged to the class of aristocrat who believed they were above paying bills. A fact which they were as reluctant to publicise as they were the whisky they drank. (Although for different reasons, of course.) Fond of the odd tippie, the Duke of Clarence purchased an amount of £53 15s 7d worth of Hankey

IN THE LAST 200 YEARS, SOME OF OUR MOST DISTINGUISHED CLIENTS HAVE REFUSED TO PAY THEIR BILLS.

(Oh, the price of fame.)

Bannister in 1791. He was surely drinking to forget, as he only settled his bill a year later. His brother, George IV, had to be reminded of an outstanding liability of £160 10s almost a year and a half after his purchase. Then there was the fourth Duke of Queensbury who resented paying bills at all. His appreciation of our smooth flavoured whisky led him to incur a debt of £284.14s.0d. He no doubt experienced total amnesia, as his bill was never paid at all. Obviously it's situations like these that we have preferred to keep a secret. What with the outstanding demand for Hankey Bannister, outstanding bills would be the last thing we could afford. But then, without Hankey Bannister it would be the lover of fine quality Scotch whisky who would be much the poorer.



A crucial component of government's privatisation and then commercialisation plan was the creation of an independent regulator to ensure fair play. The UK and US experiences have shown that some form of regulatory body is essential if competition is to be nurtured, especially if the market is dominated by one operator. But moves to establish a telecommunications watchdog here have been repeatedly delayed.

No progress

Part of the impasse is due to government's intention to include broadcasting in the regulator's portfolio. Because of the highly political nature of broadcasting it is doubtful that any proposed legislation concerning this sector will become law before there is significant progress in multi-party talks.

The Department of Posts & Telecommunications has assumed the role of regulator. As the State effectively controls the regulator and Telkom, this arrangement is far from satisfactory.

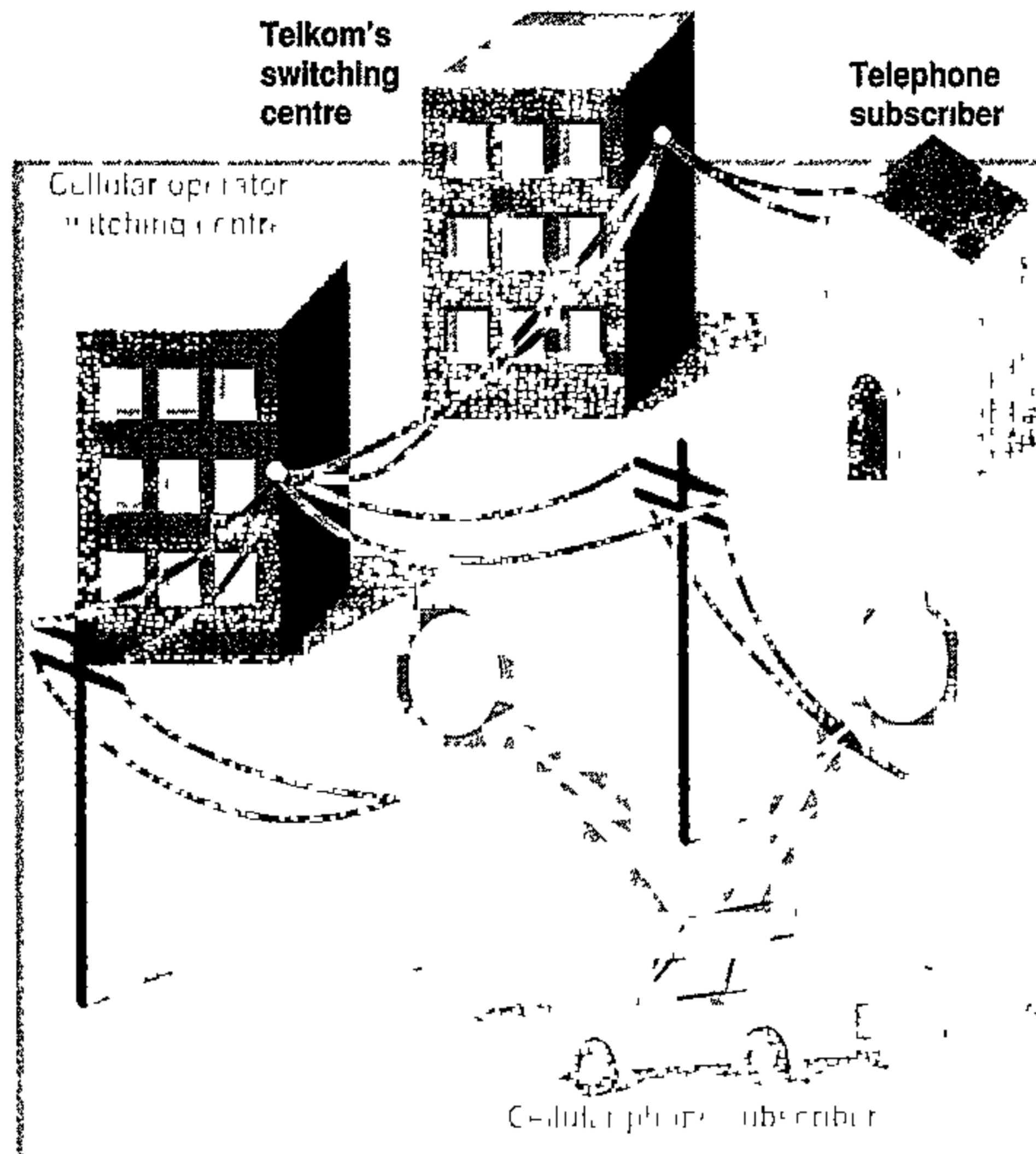
Welgemoed defends his decision to press on with the appointment of two cellular network operators, ahead of the establishment of a regulatory authority or the drafting of a telecommunications policy. He points to the potential social and economic benefits of these services. He also claims that potential international investors might turn away from SA if kept waiting much longer.

"Cellular telephony offers great advantages to the country," says Welgemoed, "the most important of which is that it is easier to maintain and instal in isolated areas. It is the cheapest and quickest way of offering most South Africans access to a telephone." He says one of the licence conditions will be that the network operator provides telephone services to underdeveloped areas.

There is little doubt that radio-based cellular systems are cheaper to instal and maintain than traditional copper wire networks. However, it is difficult to see how cellular services could be made affordable to disadvantaged communities without cross-subsidies from lucrative business services. The cost of a cellular telephone handset is expected to be about R3 500 — well down on the

How cellular phones work

The term "cellular" network refers to the division of the area covered by the communications service into small overlapping cells. In each cell, which has a diameter of about 30km, there is a single low frequency radio base station that relays calls to and from the cellular-phone user. These calls are linked into Telkom's national telephone network by an "intelligent" switching centre. As the cellular-phone user moves from one cell into another the switching centre automatically reroutes the call via the nearest base station without interrupting the transmission.



R10 000 to R15 000 currently asked for a local carphone, but still far more than an average family in Alexandra could afford.

While Welgemoed stresses the supposed social benefits of cellular technology, the greatest incentive to introduce the new services is almost certainly economic. In the past few years, cellular communications has been one of the fastest growing and most lucrative sectors in the world.

Most of the potential cellular operators in SA reckon they would be able to recoup their R300m-R400m start-up investment within two to three years. "After that it's a licence to print money," says a spokesman for one of the contenders. Other bidders, however, point out that their enormous investments are at risk from political uncertainty and changes in technology.

The attraction to government is great. The two new networks are likely to provide a stimulus to the battered telecommunications industry, creating much-needed jobs, while presenting what Welgemoed describes as the greatest opportunity for foreign investment since the end of apartheid.

Government appears to have recognised that in order to secure maximum benefit from the cellular system, it has to encourage greater competition in the local industry. It has reserved the right to issue more licences

to cellular network operators and further deregulation of the sector seems inevitable.

Much of government's thinking on the matter has been shaped by an investigation of the local telecommunications market conducted by UK firm Coopers & Lybrand. The report, commissioned by Welgemoed in 1991, recommends, among other things, that competition in the local arena should be promoted, that Telkom's prices be controlled by a regulatory authority, and that privatisation of Telkom be considered again as a means of introducing capital to the organisation.

While Telkom is expected to retain ownership of its vast telecommunications network — widely accepted as a national asset — it is likely that the organisation will be compelled to allow competitors greater access to this infrastructure. This would enable cellular network operators to handle long distance calls and also open the way for organisations such as Transtel to compete with Telkom in the provision of telephone services. Transtel has confirmed that the organisation has been lobbying government to allow it to provide such services.

The emergence of increased competition could be bad news for Telkom. Telkom management argues that the organisation should be allowed more time to adjust to the commercial environment before being exposed to severe competition. MD Danie Du Toit, who recently claimed that the local market was too small to support more than one mobile communications operator, warns that inroads into Telkom's revenue base could seriously impair the organisation's ability to serve underdeveloped areas.

Telkom's concern that it will continue to be forced to provide sub-economic services, while at the same time seeing its lucrative telephony markets eroded by competitors with greater access to finance and more advanced technology, has some validity. However, Telkom is likely to enjoy considerable income from the two cellular services, as they will both have to make use of the national network to re-route traffic.

Whatever the split in responsibilities, it is clear that Telkom will have to overhaul its service levels and improve performance if it is to stand on its own feet in the face of growing competition.

A major hurdle in the way of Telkom's efforts to improve its profitability is its heavy debt. With more than R10bn invested in technology-intensive assets and annual operating expenditure of about R5bn, Telkom is burdened by gearing of more than 150% and has to meet finance charges of more than R1bn a year. Capital expenditure — essential for future competitiveness — has shrunk alarmingly.

Another possible step, though politically unfashionable, would be to sell part of Telkom's shareholding to the private sector. This would reshape Telkom and substantially ease its debt burden — which is the factor that may make partial privatisation inevitable in the long term.

Mandela faces action ~~11/11~~

Sowetan 19/3/93

■ Bill amounts to R19 000: (267)

By Joshua Raboroko

AFRICAN National Congress president Nelson Mandela might be prosecuted if the outstanding telephone bill amounting to R19 000 is not settled.

Telkom has cut off the phones at his estranged wife's Soweto mansion at Mandela's request.

Telkom's Witwatersrand communications manager Mr Gert Schoeman yesterday said a final account would be sent to Mr Mandela within a few days.

He said if Mandela failed to pay, the matter would be referred to Telkom's

legal adviser who would take appropriate action, including prosecution.

Schoeman said Telkom received a letter in February from Mr Mandela's lawyers, saying he had asked the company in writing in August last year to cut the phones as he had moved out.

Mandela said in the letter he would not pay accounts run up by "the occupant of the dwellings," referring to his estranged wife, Winnie. Schoeman said as far as Telkom was concerned, Mr Mandela was responsible for the bills.

A new-look Post Office on the way

GOOD and bad news is expected from the Post Office tomorrow — a hike of around 30% in local tariffs and a plan to "revolutionise" local services

These announcements — to be made by Post Office managing director Henne Diedericks at a press conference in Pretoria tomorrow — are part of a commercialisation strategy to bring the loss-making Post Office to a break-even point within four years

Presented

The Post Office received R500-million in this week's Budget to cover its projected losses for the coming financial year

The plan, already presented to the business community and large Post Office clients, is said to be about to dramatically change the face of SA's postal services

It is geared at extending services to more communities and making the utility more accountable to the public. The bottom line will be enhanced profitability to help the Post Office stand on its own feet.

Also expected to be announced are some projects which will generate cash for the Post Office, as well as some streamlining measures

Many of the 2 000 post offices and postal agencies that currently exist are uneconomical and will be closed down

Nonetheless, the Post Office plans to offer the public

By ZILLA EFRAT

3 000 outlets within five years, although many will not be in the traditional form. The postal network will be expanded via low cost franchising

The traditional street delivery of mail will remain, but at a fee. Within three years, mail will also be delivered to cluster boxes, with individual lock-up facilities, at various collection points which are expected to become communication landmarks throughout the country

They will be located at places such as informal housing settlements, petrol filling stations and homes for the aged. The Post Office will consult the communities concerned

By the end of May this year, stamps should also be available at local bookshops, cafes, supermarkets and chemists

Standards

It is believed that in line with free market principles, these outlets will be able to set their own prices for the stamps sold.

For example, a cafe owner may add a premium for late-night accessibility, while a supermarket chain could provide discounts for bulk purchases

In addition, strategically placed "post shops" will offer priority mail and speed services and sell, among other things, postage-paid envelopes, bubble packaging and easy-to-use boxes for posting

To increase the Post Office's

accountability to its clients it will set time standards for deliveries between major centres by April this year

Its performance against these standards will be measured by external contractors and the findings will be reported in the first quarter of next year

In addition, a postage stamp for standardised mail that does not have a face value is expected to be introduced. It will eliminate the need to produce new stamps when tariffs increase

Necessary

Last April, Post Office chairman Donald Masson said an annual rise in local tariffs of 33% over five years was necessary to take the utility out of the red and bring tariffs in line with costs

Tomorrow's price increase, however, is expected to be lower at around 30%. This is because the Post Office's losses in the current financial year should be R28-million less than the R548-million forecast in last year's budget

This loss was apparently reduced by strict financial discipline and a major drive to streamline the utility's structures and systems

The latest price rise should push up the mailing costs of standard sized letters by about 11c to around 46c by April

Increases in international postage rates and the prices of other services will also be announced tomorrow

S/Time/Buss 21/3/93 (267)

Star 22/3/93

Normal mail up to 45c

(267)

Pretoria Correspondent

Postage rates on normal mail will go up by 10c — or 28 percent — from 35c to 45c on Thursday April 1

Announcing this in Pretoria, the managing director of the Post Office, Hennie Diedericks, also said a new postage stamp with no indication of value would be released the same day.

The stamp will represent the postage for a standard postal article and only the

words "standardised mail" will appear on its face

The advantage is that new stamps will not have to be printed every time postal rates increase

Diedericks said the rise was needed to boost the Post Office's income and to bring South Africa in line with world rates

It already cost the Post Office 61c to handle a single item of mail. Even if users paid 45c the service would still make a loss

This price rise will raise the Post Office's income by R146 million to an estimated R1,639 million

The operating deficit on postal services will still be R498 million.

The dimensions for a standard postal item are 90 mm by 140 mm, and a maximum of 120 mm by 235 mm. The letter may not be heavier than 50 g or thicker than 5 mm

● Fixed delivery times -
Page 7

QUOTE



Timely post deliveries

267
B/DAW 22/3/93

THE SA Post Office would, from next month, introduce fixed letter delivery times. It would appoint external, independent contractors who would measure the company's performance against set standards and the findings would be published quarterly. MD Henrie Diedericks said yesterday.

The delivery times for standard letters in the same city or town would be two days, in the same province and between major centres in different provinces, four days and between other towns in different provinces five days.

Star 22/3/93

Post Office to specify times for mail delivery

Staff Reporter

(267)

The SA Post Office (Sapo) has exposed its services to public scrutiny and accountability after setting strict standards for the delivery of letters countrywide

In a statement issued yesterday, Sapo said fixed delivery times between all major centres would be introduced for the first time on April 1

Sapo would appoint external in-

dependent contractors who would measure the company's performance against these standards. The findings would be published each quarter

But the set standards would not necessarily speed up existing practices. As from April, it should take two days for a letter to be delivered when posted to an address in the same city or town; a letter posted in the same province should be delivered in four days, letters posted

between major centres in different provinces should take four days, while letters posted to addresses in smaller cities and towns in different provinces should take five days

Sapo said an additional day was allowed for non-standard postal articles while an additional two days were allowed for parcels and insured/registered postal articles

● Mail users can report on progress by writing to P O Box 9900, Pretoria 0001.

Technology handles ever-increasing tide

THE postal services used to be a labour-intensive business with all parcels and letters being sorted by hand.

However, today's mail employs large amounts of sophisticated, often computer-based, technology.

The South African Post Office (PO) has now completed its automation and mechanisation programme at its main mail sorting offices and continues to monitor existing equipment to ensure it can cope with the ever-increasing tide of mail.

The equipment employed in the main Johannesburg, Cape Town, Pretoria and Durban offices compares with the best in the world. Around R50 million has been spent on equipment since the introduction of mechanised mail handling equipment in 1988.

The PO was one of the first postal administrations to introduce a combined optical character reader/video decoder machine, and it also boasts one of the longest and most advanced computerised chain and conveyor systems in the world.

The chain conveyor system currently employed at the PO's main office in Church Square, Pretoria, is 2,2 km long and handles 1 000 mail bags an hour.

The tray conveyor system is 1,7 km long and copes with 1 800 trays per hour. A staggering 50 km of cable was used in the installation.

At Johannesburg's main post office in Jeppe Street, two optical character readers and two high-speed sorting machines are in operation, each sorting 60 000 letters an hour.

The facility also has another two high-speed sorting machines, each capable of sorting 90 000 letters an hour, as well as another three video recorder machines with the same capacity. In addition, there are two sorting machines for larger letters and three cancelling machines.

High-speed

The Cape Town and Pretoria operations are equipped on a similar scale.

Durban has one optical character reader and one high-speed sorting machine.

The PO is not resting on its laurels and recently awarded a multi-million-rand contract for the provision of mainframe computer equipment as a part of the company's long-term computerisation strategy. The contract represents a significant milestone in the PO's planned move towards self-sufficiency in computer processing, to enable it to move away from its current dependence on Telkom's computer services.

Last year the PO purchased a new computer centre in Pretoria for R20 million from Volkskas Bank.

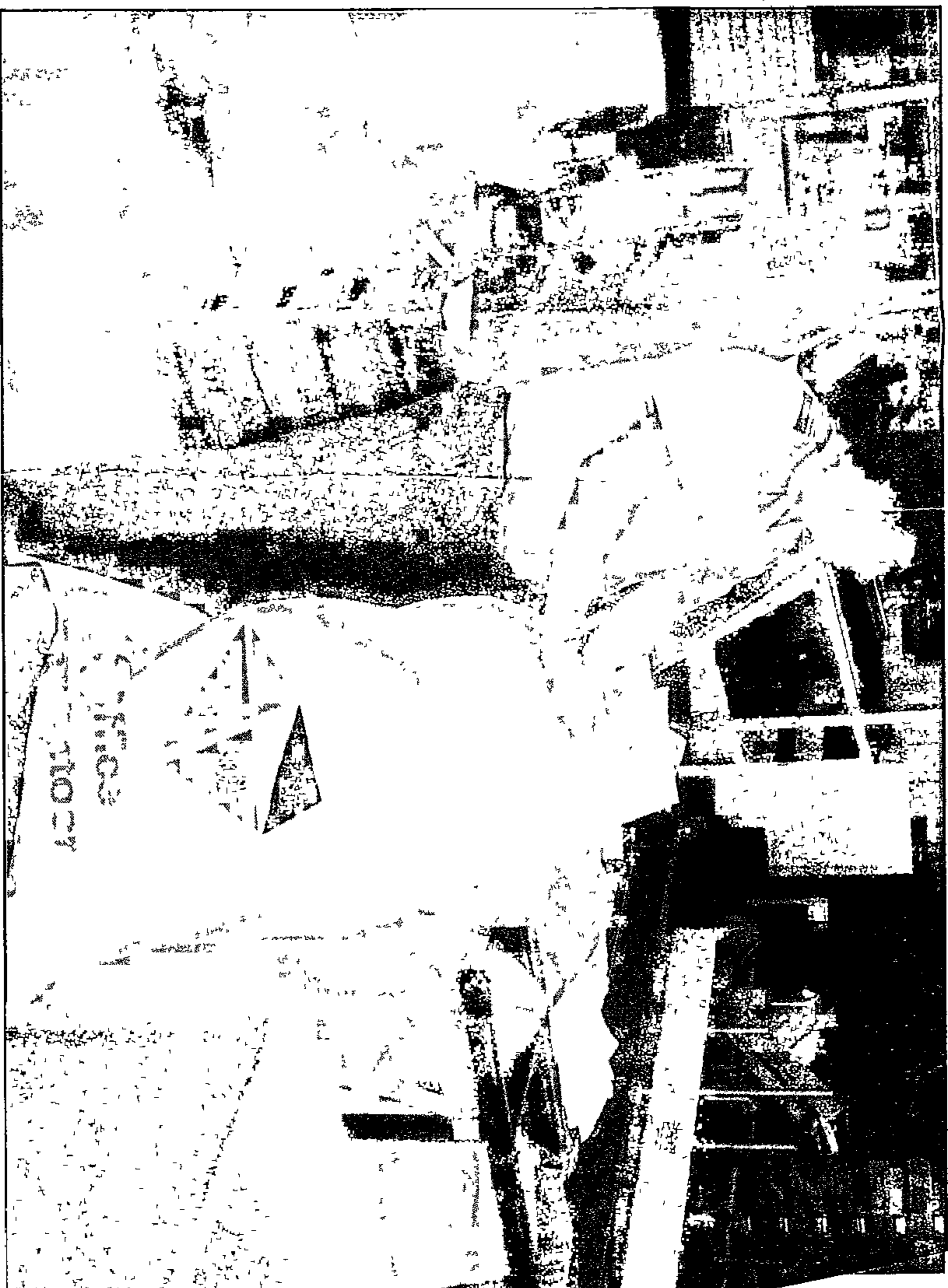
PO managing director Henrie Diedericks says the computer centre purchase was the first step towards establishing an own information system.

Says Diedericks: "This communication infrastructure, which will be linked to 4 500 counter points at more than 1 700 post offices around the country, will further expedite counter service."

The PO currently has some 700 post offices connected to its existing network with 2 000 counter points attached.

Technology section senior general manager Quintin McGrath says: "The PO has devised a five-year strategic plan. The objective is to assist the PO in the process of changing into a profitable commercial enterprise."

Information technology is recognised as being one of the main cornerstones required for the PO's success.



Never-ending stream seven million mail items are handled by the South African Post Office every working day.

When late is early

EVERY time a letter takes weeks to get from Johannesburg to Cape Town, people think the letter is late. It isn't. The reason is that no standards have been set, so there is no time scale within which the letter has to be delivered.

This is going to change as the Post Office is publishing a set of standards in April. Not only will the standards give the public a clear idea of delivery times, but it gives the PO a mark against which to measure its service levels.

However, it is no good setting standards if no-one checks to see they are met.

The PO is in the process of appointing an independent, private-sector firm to audit its service and ensure that targets are consistently met. The independent auditor will mail letters around the country and monitor delivery times. Each report will be made public.

Senior general manager postal business Willie Joubert says it is essential to have the service monitored by an independent company.

The PO will investigate when the deliveries fall below its standards and will take steps to rectify the problem.

However, Joubert says many late deliveries are not in fact late. For example, a company's mail room may not reset the date on the banking machines for weeks at a time. This often leads to the misperception that a letter is late.

Many changes have already taken place

THE South African Post Office became a public company around 18 months ago. Since then there have been some changes, such as many post offices opening during the busy lunch-time period. However, far more the problem are some transactions in a post office which are quite complicated and take time, and you cannot really plan for them.

"However, selling stamps is the simplest of our transactions and we have tried ways of increasing the ability of stamps both in terms of number of locations and the times at which stamps can be purchased.

This objective has made the small stores, from the corner cafe to the local pharmacy, prime targets for the new Post Office."

WE BUILD BOTTLES

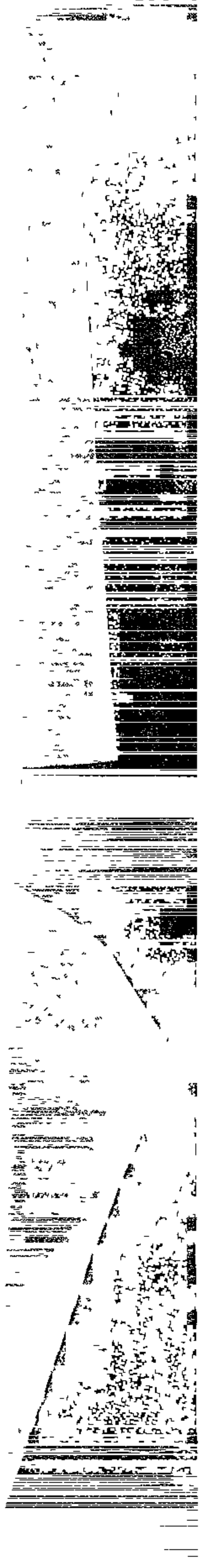
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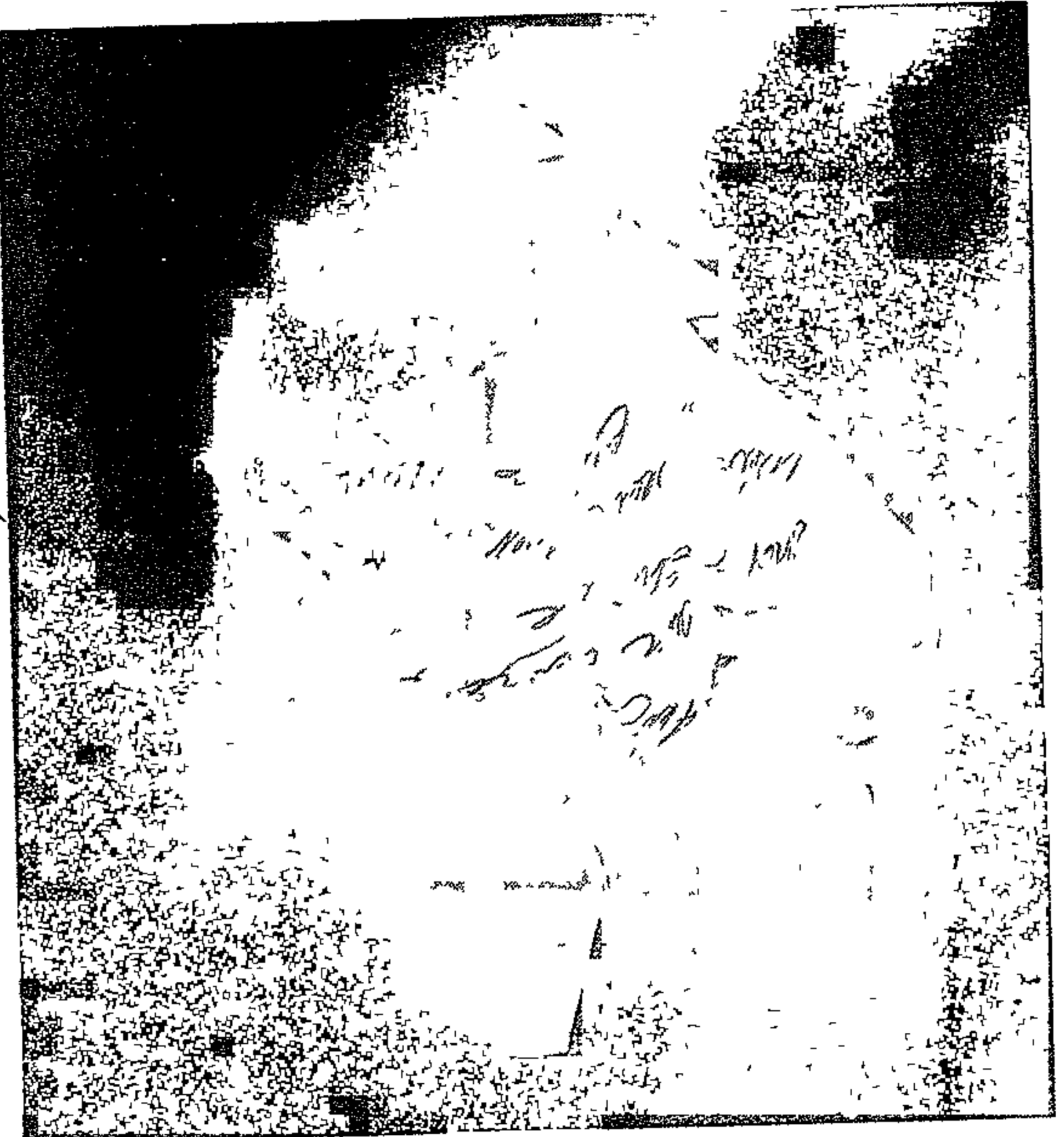
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Dear Abbey,
 There comes a time in ones life



I've been thinking about you a lot lately. I hope you're doing well. I'll be in touch soon.

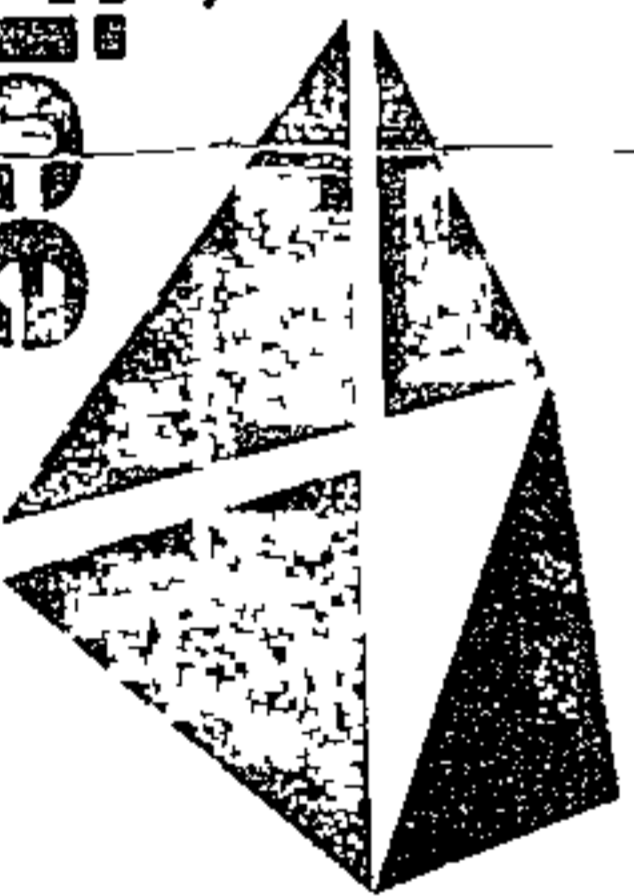
Dear Abbey,
 I'm sitting here in my office and thinking about you. I hope you're doing well. I'll be in touch soon.

We understand the very special effort you make when writing a letter, and the care and consideration that goes into putting a parcel together for someone. That's why we deliver it with all the care it deserves.

We'll take as much care as you do

Yours Sincerely

Post Office



THE NEW POST OFFICE

From this point, the basic idea behind the PO move evolved. The PO decided to package stamps in small packets and have them available for sale everywhere.

Stores
 The company is aiming for the product launch by the end of May. Another important part of the planning was the decision as to where the stamps would be made available for sale. The first thought was to approach the major chain stores so they could sell the stamps as a service to their customers. Negotiations are still under way, and the PO expects some of the chain stores will opt to sell stamps.

However, a central part of the PO strategy was to extend the availability of stamps to anyone who has stood in a post office queue to buy a stamp.

Senior general manager Joubert says: "Since we became a commercial enterprise, we have been changing the PO's approach to being customer-driven."

"Last year we carried out some research to find out what our clients liked and didn't like about our operations. From this exercise two main points emerged. People don't like the long queues in the post offices and often people are queuing to buy a few stamps. Supporting the results of the market research was the fact that most of the letters we received concerning about queues were also about waiting to buy stamps."

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Olivetti is proud to be associated with the SA POST OFFICE and wishes them continued success in all future business ventures.

of supld sig

Young & Rubicam 11/4/88/01

Big plans to improve priority mail

Star 23/12/93 (207)

THE Post Office's priority mail service has been extended and there are plans afoot to expand the service still further. The priority mail service is now available from/to around 500 destinations/post offices in South Africa.

By June priority mail will be available from/to all post offices as a same-day service, overnight service or slower service. In addition, a new business division is being established which will be launched in May 1993 and it will offer a door-to-door, door-to-counter and a counter-to-door service. The rates will vary according to the type of service required.

The priority mail system is used extensively by the business community for sending urgent documents such as tenders, contracts, samples and small spare parts. Around 14 million local priority mail items are handled by the PO each year. The international service accounts for an additional 75 000 items to and from South Africa. The PO points out that many of the items are dispatched by courier firms, who then proceed to charge their clients at a rate well above the PO's charges.

The surface priority mail charges for an item not exceeding 50 gm is around R5,8 - with the courier services carrying clients up to R17. However, the courier services do collect and deliver the item at both ends of the delivery cycle, a service currently only available through the PO's express mail service.

The priority mail user informs the receiver of the destination post office at the addressee must collect it. Should the item not be collected within 48 hours, it will be placed into the normal system and be available for collection at the parcel counter.

People planning to use the priority mail service are advised to acquaint themselves with the various cut-off times, which are determined by the availability of flights.

THE South African Post Office is experimenting with a new service distributing pamphlets without envelopes. In terms of an agreement between the PO and electronic ordering firm Linkwirth, the PO distributed promotional pamphlets to 1,1 million private post boxes within three days. This first effort was a trial run for a possible future service. As part of the agreement,

Tearing and licking on the way out

Star 23/12/93 (207)

ARONE who has had a lot of letters to send, and has bought sets of stamps, knows how irritating it is to have to tear off the stamps, and then lick them stuck on to the envelopes. This annoyance has been here for years, but the South African Post Office was commercialised 18 months ago and it's all change as the PO tries to meet its customers' needs.

In the USA people who use a lot of stamps buy them on rolls and can tear them off one at a time. An improvement, but they still have to lick them. The PO is going one better - no more tearing AND no more licking. The new stamps, which are in the process of development, are peel-and-stick in a similar fashion as labels and message pads. The PO expects the stamps to be available in batches of 100. People will simply peel off a stamp and press it to the envelope.

Says senior general manager postal business Willie Joubert: "The adhesive poses some problems. The serious stamp collectors have guide lines as to the quality of the adhesives which must be used on a stamp in order for it to be collectible. "The peel-and-stick stamps being used in, for example, New Zealand do not meet these requirements and are not collectible. Australia went to great lengths to close a different adhesive and their stamps can be collected."

Joubert says the PO will be investigating the adhesives available and would like to meet the needs of collectors. To this end the PO will be holding a meeting with collectors to fully determine their needs. However, cost is a factor, and if adhesives which satisfy collectors' needs are going to raise the cost of stamp production, and thus the price to the consumer, the cheaper alternative will be selected.

Another important consideration is that the adhesive must actually stick the stamp to the letter, without coming off when it is in the postal system. In addition, each stamp has phosphor in its make-up so that the PO's automatic machines can turn the letter right side up so the stamp can be cancelled automatically. Joubert says there is still a lot of research and product testing which will be required before the new stamps will be available on general release. Despite the work still to be done, the PO hopes the new stamps will become available in the coming year. Joubert expects the new stamps to have a major impact on business practices. Many small businesses use sheets of stamps and continue to do so until they eventually reach an irritation level which pushes them to shell out for an expensive franking machine. Joubert believes the new stamps will enable businesses to delay the acquisition of a franking machine until their mail volumes really justify such a purchase.

And now, pamphlets without envelopes. Linkwirth had to presort the mail items into mailbags supplied by the PO and the mail bags had to be labelled. As the PO did not have to sort the mass mail, the delivery could take place within three days. In many instances the mail reached its destination on the first day, depending on the destination's position on the distribution route. PO Wilwaterstrand received 10000



At the heart of the matter... approximately 5 000 postmen and postwomen deliver mail to more than 2,5 million addresses every day.

Committed to service - along business lines

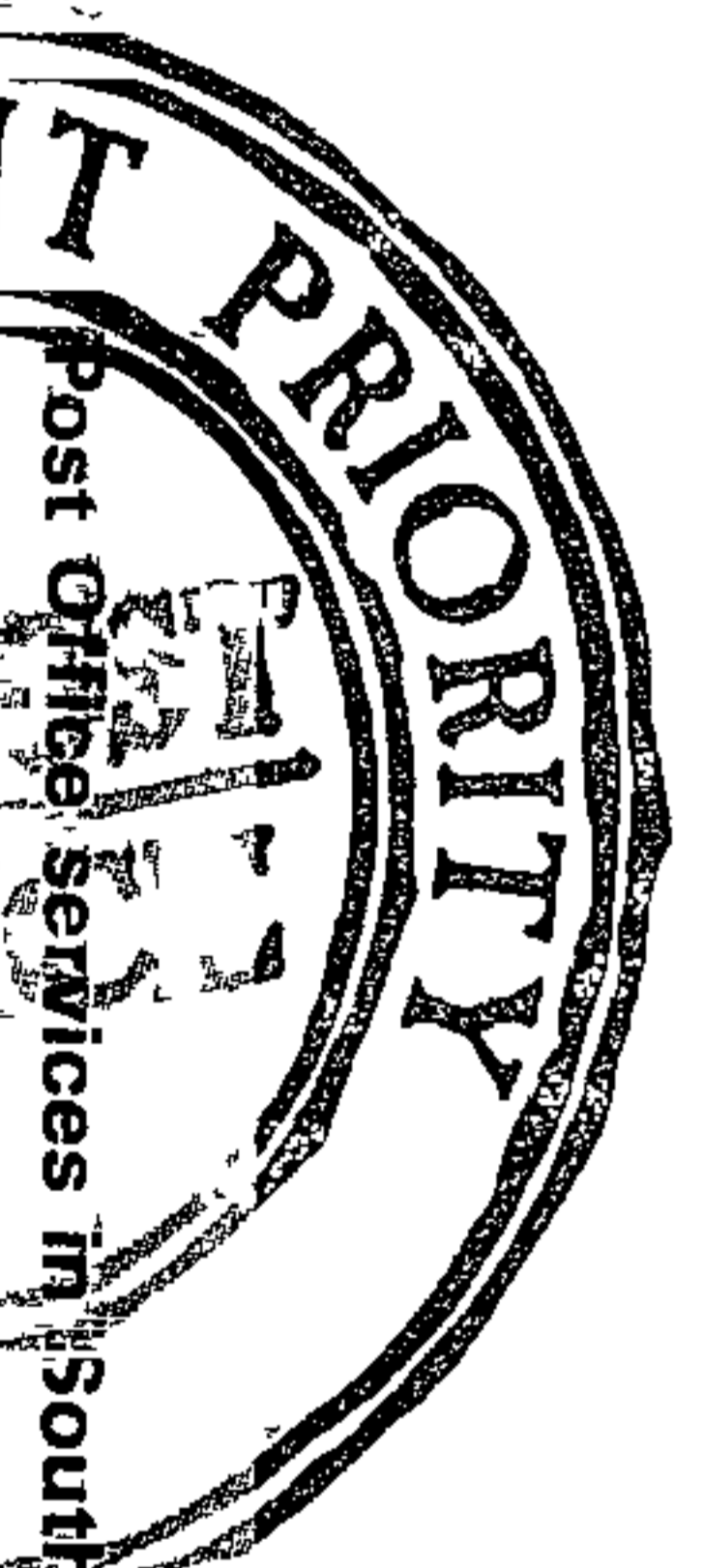
Star 23/12/93 (207)

IN APRIL last year the South African Post Office set up three task groups to investigate bulk mail, service levels, developing services in underdeveloped areas, agency systems and methods of increasing mail volumes.

Bulk mail investigations are aimed at examining the possibility of different tariffs for non-standard sized items and the contracts between the PO and the bulk mail users. Service level investigations are aimed at suburban mail deliveries, delivery times and post office business hours. Also being examined was mail delivery to informal settlements, and the establishment of more permanent mail delivery infrastructure.

Extending the PO's client base beyond traditional postal services and the ways of increasing mail volumes also form an important part of the project. The PO is committed to rendering an "outstanding mail service", but it points out that as with any business it has the right to operate on sound business principles. The company aims to become a profitable enterprise within five years, by which time it does not wish to need the current state subsidy. Thereafter, it is aiming to produce a 25 per cent return on shareholder capital. The PO believes it is unfair to expect the taxpayer to subsidise the company as economic principles require that the user of the service should bear its cost. The effects of the task groups' efforts are already beginning to filter through into PO planning. The PO has allocated R20 million for the provision of private post boxes in underdeveloped areas, with 500 000 of these boxes due for installation in the coming year. Senior general manager postal business development Willie Joubert says the money will be relocated from current building projects which may be slowed down. Says Joubert: "The decision was taken following the good co-operation of the task groups established last year. "The groups mainly consist of representatives of major mail users, consumer bodies and political groups."

Joubert says the new private postboxes in underdeveloped areas will be positioned in co-operation with local communities. Regional general managers in the PO's seven geographical areas will negotiate with local community leaders as to the most convenient and safest location for the boxes. Joubert points out that the PO is firmly committed to rendering the best service to its clients and to providing the services its clients want. Looking at the interests of the major mail users, the PO has appointed 30 client managers to take care of the company's 300 largest clients. Says Joubert: "The fact that the business community is responsible for 80 per cent of the PO's mail turnover indicates the importance of taking care of this sector's needs. "A more practical rebate system for bulk mail, which will benefit both clients and the company, has been developed by one of the task groups. "In future the clients will hand in bulk mail in such a way that it will entail savings in labour and time for the PO and more favourable rates can be offered to our customers."



Post Office Services in South Africa will never be the same again...

Will be SA's Largest (ever)

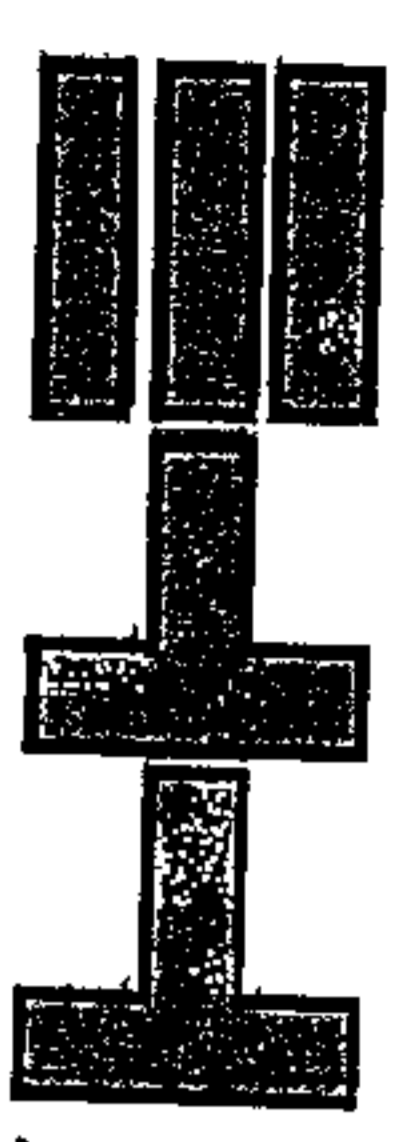
CONSTRUCTION of the new Cape Town facility for handling the sorting of bulk and ordinary postal articles should be complete by April.

The new Goodwood centre will be the largest and will replace the main handling centre at the old Cape Town post office. The old centre has become obsolete and is inconveniently situated in the busy heart of the city. Centres similar to the Goodwood operation are being planned for Johannesburg and Durban.

The centre is aimed at serving the region's large number of bulk distributors, including insurance companies, dit mail agencies and of Cape Town mail units such as Readers' Digest and Mas Holdings.

The Goodwood centre being constructed in the Western Province is 6,4 ha and situated between the N1 and N2 highways, which provide easy access from the entire distribution network. The site for the R80-million project was selected after examining alternatives. The Goodwood site was chosen as the PO believes it offers the best access both to and from the entire Peninsula. It offers good access for most large users as well as for the large number of PO employees who depend on public transport.

The site can accommodate the 32 000-sq-m facility on one level, contrasting with the current six levels being used at the city centre operation. The PO's commitment to providing modern and efficient facilities to service its clients has additional benefits in that it is generating job opportunities in the local construction industry.



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CLIENT

Placing our basic services within your easy reach. Queuing to buy a few stamps is a hassle. By the end of May '93, enterprises such as your local bookshop, cafe, supermarket and chemist should be selling postage stamps. If they don't, you the client should ask them to negotiate with us to offer this service. This will place our basic products within easy reach.

But we want you to keep on visiting us and will in the near future be introducing strategically placed post shops to enhance one-stop shopping. Among other things, we shall offer postage-paid envelopes, bubble packaging and easy-to-use boxes for posting. Packaging for our priority mail and speed services will also be available. Details will be announced soon.

Giving each person an address
We are revolutionising mail delivery to suit the needs of the entire population in the most cost-effective way. But the choice will be yours.

Within three years, mail will be delivered by means of cluster boxes at mail collection points, boxes at lobbies on private premises, or fixed poste restante addresses at post offices. These cluster postboxes will become communication landmarks throughout our country. The administration fee will probably be around R15 for 1994.

Should you, however, choose to retain door-to-door delivery, it will be available at an annual fee applicable to your area.

A further choice — you may still rent an additional private postbox apart from your cluster box in your area or your optional street delivery — or even a second or third private postbox.

Creating an infrastructure to suit the entire community

During the next five years, we shall offer you 3 000 outlets, a 1 000 more than at present. Your friendly post office will be operating countrywide, though not necessarily in its traditional form. Many of the 2 000 post offices (including postal agencies) we are currently operating, are being run totally uneconomically. This came about through emotional and political rather than economic decisions. Hence, our policy is now to take the post office to where you are living and conducting business. Although uneconomic post offices will thus be phased out, we shall reposition and expand postal services to serve the entire community via low-cost franchising.

Delivering your mail according to measured standards

When you post a letter, you expect to know when it will be delivered. We have consulted our stakeholders, done our research and shall be setting standards for delivery times. For example, by April this year, standards for delivery between the main centres such as Johannesburg, Cape Town, Bloemfontein, Durban, Port Elizabeth and Pretoria will be determined and publicly communicated. By the January/March quarter of 1994, we shall publicly report the findings of external contractors who will measure our actual performance against set standards. For example, should the set standard for delivery of a letter from Johannesburg to Cape Town be four days, you will know how we have performed. We shall, like leading international postal administrations and companies, apply a 95 per cent criterion for delivery time and we shall be publicly accountable to our clients.

You be the judge of our commitment

Contact us on our national toll-free Action Line 0800 11 44 88

Or write to us at PO Box 9900, Pretoria, 0001.



When late
Subscribers

THE NEW POST OFFICE

Special Feature

R 9806



Charting a new direction for PO

Sowetan 23/13/93

267

THE POST OFFICE plans to overhaul the organisation and change its orientation

Says managing director Mr Hennie Diedericks "It is my aim to reposition the PO as a client-driven organisation

"It must operate on sound business principles, while rendering those services our clients expect from us

"The PO is a human driven organisation and it is important the composition of the company's staff reflects the community which it serves

"We are changing both our culture and focus

"It is necessary to give our staff the training and the tools to perform the tasks the company expects of them

"I also believe that sound two-way communication is essential, both with clients and staff, in order for us to achieve these goals"

Diedericks says part of operating on the sound business principles he requires that the playing fields on which the company operates are level

Morally indefensible

In this regard, he says, it is morally indefensible for the state to pay a subsidy — amounting to R548 million this year — to the PO

Says Diedericks "Millions of rands are needed for education, policing to ensure the safety of every citizen and adequate health services

"It is necessary to rather increase PO rates. This is unavoidable, especially if one bears in mind that, owing to political reasons, postal rates have not been realistically adjusted for years

"However, the PO will back up the rate increases with further improve-

BOLD MOVE Plans to operate on sound business principles:

ments in the level of its service. We will also bring about savings — about R950 million over the next five years — by streamlining procedures and introducing new services, without employing additional staff"

The PO has come a long way since its first office was opened in the Castle in Cape Town in 1792

Today it is one of the largest business operations in the country and has been rendering an uninterrupted service for two centuries

“We are changing both our culture and focus. It is necessary to give our staff the training and the tools to perform the tasks the company expects of them”

The PO handles more than 2 500 million items of mail each year, 7 million items a day, of which 80 percent is business mail

The PO was restructured as an independent public company in October 1991, with the state as the sole share-

holder

The company employs around 28 000 people and has fixed assets worth about R430 million

It has a board of directors drawn from the business community and the board's main task is to ensure the company operates according to sound business principles.

The PO operates more than 1 700 post offices and uses the services of some 400 postal agencies. Many of these operate in remote areas and provide the main communication link with the rest of the world

Collection points

The PO has 150 000 postboxes at mail collection points, 850 000 private boxes and delivers to around 2,5 million street addresses

As a part of its move to become more customer driven more than 400 post offices, most of them large urban offices, are now open during lunch hour

Diedericks says the PO is constantly monitoring public needs and more post offices will remain open during lunch, should the need arise

Says Diedericks "Many offices stay open later in the afternoon in order to accommodate our working clients. In addition, a single-queue system has been adopted at most large offices to speed up counter service and the system will be extended to more offices in the course of time"

He says the PO is continually mod-



Post office managing director Mr Hennie Diedericks

ernising and adapting methods for handling, sorting and transporting mail. The latest of the system upgrades is the introduction of a significant mail transport system by road, whereby a virtually overnight service is provided

Private contractors transport mail overnight on six main routes, from the PWV to Pietersburg, Nelspruit, Kimberly, Bloemfontein and Durban, as well as between the PWV and Cape

Town, Port Elizabeth and East London and between Cape Town and Port Elizabeth

Comments Diedericks "The switch to road transport has rendered the service less dependent on public and other transport organisations and ensures total control over the dispatch and delivery of mail

"As a result, in some cases the delivery time has been cut by up to 48 hours

New centre for Cape

Complex will be largest of its kind in SA and more will be built in other centres:

CONSTRUCTION of the new Cape Town facility for handling the sorting of bulk and ordinary post will be completed next month

The new Goodwood centre will be the largest of its kind in the country and will replace the mail-handling centre currently at the main Cape Town post office. The old centre has become obsolete and is inconveniently situated in the busy city centre. Centres similar to the Goodwood operation are being planned for both Johannesburg and Durban

The centre is aimed at serving the region's large number of bulk mail distributors, including insurance companies, direct mail agencies and other Cape Town mail users, such as *Readers Digest* and Mas Holdings

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The site is 6,4 hectares and situated between the N1 and N2 highways, which provides easy access from the entire distribution network

The site for the R80 million project was selected after examining 27 alternatives. The Goodwood site was chosen as the PO believes it offers the best access—both to and from the entire Peninsula

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Another advantage is that the site can accommodate the 32 000 square metre facility on one level, contrasting with the current six levels being used at the city centre operation

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is proud to be associated with the SA POST OFFICE and wishes them continued success in all future business ventures.

ROAD TRANSPORT OF MAIL

A contract for the road transport of mail was signed in July 1992 between the SA Post Office and TRENCOR TRANSPORT

The contract involves an amount of more than R21m per year for the following five years. Operations commenced in August 1992, transferring mail in both directions between Cape Town and the Witwatersrand, Durban, Bloemfontein,

Kimberley, Ariamsville and Upington, Boksburg and Zeerust and Gaborone, East London and Bloemfontein

TRENCOR TRANSPORT has invested more than R17m in specially-designed equipment — trucks, trailers, mini-containers, high-frequency radios etc. Twenty-one combinations are on the road every day to service this contract

Congratulations to the Post Office from

Argus Newspapers Limited



PO invests in high-tech

Sowetan 23/3/93

Technology replaces labour in handling and sorting

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Laurels

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The contract represents a significant milestone in the PO's planned move towards self-sufficiency in computer processing, to enable it to move away from its current dependence on Telkom's computer services.

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PO managing director Mr Henne Diedericks says the computer centre purchase was the first step towards establishing an own information system.

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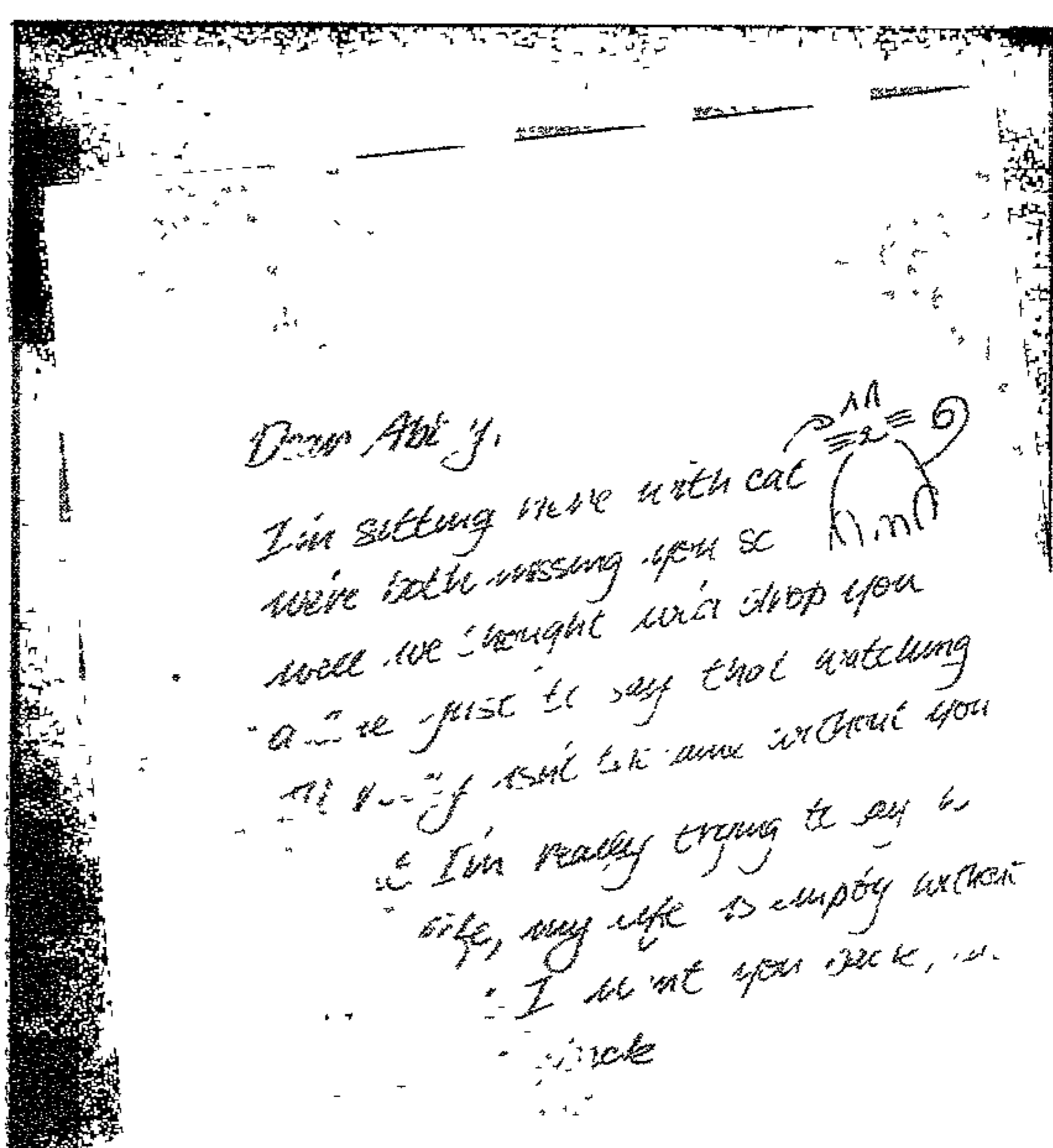
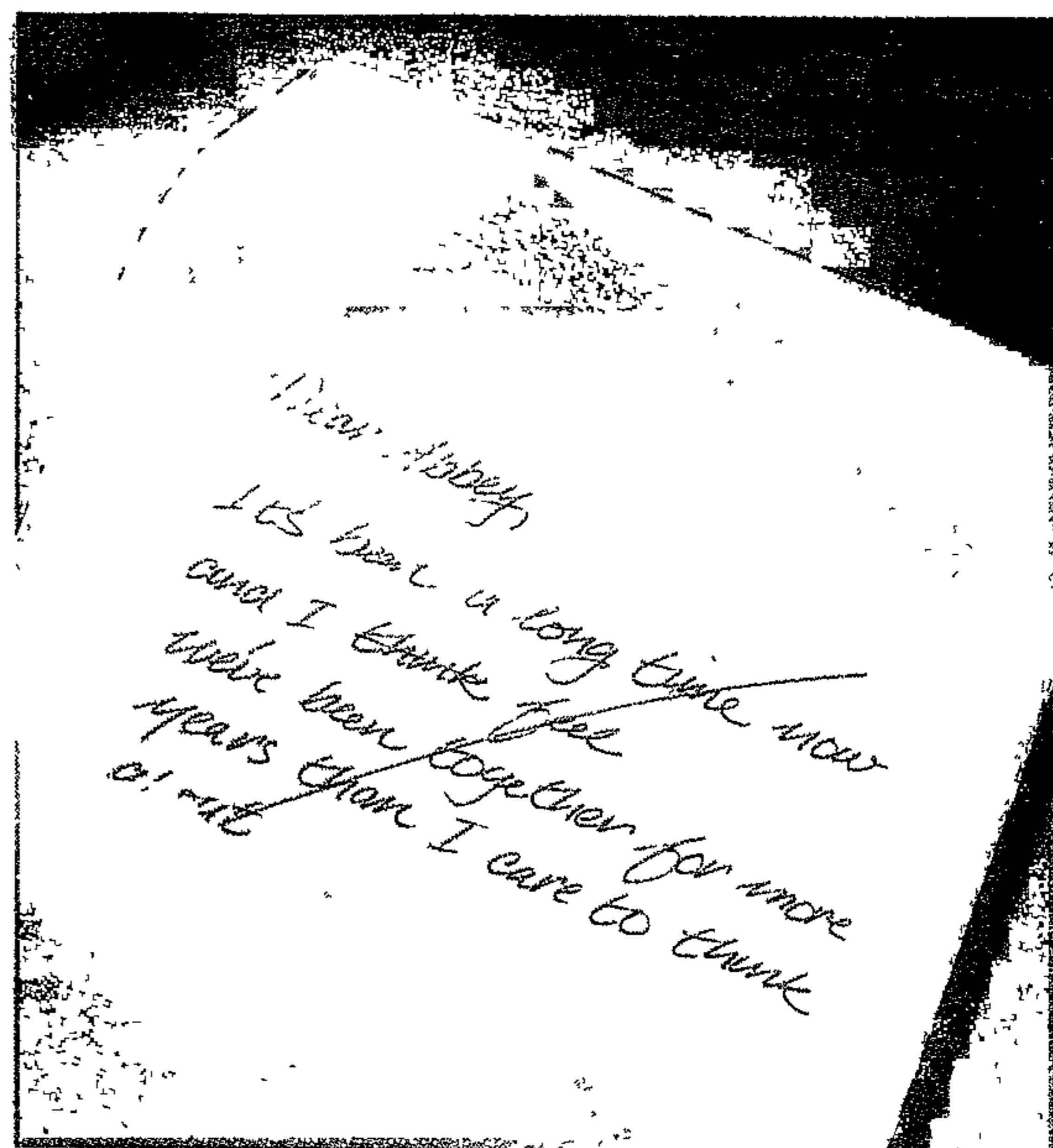
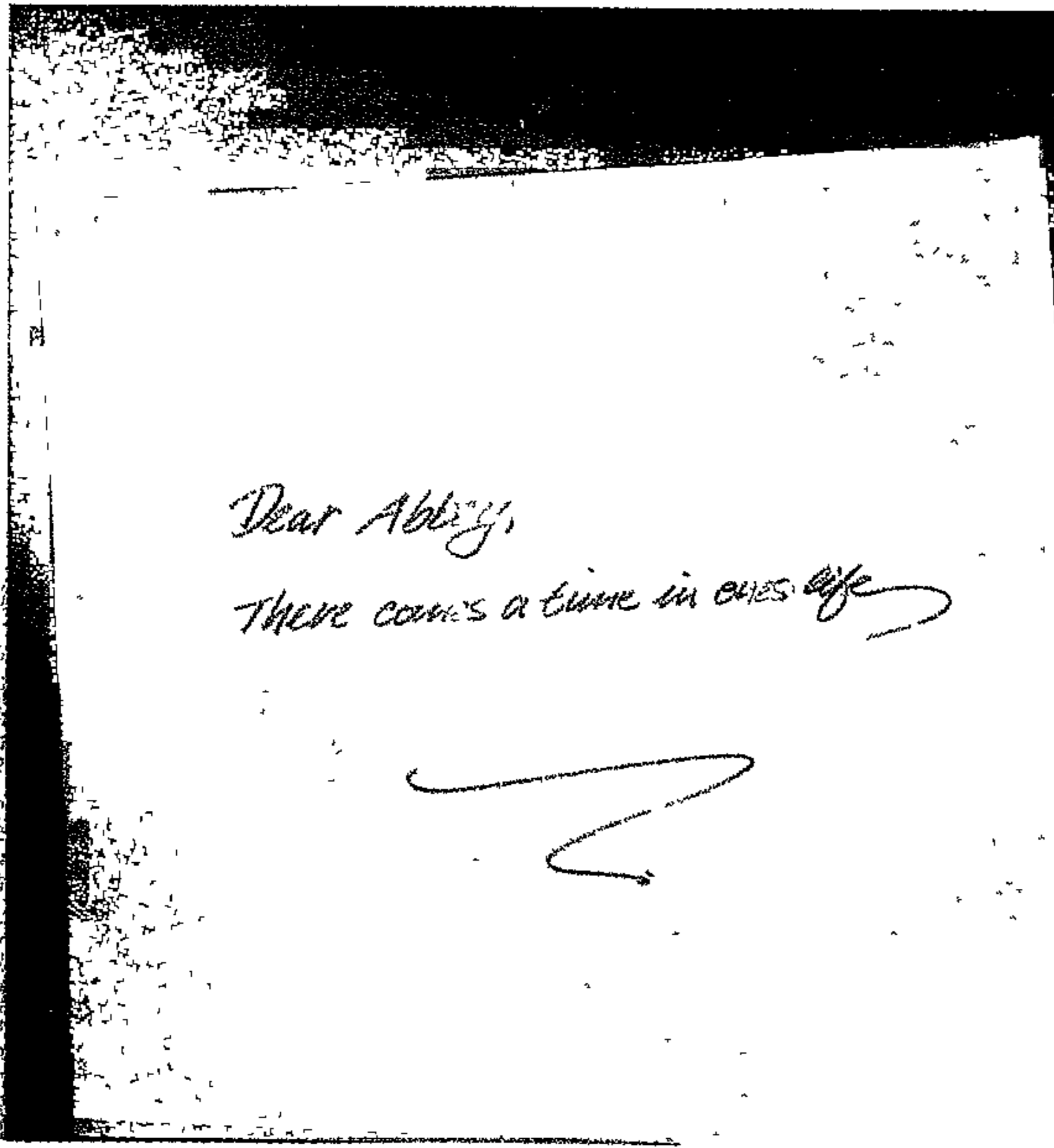
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The new installation was awarded to Large Scale Systems.



We understand the very special effort you make when writing a letter, and the care and consideration that goes into putting a parcel together for someone. That's why we deliver it with all the care it deserves.

We'll take as much care as you do

Yours Sincerely

Post Office



Stamps ... just up your street

267
Sawfan 23/3/93

THE SOUTH AFRICAN POST OFFICE became a public company 18 months ago. Since then there have been some changes, such as many post offices opening during the busy lunch time period.

However, far more changes have been in the pipeline than people have realised.

Senior general manager postal business Mr Willie Joubert says "Since we became a commercial enterprise, we have been changing the PO's approach to being customer driven.

"Last year we carried out some research to find out what our clients liked and didn't like about our operations. From this exercise two main points emerged: people don't like the long queues in the post offices and that often people were queuing to buy a few stamps. Supporting the results of the market research was the fact that most of the letters we received complaining about queues were also about waiting to buy stamps.

"We looked at a number of ways of solving the problem. There are some transactions in a post office which are quite complicated and take time, and you cannot really plan for them. However, selling stamps is the simplest of our transactions and we investigated ways of extending stamp sales outside of the post offices."

From this point the basic idea behind the new PO move evolved. The PO decided to package stamps in small packets and have them available for sale everywhere.

The company is aiming for the product launch by the end of May.

Another important part of the planning was the decision as to where the stamps would be made available for sale. The first thought was to approach the major chain stores so they could sell the stamps as a service to their customers. Negotiations are still underway, and the PO expects some will opt to sell stamps.

However, a central part of the PO strategy was to extend the availability of stamps both in terms of number of locations and the times at which stamps can be purchased. This objective has made the small stores, from the corner cafe to the local pharmacy, prime targets for the new PO scheme.

One question which had to be resolved was how the stamps would be distributed to the stores.

Mr Joubert points out that if there was a separate distribution system just for stamps it would cost the PO more than it would receive for the stamps.

Says Joubert "This is not a profit making exercise, we are simply trying to extend stamp availability. We decided that our post

■ BACK TO BASICS Forget queues, go to your supermarket

offices would serve as the suppliers to the stores in their areas."

The PO already makes a loss every time a stamp is sold, therefore there is no margin to give the stores a profit. The stores will pay for the stamps in advance and will have a small or non-existent profit margin.

Says Joubert "Most of the stores which we have contacted are still keen to participate. They realise the advantages of attracting more people into their stores."

Another option which was considered for stamp distribution was vending machines.

Says Joubert "We experimented with vending machines. However, the machines are subject to vandalism and the capital cost of installing them around the country would be prohibitive."

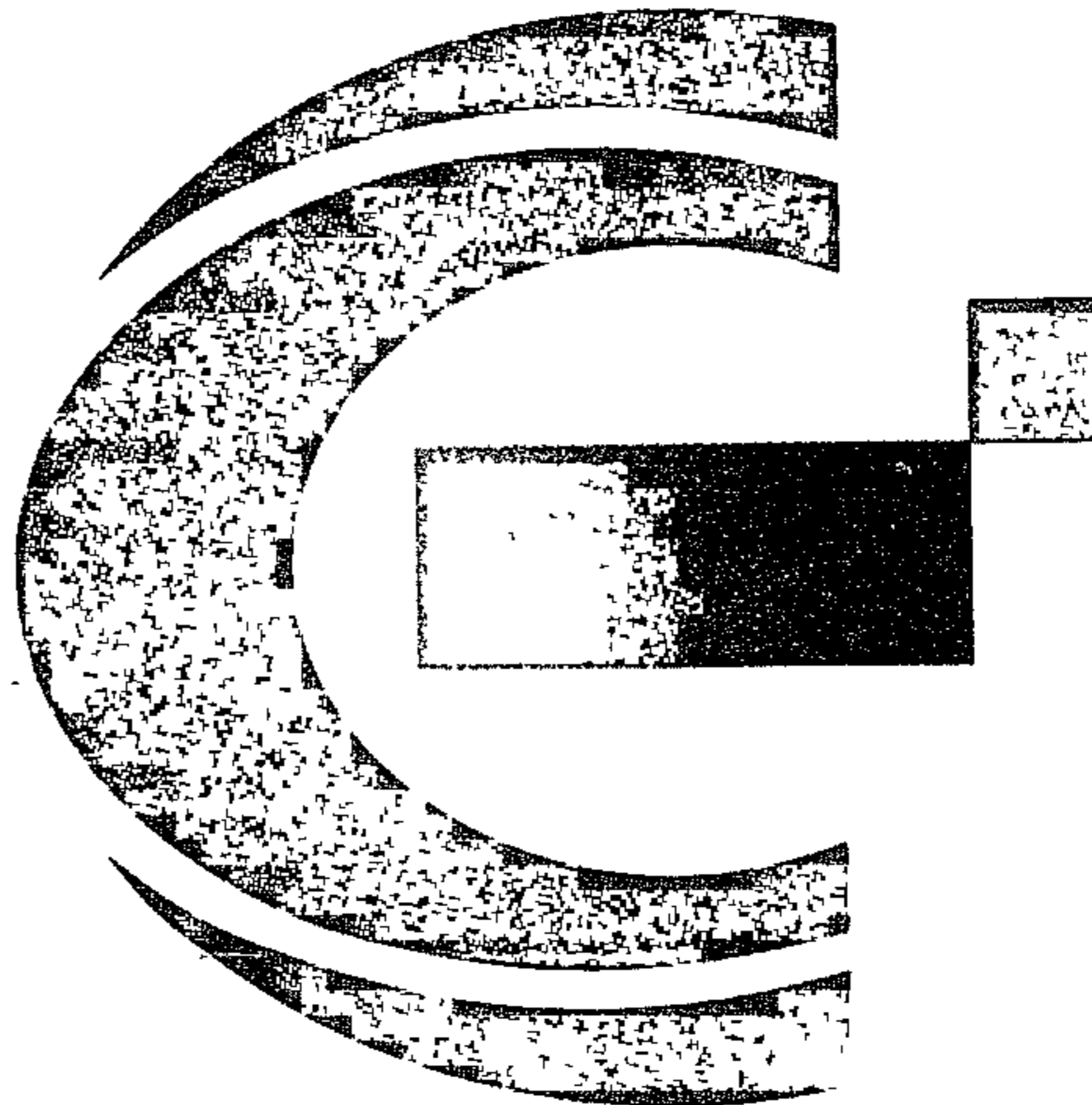
Initially, only the standard letter stamps, face value of 35c, will be sold in the stores. As the scheme takes off the

PO will consider offering stamps for non-standardised letters. As a third phase the PO will be looking to offer stamps for international destinations.

In the future the scheme might be extended to a range of products such as the range of packaging materials which the company is currently developing.

Stores which stock stamps will display signs identifying them as stamp dealers.

Building Networks for Business...



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POST OFFICE NATIONAL FEATURE New look postage stamps in the pipeline

ANYONE who has had a lot of letters to send, and has bought sheets of stamps, knows how irritating it is to have to tear off the stamps, and then lick them to stick onto the envelopes

This annoyance has been there for years, but the South African Post Office was commercialised 18 months ago and it's all change as the PO really tries to meet its customers' needs

In the USA people who use a lot of stamps buy them on rolls and can tear them off one at a time. An improvement, but they still have to lick them

The PO is going one better, no more tearing and no more licking

The new stamps, which are in the process of development, are peel-and-stick in a similar fashion as labels and message pads. The PO expects the stamps to be available in batches of 100 and people simply peel off a stamp and press it to the envelope

It's lip licking bad

■ Now is the time to do away with that sticky annoyance:

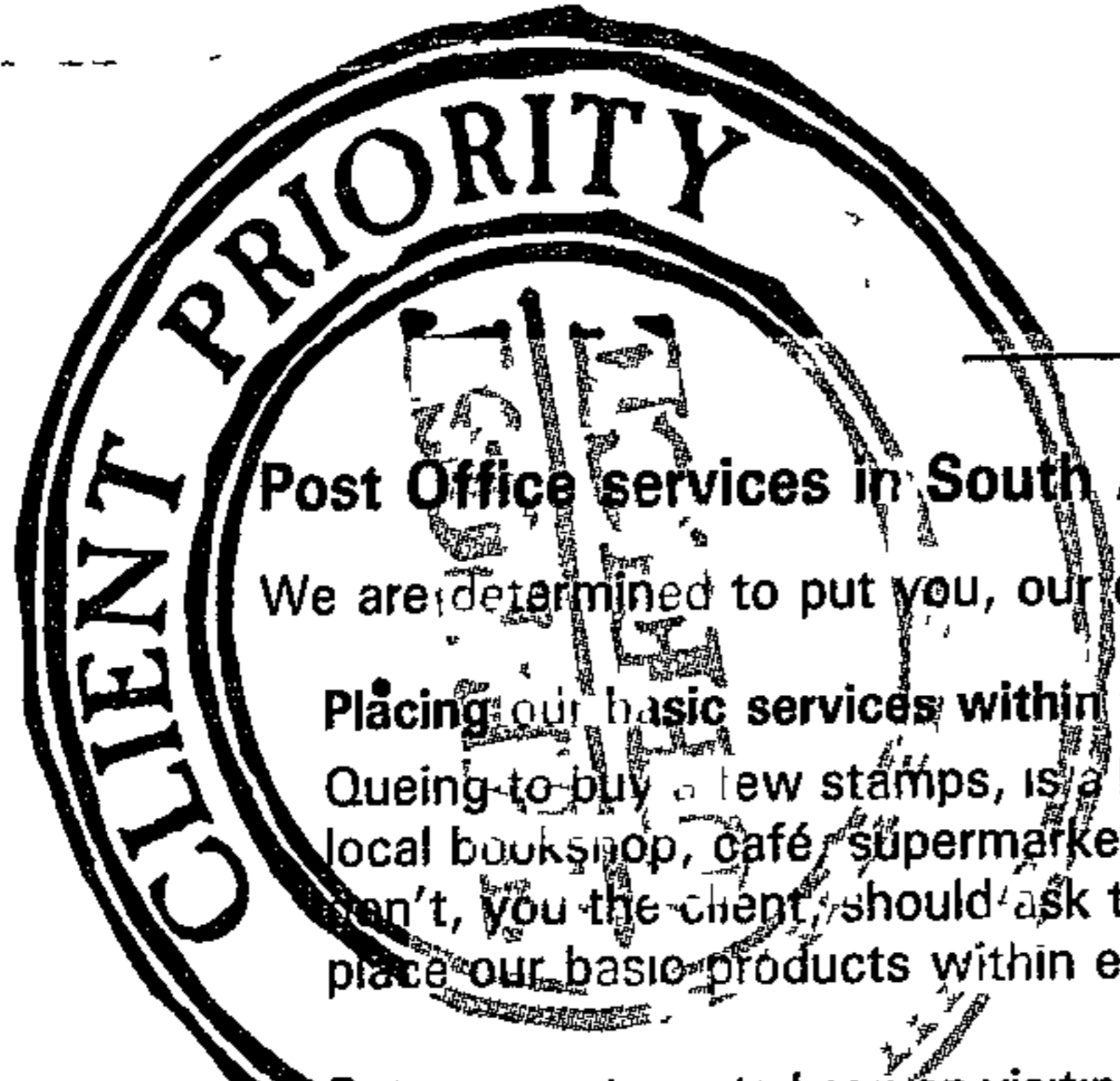
Says senior general manager postal business Mr Willie Joubert "The adhesive poses some problems. The serious stamp collectors have guide lines as to the quality of the adhesives which must be used on a stamp for it to be collectible.

"The peel-and-stick stamps being used in, for example, New Zealand do not meet these requirements and are not collected. Australia went to great lengths to choose a different adhesive and their stamps can be collected"

Joubert says the PO will investigate the adhesives to meet the needs of collectors

However, cost is a factor, and if adhesives which satisfy collectors' needs are going to raise the cost of production, and the price to the consumer, the lower cost alternative will be selected

Another important consideration is that the adhesive must actually stick the stamp to the letter, without coming off when it is in the postal system



Post Office services in South Africa will never be the same again . . .

We are determined to put you, our client, first. To meet our commitment, we are:

Placing our basic services within your easy reach

Queuing to buy a few stamps, is a hassle. By the end of May '93, enterprises such as your local bookshop, café, supermarket and chemist should be selling postage stamps. If they can't, you the client, should ask them to negotiate with us to offer this service. This will place our basic products within easy reach.

But we want you to keep on visiting us and will in the near future be introducing strategically placed post shops to enhance one-stop-shopping. Among other things, we shall offer postage-paid envelopes, bubble packaging and easy-to-use boxes for posting. Packaging for our priority mail and speed services will also be available. Details will be announced soon.

Giving each person an address

We are revolutionising mail delivery to suit the needs of the entire population in the most cost-effective way. But the choice will be yours.

Within three years, mail will be delivered by means of cluster boxes at mail collection points, boxes at lobbies on private premises, or fixed poste restante addresses at post offices. These cluster postboxes will become communication landmarks throughout our country. The administration fee will probably be around R15 for 1994

Should you, however, choose to retain door-to-door delivery, it will be available at an annual fee applicable to your area.

A further choice — you may still rent an additional private postbox apart from your cluster box in your area or your optional street delivery — or even a second or third private postbox

Creating an infrastructure to suit the entire community

During the next five years, we shall offer you 3 000 outlets, a 1 000 more than at present. Your friendly post office will be operating countrywide, though not necessarily in its traditional form. Many of the 2 000 post offices (including postal agencies) we are currently operating, are being run totally uneconomically. This came about through emotional and political rather than economic decisions. Hence, our policy is now to take the post office to where you are living and conducting business. Although uneconomic post offices will thus be phased out, we shall reposition and expand postal services to serve the entire community via low-cost franchising.

Delivering your mail according to measured standards

When you post a letter, you expect to know when it will be delivered. We have consulted our stakeholders, done our research and shall be setting standards for delivery times. For example, by April this year, standards for delivery between the main centres such as Johannesburg, Cape Town, Bloemfontein, Durban, Port Elizabeth and Pretoria will be determined and publicly communicated. By the January/March quarter of 1994, we shall publicly report the findings of external contractors who will measure our actual performance against set standards. For example, should the set standard for delivery of a letter from Johannesburg to Cape Town be four days, you will know how we have performed. We shall, like leading international postal administrations and companies, apply a 95 per cent criterion for delivery time and we shall be publicly accountable to our clients.

You be the judge of our commitment.

Contact us on our national toll-free Action Line 0800 11 44 88

Or write to us at PO Box 9900, Pretoria, 0001.

When late
is not late
New time scale for
delivery of
letters to be set:
23/3/93.

Every time a letter 1-2 weeks to get from Johannesburg to Cape Town, people think the letter late, it isn't

The reason is that standards have been set, there is no time within which the letter has to be delivered.

This is going to be as the South African Post Office is publishing a set of standards in April. Not only will the standards give the public a clear idea of delivery times, but it gives the PO a plumbline against which to measure its services

However, it is no good setting standards if no checks to see if they are met

The PO is in the process of appointing an independent, private firm to audit the service and ensure that targets are met. The independent auditor will monitor delivery times around the country

Each report will be made public

Senior general manager (postal business) Mr Willie Joubert says it is essential to have the service monitored by an independent company

Says Joubert "Monitoring has been tried in other countries, it does not work. It is human nature to be biased in favour of your company which is reflected in the results"

The PO will take steps to rectify the problem when the deliveries fall below standards and

However, Joubert points out that many "late" deliveries are not in fact late. For example, a company's room may not reset the room on the franking machine for weeks at a time

Another part of the PO upgrade process is to address the complaints from the public about the standard of service given at post office counters. It started "Counter 20" aimed at producing quality counter service

As a part of the programme the PO is training all its counter staff to help them adjust to realities of being a commercial enterprise where the customer is king

The process of improvement will be monitored internally as the PO knows there is a very real need. It has already noticed improvement, but staff, who are not able to make the transition, moved into positions they do not have to do directly with the public

Says Joubert "It is vital that the service and of the counter staff is excellent, this is where the comes into contact with public and where our and perceptions are formed"

Post Office
Poskantoor



Priority mail service extended

THE POST OFFICE'S PRIORITY mail service has been extended and there are plans afoot to expand the service still further

The priority mail service is now available from—and to—around 500 destinations or post offices in South Africa. By June this year priority mail will be available from all post offices as a same-day service, overnight service or slower service.

In addition a new business division is being established which will be launched in May 1993 and it will offer a door-to-door, door-to-counter and a counter-to-door service. The rates charged will vary according to the type of service required.

The priority mail system is used extensively by the business community for sending urgent documents such as tenders, contracts, samples and small spare parts.

Around 1.4 million local priority mail items are handled by the PO each year. The international service accounts for an additional 75 000 items to and from South Africa. The PO points out that many of the items are dispatched by courier firms, who then

Sowetan 23/3/93 (267)
TOP PRIORITY New business division started to boost service:

proceed to charge their clients at a rate well above the PO's charges.

The surface priority mail charges for an item not exceeding 50 grams is around R5,85—with the courier services charging clients up to R17.

However, the courier services do collect and deliver the item at both ends of the delivery cycle, a service currently only available through the PO's express mail service.

The priority mail user informs the receiver of the destination post office and the addressee must collect it. Should the item not be collected within 48 hours, it will be placed into the normal system and be available for collection at the parcel counter. In the case of international priority mail, packages are usually delivered to the addressee.

People planning to use the priority mail service are advised to be aware of the various cut-off times, which are determined by the availability of

flights

For example, a package should be handed to the Jeppe Street post office in Johannesburg before 4 30pm for delivery to Durban's Main post office at 8am the following morning.

On the other hand, Johannesburg businesses intending to have an item delivered to Port Elizabeth should hand their packages in before 2pm for delivery the following morning.

As an additional facility the post office at Jan Smuts Airport accepts priority mail items during extended hours and over weekends for dispatch to Durban, Port Elizabeth and Cape Town.

The PO also offers a same day service between Pretoria and Johannesburg.

Items should be handed in before 11am for Pretoria delivery and before 1pm for dispatch to Johannesburg.

PO bank to be restructured

THE South African Post Office has restructured its savings bank to improve client services and become more market oriented.

In October last year the PO started levying service charges for the maintenance of savings accounts and withdrawals from Telebank.

The move is seen as part of the PO's new business approach and brings it into line with savings bank practices elsewhere.

The PO says the new charges had been necessitated by the fact that rental and maintenance of the infrastructure as well as the general administration of

accounts places substantial cost pressure on the savings bank.

The bank was founded in 1910 and has about 8 million account holders, but only around 3,5 million of these accounts are active.

The company says it was losing an unacceptable amount through the administration of several million inactive accounts and payment of interest into accounts on which no bank charges had been levied.

Since the formation of the PO as a public company, several of the services being provided to the savings bank by the PO, are being paid for. The savings bank is simply recovering those costs.

The cost recovery is being kept as low as possible in order to keep the service accessible and affordable for the smaller saver.

The PO's savings bank is connected to Telebank, which, together with Saswitch and Multinet, has over 4 000 automatic teller machines spread throughout the country.

A service charge of R1 is charged on all withdrawals whether at ATMs or

Sowetan 23/3/93 (267)
Charges to be levied on withdrawals:

counters. If account statements are required over and above the normal quarterly statement, a charge of 75c is made.

Active accounts

Ledger fees of 50c a month are being levied on all active accounts and those which show no movement of capital in four years will be regarded as inactive accounts.

Lost savings books and certificates can be replaced at a cost of R2 and lost cards for R5 each. Accounts can only be opened with a minimum deposit of

R10 and withdrawals which reduce the balance below R10 will not be allowed.

While interest rates offered by the savings bank have fallen, this must be seen against a current national pattern of falling rates.

The PO says the savings bank certificates still offer an extremely attractive avenue of investment while rates are falling and smaller investors enjoy little or no interest on smaller amounts.

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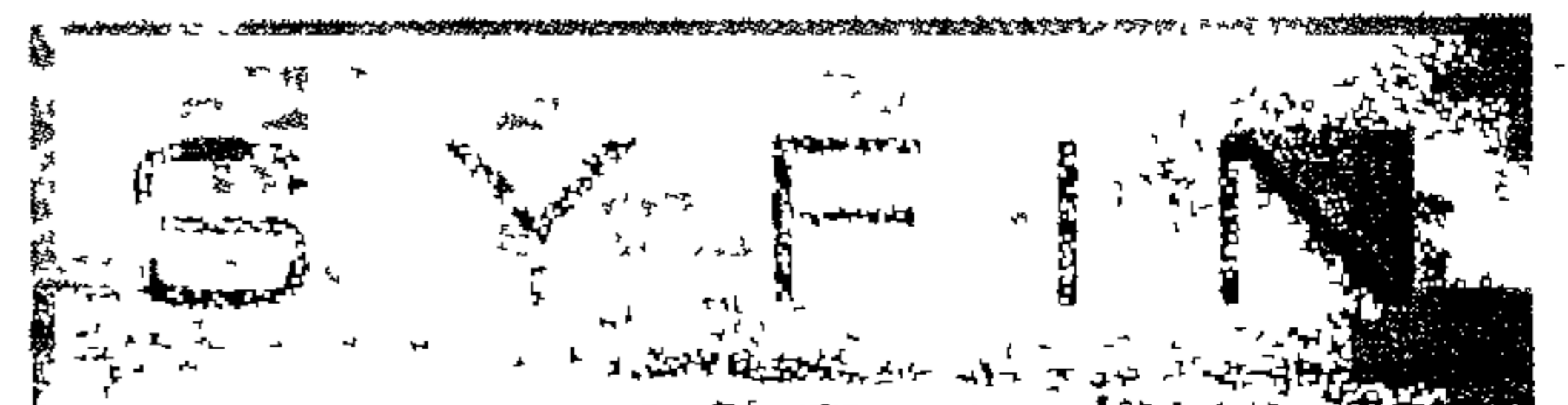
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Completed: pgs 10, 11, 12

10 The Argus, Tuesday March 23, 1993

THE NEW POST

Facing up to postal

(267)

OFFICE

AD1

Challenges

23 | 3 | 93 A204

THE South African Post Office has totally different aspects to its role as a service provider, it has been given the task of becoming a commercial enterprise. At the same time its services have a significant content of social responsibility.

Says senior general manager postal services Willie Joubert: "In the first place we have a monopoly on the ordinary letter distribution. The PO has to distribute the letter right throughout the country, from any destination to any destination at one price. Every country operates a similar situation."

Any businessman in his right mind would ask a lot less for a letter going just across town, and considerably more for a letter going to another part of the country.

"However, this is a situation that is not likely to change."

This still does not explain why the PO makes a loss. It is a relatively simple calculation to determine the average price which should be charged to at least break even on the direct postal cost.

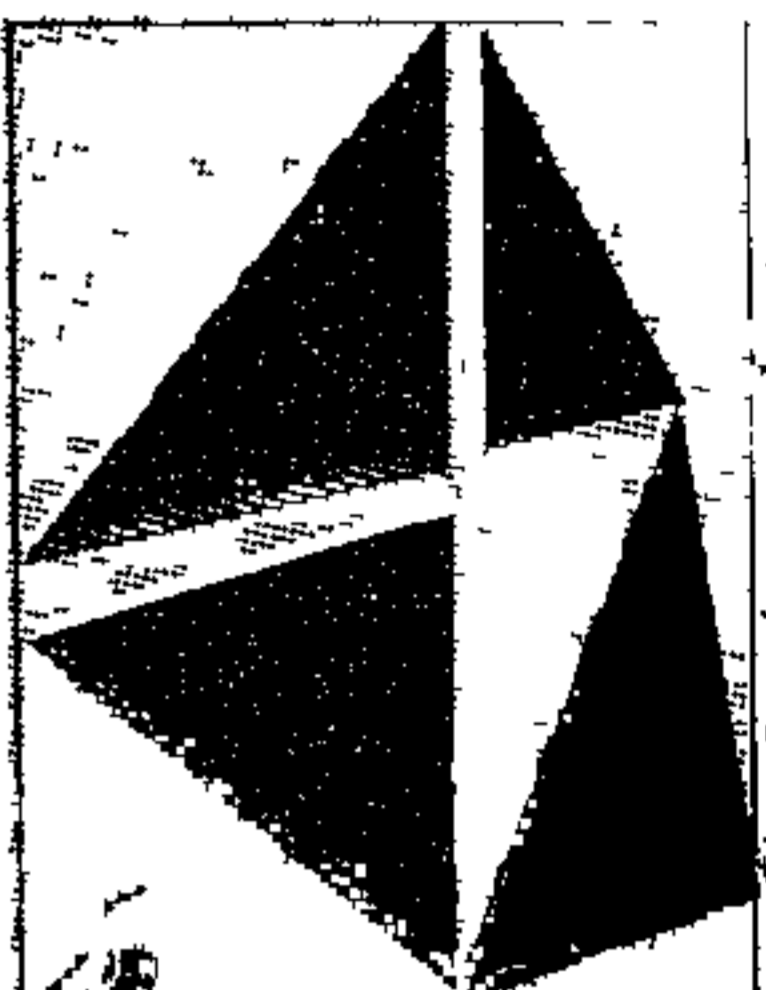
The rate which would enable the PO to break even is 46c — plus 10 percent VAT — bringing the required charge to 51c. This charge would only cover the distribution cost and doesn't take into account the second area of the PO's social responsibility — the provision of post offices everywhere.

Says Joubert: "We have 1 704 post offices and 393 agencies."

"If we were operating on a purely commercial basis, we would probably have to close more than half of them — no businessman in his right mind would keep them open because they are loss makers."

The PO is, not unnaturally, unhappy about the situation, but at the same time it must maintain the spread of post offices.

However, the PO has a vision as to the direction it should take over the next five years and it



Post Office

State, Argus, Pretoria News, Daily News & Sowetan Corporate Affairs

Reports compiled and written by **ANDREW GILLINGHAM** with the help of the Post Office

Costs must be cut but responsibilities are as strong as ever

believes this will solve many of its problems.

The PO foresees closing the bulk of its existing post offices — retaining only those which are cost effective.

The agencies would also disappear in their present form. The new stamp dealers would be retained and their role extended.

A new concept of franchised post offices would be introduced to ensure that the level and geographic spread of service is enhanced. The franchises are, like the existing post offices, not expected to be money-making enterprises. However, overseas experience with similar concepts has shown that an existing retail store can increase its number of customers by around

30 percent if it adds a post office in the store.

The postal franchises would carry the full range of postal services.

Another new concept is the business centre which would be sited in, for example, industrial areas. The business centres would be geared to serve local businesses and have large vehicle access, to allow bulk mail delivery, and offer other business-related services and benefits.

The vision has much merit. The number of outlets would be increased. The opening times and type of service would be geared to the customer's requirements, the huge losses associated with the existing post-office system would be cur-

tailed and private businesses would be given an additional draw card.

Joubert stresses that at this stage the vision cannot even be deemed a plan, though he expects serious planning to begin shortly on some aspects of the idea.

Meanwhile, the PO is addressing its other loss-makers as a matter of urgency.

Currently, it makes a loss on all but one of its postal services. The parcel service is a major loss-making area of activity and a revision in rates to more commercially viable levels is in the works.

The PO has been caught in the same position with parcels as with letters.

It was charging the same for short-distance deliveries as for the long ones, but it does not have a monopoly on parcel delivery.

As a result the private-sector companies were able to compete more effectively over the shorter distances by charging less. This left the PO with the loss-making, long-distance deliveries.

Says Joubert: "Our parcel volumes have been dropping over the past five years. If we don't react to the situation, we will be out of the parcel business in a couple of years."

The Government has recognised the problem and has given the go-ahead for the move to more-market related rates and for differential tariffs which reflect the distance the parcel has to be carried.

The new rates are not expected to come into effect until next year because of the enormous task of training all the PO's counter staff on the new zoning system.

Express mail is the one profitable area of PO activity. However, priority mail is set to become the PO's premium service when the new door-to-door, counter-to-door and door-to-

counter service comes on stream.

There will be different rates charged depending on the type of service required.

The PO is determined that the new service will meet its customer needs and is providing a money-back guarantee that items will be delivered on time.

Says Joubert: "This is a good example of where we have taken a bad product and turned it around."

The PO's move to develop its priority mail service into a product which meets market needs is going to be bad news for the other private-sector operators, and will give them a run for their money. However, it is thus very competition which ends up benefiting users by producing lower prices and better service.

Addresses

Another area which the PO is addressing is the question of addresses.

Many people in SA don't have their own individual address nor are their letters delivered to their dwellings. This has led to an inequitable situation where some people have letters delivered to their street addresses and others do not.

Delivery to every dwelling, particularly the more isolated, would be prohibitively expensive.

Joubert says the PO is working on a system where everyone will have their own mailing address such as P11 and then the address of their nearest post office or similar outlet. This would solve the problem of misspelled names and similar difficulties.

All mail deliveries would be to the post office or post box address and no-one would receive automatic delivery to their street addresses, as some South Africans currently enjoy. Delivery to street addresses will become an option for which people will have to pay.

Star 23/3/93

Analysts split over post-Budget outlook

By Bruce Cameron

CAPE TOWN — The question-mark hanging over last week's tough Budget is whether it will resuscitate an economy confined to a four-year sickbed

The opinion of some top businessmen, academics and government officials is that South Africa will have to force itself to stand up and totter until the illness of political instability can be cured

Businessmen have to grasp the limited opportunities offered in the Budget to spur the economy back to health, despite the political uncertainty, they say

Although there was agreement among participants at the annual Old Mutual/Nedbank post-Budget debate that investment-led growth had to start with business, there was division over whether the barriers of political uncertainty would effectively block recovery

Christo Wiese, chairman of Pepkor, said the political barrier was not sufficient reason for business to hold back on investments

If there were tax breaks they

would invest

(267)

As soon as tax breaks were granted for major beneficiation projects such as the Columbus stainless steel project, millions of rands immediately became available

"The projects did not go ahead because there was stability. They went ahead because the companies could make a profit," he said

Professor Brian Kantor of the department of economics at the University of Cape Town disagreed.

He said the risk profile was too high, both for local and foreign investors

Most South African businesses expanded through re-investment of profits as they did not like to expose themselves with borrowings

With profits reduced by the recession and the high-risk profile, even South African businessmen were not prepared to take high risks

He thought the short-term solution lay in more money coming into South Africa from overseas borrowing, even if a premium had to be paid

The pressure on South Africa's reserves should be eased, allowing more money into the system to get the economy working

Department of Finance director-general Gerhard Croeser intervened to say that the political risk had risen so high after the breakdown of Codesa last year that it was virtually impossible to borrow money on overseas capital markets

He said immediately before the failure of Codesa South Africa had paid a premium of about 1,5 percent over the benchmark issues.

After Codesa broke down the premium had risen to three percent. Any major borrowing would push the premium even higher as the trade in South African paper was very thin.

Professor Aubrey Dickman, honorary professor of economics at the University of the Witwatersrand, said the most important issue was to stop the haemorrhage of capital from South Africa, which totalled more than R6 billion last year and was a result of financial sanctions

Wiese replied that people could not sit back and wait for the "flashing light" of political stability

They had to get over the first hurdle and that was to start internal investment

When tax rates were altered businessmen would invest. Finance Minister Mr Derek Keys was doing what was possible to create a tax profile which would encourage domestic investment

Overall, there was general agreement that Keys had done the right thing in gradually cutting the deficit and concentrating on the supply side of the economy

A tough warning came from Dr Jaap Meijer, deputy governor of the Reserve Bank, who bluntly warned politicians that any attempt to stimulate the demand side of the economy to meet short-term growth targets would result in a "straw fire"

Professor Lieb Loots of the University of the Western Cape said, however, correcting the supply side was enough. The main constraint was lack of certainty and predictability of policy in South Africa

Postal
Star 23/3/93
increases
(267)
criticised

The increase in postal rates would be a further blow to consumers already bracing for petrol and VAT increases, consumer organisations said.

Post Office managing director Hennie Diedericks announced in Pretoria that postage rates on normal mail would go up from 35c to 45c on April 1.

SA National Consumer Union chairman Lilibeth Moolman said putting up rates 30 percent and asking "half a rand" for posting a letter was unjustifiable.

Consumer Council executive director Jan Cronje said most consumers could not absorb such "sudden big hikes".

But National Black Consumer Union (NBCU) chairman Nenia Ramphomane said the increases were a fair price for a better service. She hoped the Post Office would keep rates down in future and was pleased with a promise to upgrade service in Soweto and rural areas.

— Staff Reporters

Savings Bank moves with a changing world

Star 23/3/93 (26)

THE South African Post Office has restructured its Savings Bank to improve client services and become more market-orientated.

From October last year the PO started levying service charges for the maintenance of savings accounts and withdrawals from Telebank. The move is seen as part of the PO's new business approach and brings it into line with savings bank practices elsewhere.

The PO says the new charges had been made necessary by the fact that rental and maintenance of the infrastructure as well as the general administration of accounts places substantial cost pressure on the Savings Bank.

The Bank was founded in 1910 and has about eight million account holders, but only around 3,5 million of these accounts are active. The company says it was losing an unacceptable amount through the administration of several million inactive accounts and payment of interest into accounts on which no bank charges had been levied.

Since the formation of the PO as a public company, several of the services being provided to the Savings Bank by the PO are being paid for. The Savings Bank is simply recovering those costs.

The cost recovery is being kept

as low as possible to keep the service accessible and affordable for the smaller saver.

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If account statements are required over and above the normal quarterly statement, a charge of 75c is made.

Ledger fees of 50c a month are being levied on all active accounts and those which show no movement of capital in four years will be regarded as inactive accounts.

Lost savings books and certificates can be replaced at a cost of R2 and lost cards for R5 each.

Accounts can only be opened with a minimum deposit of R10 and withdrawals which reduce the balance below R10 will not be allowed.

While interest rates offered by the Savings Bank have fallen, this must be seen against a current national pattern of falling rates.

The PO says the Savings Bank certificates still offer an extremely attractive avenue of investment while rates are falling and smaller investors enjoy little or no interest on smaller amounts.

MD spells out his driving principles

THE Post Office's managing director Hennie Diedericks has plans to overhaul the organisation and change its orientation

He says: "It is my aim to reposition the PO as a client-driven organisation. It must operate on sound business principles while rendering those services our clients expect from us."

"The PO is a human-driven organisation and it is important that the composition of the company's staff reflects the community which it serves"

"We are changing both our culture and focus. It is necessary to give our staff the training and the tools to perform the tasks which the company expects of them. I also believe that sound two-way communication is essential, both with clients and staff, in order for us to achieve these goals."

Diedericks says part of the reality of operating on the sound business principles which he desires, requires that the playing fields on which the company operates are level

In this regard, he says it is indefensible for the state to pay a subsidy (R548 million this year) to the PO.

Says Diedericks "Millions of rand are needed for education, policing to ensure the safety of every citizen and adequate health services"

"It is necessary to rather increase PO rates. This is unavoidable, especially if one bears in mind that, owing to political reasons, postal rates have not been realistically adjusted for years."

"However, the PO will back up the rate increases with further improvements in the level of its service. We will also bring about savings — about R950 million over the next five years — by streamlining procedures and introducing new services, without employing additional staff."

The PO has come a long way since its first office was opened in the Castle in Cape Town in 1792. Today it is one of the largest business operations in the country and has been rendering an uninterrupted service for two centuries. The PO handles more than 2 500 million items of mail each year, seven million items a day, of which 80 percent is business mail.

The PO was restructured as an independent public company in October 1991, with the State as sole shareholder. The organisation employs around 28 000 people and has fixed assets of about R430 million

It has a board of directors drawn from the business community and the board's main task is to ensure the company operates according to sound business principles

The company operates more than 1 700 post offices and uses the services of some 400 postal agencies. Many of these operate in remote areas and provide the main communication link with the rest of the world

The PO has 150 000 postboxes at mail collection points, 850 000 private boxes and delivers to around 2,5 million street addresses. As a part of its move to become more customer-driven, over 400 post offices, most of them large urban offices, are now open during lunch hour

Diedericks says the PO is constantly monitoring public needs and more post offices will remain open during lunch, should the need arise

He adds "Many offices stay open later in the afternoon in order to accommodate our working clients. In addition, a single-queue system has been adopted at most large offices to speed up counter service and the system will be extended to more offices in the course of time."

He says the PO is continually modernising and adapting methods for handling, sorting and transporting mail. The latest of the system upgrades is the introduction of a significant mail transport system by road, whereby a virtually overnight service is provided. Private contractors transport mail overnight on six main routes, from the PWV to Pietersburg, Nelspruit, Kimberley, Bloemfontein and Durban, as well as between the PWV and Cape Town, Port Elizabeth and East London and between Cape Town and Port Elizabeth

Comments Diedericks "The switch to road transport has rendered the PO less dependent on public and other transport organisations and ensures better control over the dispatch and delivery of mail. As a result, in some cases the delivery time has been cut by up to 48 hours."

Facing up to

postpaid challenges

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has totally different aspects to its role as a service provider. It has been given the task of becoming a commercial enterprise. At the same time its services have a significant content of social responsibility.

Says senior general manager postal services Willie Joubert: "In the first place we have a monopoly on the ordinary letter distribution. The PO has to distribute the letter right throughout the country, from any destination to any destination at one price. Every country operates a similar situation."

"Any businessman in his right mind would ask a lot less for a letter going just across town, and considerably more for a letter going to another part of the country."

"However, this is a situation that is not likely to change."

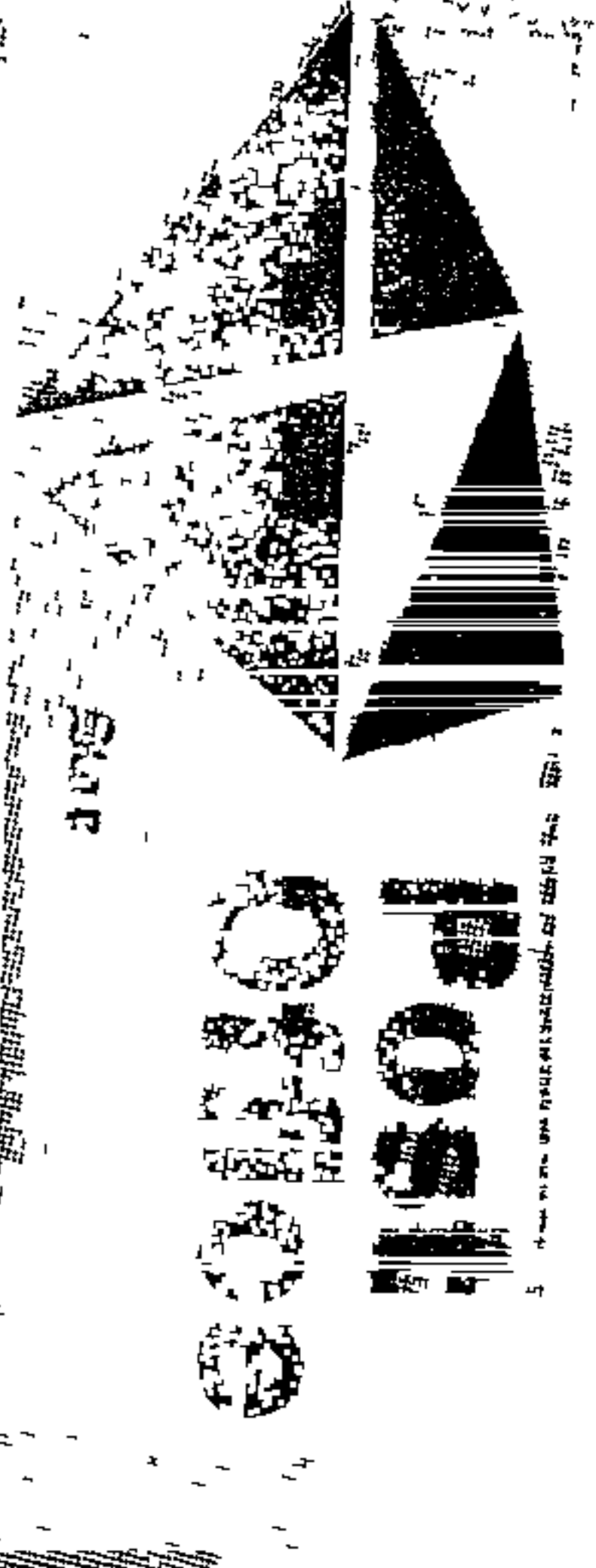
This still does not explain why the PO makes a loss. It is a relatively simple calculation to determine the average price which should be charged to at least break even on the direct postal cost.

The rate which would enable the PO to break even is 46c — plus 10 percent VAT — bringing the required charge to 51c. This charge would only cover the distribution cost and doesn't take into account the second area of the PO's social responsibility — the provision of post offices everywhere.

Says Joubert: "We have 1 704 post offices and 393 agencies."

"If we were operating on a purely commercial basis, we would probably have to close more than half of them — no businessman in his right mind would keep them open because they are loss makers."

The PO is, not unnaturally, unhappy about the situation, but at the same time it must maintain the spread of post offices. However, the PO has a vision as to the direction it should take over the next five years and it



A STAR, ARGUS, DAILY NEWS, PRETORIA NEWS & SOWETAN CORPORATE SURVEY

Costs must be cut but responsibilities are as strong as ever

believes this will solve many of its problems.

The PO foresees closing the bulk of its existing post offices — retaining only those which are cost effective.

The agencies would also disappear in their present form.

The new stamp dealers would be retained and their role extended.

A new concept of franchised post offices would be introduced to ensure that the level and geographic spread of service is enhanced. The franchises are, like the existing post offices, not expected to be money-making enterprises. However, overseas experience with similar concepts has shown that an existing retail store can increase its number of customers by around

100 percent and private businesses would be given an additional draw card.

There will be different rates charged depending on the type of service required.

Joubert stresses that at this stage the vision cannot even be deemed a plan, though he expects serious planning to begin shortly on some aspects of the idea.

The PO is determined that the new service will meet the customer needs and is providing a money-back guarantee that items will be delivered on time.

Meanwhile, the PO is addressing its other loss-makers as a matter of urgency.

Says Joubert: "This is a good example of where we have taken a bad product and turned it around."

Currently, it makes a loss on all but one of its postal services. The parcel service is a major loss-making area of activity and a revision in rates to more commercially viable levels is in the works.

The PO's move to develop its priority mail service into a product which meets market needs is going to be bad news for the other private-sector operators, and will give them a run for their money. However, it is this very competition which ends up benefiting users by producing lower prices and better service.

The PO has been caught in the same position with parcels as with letters.

Another area which the PO is addressing is the question of addresses.

It was charging the same for short-distance deliveries as for the long ones, but it does not have a monopoly on parcel delivery.

Many people in SA don't have their own individual address nor are their letters delivered to their dwellings. This has led to an inequitable situation where some people have letters delivered to their street addresses and others do not.

As a result the private-sector companies were able to compete more effectively over the shorter distances by charging less. This left the PO with the loss-making, long-distance deliveries.

Delivery to every dwelling, particularly the more isolated, would be prohibitively expensive.

Says Joubert: "Our parcel volumes have been dropping over the past five years. If we don't react to the situation, we will be out of the parcel business in a couple of years."

Joubert says the PO is working on a system where everyone will have their own mailing address such as PFI and then the address of their nearest post office or similar outlet. This would solve the problem of misspelled names and similar difficulties.

The Government has recognised the problem and has given the go-ahead for the move to more-market related rates and for differential tariffs which reflect the distance the parcel has to be carried.

All mail deliveries would be to the post office or post box address and no one would receive automatic delivery to their street addresses, as some South Africans currently enjoy. Delivery to street addresses will become an option for which people will have to pay.

Another new concept is the business centre which would be sited in, for example, industrial areas. The business centres would be geared to serve local businesses and have large vehicle access, to allow bulk mail delivery, and offer other business-related services and benefits.

The vision has much merit. The number of outlets would be increased. The opening times and type of service would be geared to the customer's requirements, the huge losses associated with the existing post office system would be cur-

ried in the store.

The postal franchises would carry the full range of postal services.

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Postal tariffs set to rocket

PRETORIA — Postal tariffs would be increased by an average of 30% from April, the Post Office announced yesterday.

Post Office MD Henne Diedericks said the increase, which was 3% less than had been forecast, would raise Post Office income by R146m to about R1.6bn. This would leave an operating deficit of about R498m for 1993/94.

The deficit would be cleared by 1996, ending government subsidies to the post office, if a major new restructuring programme was successful, Diedericks said.

He added that it was not only unfair but "morally reprehensible" to expect the taxpayer to subsidise postal services.

The business sector, which provided 84% of the Post Office's income, would also be subject to the 30% average increase for services, although bulk clients could negotiate prices on the basis of volume.

From next month, the standard letter rate will go up from 35c to 45c, parcels up to 100g will rise from R3,40 airmail to R3,45, parcels between 100g and 250g from R3,50 to R3,75, registered letters from

ADRIAN HADLAND

R2,25 to R3,00, COD parcels from R1,05 to R1,35, express deliveries from R5,65 to R6,50, and there will be an average 18% increase in overseas postage rates.

New standardised envelopes with prepaid postage would also be available at 50c each from 1 April, Diedericks said.

This year's large increase was a "one-off", justified on grounds of essential infrastructural expenditure. From next year hikes would be linked to inflation.

Costing the average private user an additional R2,90 per month, the tariff hike was expected to have "no real effect" on inflation, Diedericks said.

Announcing a major restructuring drive, he said the Post Office's prime goal for the next three years was to eliminate the R500m shortfall while improving services.

This would be achieved by maximising income, increasing the volume of business and by a "fierce cost-cutting exercise".

Included in the Post Office's plans to

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achieve break-even by 1996 were the sale of property — including the head office in downtown Pretoria, the provision of more than 4-million post boxes, the franchising of Post Office outlets, the unregulated sale of stamps and stationery through informal outlets or private retail points, and the phasing-out of street deliveries.

"Street delivery in the future will be a luxury," Diedericks said, adding that 33% of the cost of a stamp went to delivering a letter the short distance from the post office to the street address. Within three years, deliveries to streets, rather than boxes, would necessitate payment of an additional "luxury" fee.

Diedericks said the establishment of postal centres, the expansion of service points from 2 000 to 3 000, the hiring of top private sector managers and providing ev-

everyone in SA with an address were additional objectives.

In order to reach the many people who did not have street addresses, more than four million "cluster boxes" would be provided wherever it was convenient, from filling stations to shopping centres.

The cost of a post box, while remaining constant at R30 this year, would probably be reduced to about R15 from 1994.

Sapa reports that the DP slated the tariff increases as outrageous and highly inflationary. DP posts and telecommunications spokesman Geoff Engel said taxpayers had already paid an extra R500m to the Post Office in the Budget.

The CP said the price of stamps had increased 70% in 13 months. CP public enterprises spokesman Joseph Chiole said pensioners and the poor would be hard hit by the increase.

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to the

Huge postal hikes from next month

CF 23/3/93
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Staff Reporter

THE Post Office yesterday announced the following increases in postal costs from April 1

● The postage rate of normal mail will increase by 10 cents from 35c to 45c

● A new standardised (110cm X 220cm) envelope, which includes the 45c postage stamp, will be introduced for sale countrywide. It will cost 50c. The envelope will not feature the cost of the stamp and will instead have the letters "standardised mail" printed to alleviate future printing of stamps when rates are adjusted.

Also, a new postage stamp with no indication of value will be introduced. It will represent the postage of a standard article and only "standardised mail" will appear on it.

The advantage is that new stamps would not have to be printed with every increase.

Increased surface mail and air mail costs will be as follows respectively:

● (Up to 100g) A 33% increase from 60c to 80c and a 31% increase from 80c to R1,05.

● (100g to 250g) A 30% increase from 75c to R1 and a 50% increase from R1 to R1,50.

● (1kg to 2kg) A 30% increase from R2,60 to R3,40 and a 129% increase from R3,40 to R7,80.

● (Parcels — Up to 100g) A 30% in-

crease from R2,60 to R3,40 and a 1,4% increase from R3,40 to R3,45 and a 7,1% increase from R3,50 to R3,75.

● (Parcels — 1kg to 2kg) A 30% increase from R4,65 to R6,05 and a 63% increase from R6,05 to R9,90.

● Registered letters. A 33% increase from R2,25 to R3.

● Certified letters. A 28% increase from R1,05 to R1,35.

● COD parcels. A 26% increase from R4,50 (plus 1,5% of trade charge) to R5,70 (plus 2% of trade charge).

● Parcel insurance (for a reimbursement of R100 to a maximum of R2 000 respectively) A 30% increase from R1 to R1,30 and from R18 to R23,40.

● Express delivery of postal article. A 15% increase from R5,65 to R6,50.

● Priority treatment of article. A 36% increase from R5,50 to R7,50.

Announcing the hikes yesterday, Post Office managing director Mr Henrie Diedericks said the increases would raise the organisation's income by about R146 million to about R1 639m. However, there would still be a deficit of about R498 million.

Mr Diedericks said the Post Office would strive to keep future increases in line with inflation.

He said it costs the Post Office 61c to handle a postal article for which the public would now pay 45c. The increase would have "no effect on the inflation rate", he said.

Post Office lashed over hikes

Staff Reporter

THE Chamber of Commerce and Consumer Council yesterday lashed out at the Post Office for its increases of about 28%, describing it as "exceptional" and a "further blow to consumers"

Assistant director of the chamber Mr Albert Schuit-

maker said the hikes were "exceptional viewed against an inflation projection of 10% for the next financial year".

He said the target to break even should be "approached from two sides — the other being to slash costs. To say the increase will not add to the inflation rate is strange"

Consumer Council executive

director Mr Jan Cronjé said most consumers could not absorb such sudden big hikes. "They would have preferred a gradual increase."

He said consumers hoped the Post Office kept its word about better services and smaller increases in the future

Consumer Council spokes-

woman Ms Annelie Jonker said the Post Office told them the only options were to increase costs or retrench 4 000 employees.

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But a Post Office spokesman said although talks were held, he was unaware of talks about the retrenchment of employees.

CT 23/3/93

Mail charges to go up by 28 percent 267

Sweden 23 3 93
By Josias Charle

Postal increase termed outrageous by DP:

POSTAGE rates are to go up by 10 cents to 45 cents as from April 1

The announcement was made by the managing director of the Post Office, Mr Henne Diedericks, at a Press conference in Pretoria

The 10 cents — or 28 percent — increase is aimed at increasing the Post Office's gross income on standard postage, to an inflation-based amount and to bring South Africa in line with world rates and costs

Diedericks said the increase was necessary to raise the Post Office's income by about R146 million to an estimated R1 639 million. The deficit on the postal services would still amount to R498 million in spite of the increase. He said it already cost the

Post Office 61 cents to handle an individual postal article for which users would now have to pay 45 cents, resulting in a loss of 21,5 cents. Diedericks also pointed out that charges for private post boxes and boxes at mail collection points would not be increased "at this stage" as the company was in the process of working out a new strategy for delivery. Details of the new plans would be announced later. Ismail Lagardien reports that the Democratic Party, reacting to the postal increase, said South Africans had a right to be angry over the increase.

DP MP Mr Geoff Engel said yesterday it was "outrageous and highly inflationary" to increase the rate to three times the inflation rate.

Star 24/3/93

Gym funds not irregular

(267)

CAPE TOWN — There was no suggestion that there had been anything irregular in the expenditure of R96 000 on a gym at the Post Office headquarters building in Pretoria, the Minister of Posts and Telecommunications, Dr Piet Welgemoed, said yesterday.

Introducing the first reading debate on the Unauthorised Post Office Expenditure Bill, he said funds had merely been paid from the wrong Vote.

Mr Geoff Engel (DP Bezuidenhout) said the DP would not be supporting the Bill.

The Public Accounts committee had recommended that the

expenditure not be condoned, but that it be authorised.

“For years this Government has grossly overspent.”

The CP and AVU supported the Bill, while Solidarity and the Labour Party opposed it.

Replying to the debate, Dr Welgemoed said the amount had been voted in the normal manner, but it should have come from another Vote.

There had been an increase of 28 percent in postal tariffs, but it still cost 61 cents to handle every letter. (Stamps were increased from 35 to 45 cents this week). — Sapa.

NEWS IN BRIEF

Pilatus campaign

THE World Campaign Against Military and Nuclear Collaboration with SA has shifted the focus of its campaign against the SA Air Force's purchase of Swiss Pilatus PC-7 trainer aircraft from the manufacturer, the Canadian engine supplier Pratt and Whitney.

The World Campaign's director, Paul Witty, said yesterday the World Campaign intended to pressure the Canadian government to prevent the PT-6A turbine engines from being fitted to these trainer aircraft.

Heyl case postponed

THE sentencing of Stander Gang survivor Johan Heyl was postponed in the Johannesburg Regional Court yesterday. Heyl, 41, was found guilty in October last year of charges of armed robbery, possession of firearms, car theft and one of escape from detention after pleading guilty to the charges.

Heyl will appear again on May 28.

Hippo still stuck

THE Bullstom hippos is still stuck in mud at a farm dam. The TPA nature conservation department yesterday could not say when it would be captured.

Mines 'bosbraad'

THE Chamber of Mines and the NUM are meeting a "bosbraad" today to discuss wage negotiations. The main purpose being to evaluate how years' protracted wage talks could be resolved.

Pupils protest march

THOUSANDS of Cape Town township school pupils are expected to march to Parliament today to demand the scrapping of examination fees. The march is in support of a campaign by the Pan Africanist Student Organisation, the Congress of Black Students and the Azanian Students Organisation.

Opposing the pupils are to march to the Braamfontein offices of the Education and Training Minister to picket the call.

By the Staff of the Newsprinters' Association

Budget 'will hike inflation by 3%

BLOOM 24/3/93

CAPE TOWN — The Budget's immediate effect would be to raise the inflation rate by 3%, but the average rate for 1993 would be considerably lower than last year's, Sanlam chief economist Johan Louw said in the latest Economic Survey.

The budgetary increases in the VAT rate, excise duties and the fuel price would cause the inflation rate to climb to more than 11% in April compared with December's 9,6%.

Louw expected an average rise in the consumer price index of 10,5% this year compared with last year's 13,9% average. He said the underlying inflationary pressures in the economy had reduced noticeably, mentioning specifically the slower increase in labour costs, higher productivity and lower interest rates.

Although the delicate balance of payments' situation would play a significant role in determining monetary policy, Louw said a drop in interest rates from 13% to 12% in the next three to six months could not be excluded. Long-term rates should also tend downwards.

He expected little growth in 1993, with the Budget playing a significant role in retarding economic activity as a result of the smaller deficit, real decline in government expenditure

LINDA ENSOR

and tax increases.

"There are, however, signs that the rate of weakening in general economic conditions is slowing down. In addition, the declining inflation rate, lower interest rates and possible favourable developments on the political front, together with the soaking rains that fell recently in drought-stricken areas, should have a beneficial effect on the economy."

Louw stressed the importance of financial sanctions being lifted as soon as possible to ease the pressure on the balance of payments. The unfavourable movements of foreign capital since the end of 1992 and the sizeable debt repayments due this year had resulted in an uneasy balance of payments position.

The slackening of SA exports over the past few months had led to smaller trade surpluses. Louw said the sluggish growth in foreign economies could be expected to worsen a sustained low growth rate for SA's merchandise exports. Gold proceeds could be higher because of the weakening of the average rand-dollar exchange rate while improved agricultural conditions would also have a favourable effect on the trade account.

Interest rates 'to bottom out'

INTEREST rates were likely to bottom this year before moving higher in 1994, SPL Banking Services said in its March forecast yesterday.

The forecasts are carried out monthly among a group of nine economists such as Rudolf Gouws of Rand Merchant Bank, Adam Jacobs of Absa, Eddie Lindeque of Eskom, Ulrich Joubert of Transnet, and Jos Gerson of Davis Borkum Hare.

The forecast shows there is a 53% chance that the prime overdraft rate will be 15,25% by August. This implies a one percentage point cut from its present level, with the rate staying at this level until February.

Twelve-month negotiable certifi-

TIM MARSLAND

rates of deposit (NCDs) are seen easing to 11,25% by February 1994, which the forecast says will coincide with an early upturn. Whether this lasts depends on the extent to which the Bank applies its "strict monetary policy to the economy"

The forecast sees interest rates moving up again in 1994, which could "limit the upward potential of inflation, as enhanced by the 1993/94 Budget". Given the historical correlation between inflation and the prime rate, the one percentage point drop in prime forecast for 1993 seemed to bring about the end of the downward trend in inflation.

Amended regulations may benefit Telkom

MELANIE SERGEANT

TELEKOM is to get a quick fortification of amended conditions which would allow cellular phone operators to test their systems.

Until the second licence operator is announced, a couple of months time companies wanting to test their systems are to be given a "minimum of R10 000 per connection period"

Each potential operator is limited to 30 days of testing. Companies be-

lieved to be vying for licences include M-Net, Grinell, Vodaphone, Transtel and a newcomer, SunTel.

The tender to select the second operator is expected to be released by month-end. Telkom has been granted 50% of one licence, and is choosing one or more partners.

Posts and Telecommunications Minister Piet Welgemoed said yes-

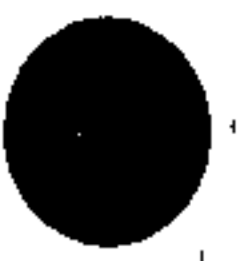
terday each new interconnection would constitute a separate period, and the period of connection would be deducted from the 30 days.

Although Telkom will be one of the operators it will, said Welgemoed, "use its best endeavours to connect (potential operators) ... and to assist (them) in testing interconnection to the public switched telephone network, leased lines or data networks in as short a time as possible".

POST OFFICE

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Seeking a stamp of approval

"We're no different from the café on the corner," says Post Office MD Henne Diedericks "We have got to make ends meet"

With a zeal that borders on the religious, former banker Diedericks and his team, recruited from the private sector, are out to make the Post Office pay its own way by the end of the 1996 fiscal year. But they know they can't dissolve a R520m deficit simply by jacking up postal rates — though they announced this week that rates are going up 30% on average beginning April 1. The price of a domestic-mail stamp will go from 35c to 45c.

They intend to fight their way to self-sufficiency by selling properties around the country, including the huge Pretoria headquarters, giving more discounts to bulk-rate mailers to entice them to increase their volumes, increasing efficiencies, and even charging the 2,5m customers who now get home delivery, which absorbs 33% of the postage price.

In addition to stepped-up accounting, there are also promises of better service. The 26 700 staff members, many of whom will be sporting new uniforms soon, will be taught to smile at customers. Items such as packing material, stamped envelopes and change-of-address cards will be sold in post offices. Delivery target times have been set and will be monitored by outside sources, with results published. That café around the corner will begin selling stamps. And a national toll-free Action Line (0800-11-44-88) has been established to take complaints, or perhaps even compliments.

But, before the new cost-cutting and revenue-producing efforts can balance the budget, government will make up the difference. Even with the new 45c tariff on local letters, the Post Office will still lose money because it actually costs 61c, excluding Vat, to deliver a letter. Greater efficiencies should reduce that figure but political considerations did keep the rates artificially low for decades.

Businesses that have benefited from the low tariffs continue to complain about the steep increases, though they were told last year that tariffs would go up about 30% a year over the following four years. "We're aware of their five-year plan and need to balance the books, but their first priority is to slash costs," says Cape Town Chamber of Commerce assistant director Albert Schuitmaker. He would like to see the rates mirror inflation.

Of course, management is still fighting battles with the politicians, too. DP posts and telecommunications spokesman Geoff Engel says taxpayers shouldn't have to support the Post Office through the Budget as well as through price hikes. "Once again, govern-



ment has nailed the hard-pressed consumer instead of looking to itself to improve efficiency and lower costs. The public is entitled to be angry."

Echoing the feelings of a lot of people, the Post Office's Diedericks believes government's R500m subsidy is "morally indefensible" when the demand for increased spending for education, health and policing is so high. "It will thus be to the benefit of everybody that the users of the postal service pay for these services, and not the taxpayer."

The tariff increase will do little to wipe out this year's R520m deficit, which was R28m less than projected. Though the higher rates will raise income by R146m to an estimated R1,63bn, Diedericks expects to lose R498m in the coming year. The Post Office estimates that the recession has cost it 3% in volume and with price hikes come even lower volumes.

The answer? "We must find new ways of finding income," he says. "We're throwing off the old holy cows."

For instance, formerly sacred icons in the form of Post Office buildings will go on the auction block. Senior GM Albert Michau estimates the book value of the Post Office's property portfolio at R500m and the market value at well over R1bn.

Diedericks acknowledges that unloading old Post Office buildings will be a hard sell, but he doesn't plan a fire sale. This week he appointed Steyn Pieterse, former MD of Grinaker Housing, to run the countrywide property portfolio and to oversee its disposal.

Of the 2 000 post offices and postal agencies, the uneconomical ones under Post Office management will be offered as low-cost franchises to entrepreneurs. The overall total, however, is expected to increase to 3 000 as more outlets are opened in the townships.

Management also wants to move white-
elephant sorting factories, such as Johannes-

burg's Jeppe Street facility, out of downtown areas. Scheduled to open by July is a huge R70m handling and distribution centre in Goodwood, outside Cape Town. The "Cape-mail" hub is aimed at serving the region's large number of bulk distributors, including insurance companies and magazines. Other such hubs are destined for the outskirts of Johannesburg and Durban.

The Post Office is also custom tailoring its bulk-mail discounts, which Diedericks says can be as much as 20%. Business mailers comprise 85% of the total volume of 2,5bn pieces of mail processed annually, so they feel a proprietary interest in how the postal service performs and at what price.

The SA Direct Marketing Association's Emil Den Dulk says his organisation has been working with the Post Office for the past few years to get a better deal. One result is that direct-mail response advertisers — such as offers of subscriptions or fund-raising — will get an 8%-9% additional discount.

"Two years ago they came along with a programme to double the rates. We said it would kill the direct-mail industry. Then last year they said they had to raise the rates 30% a year for five years and we said that would totally kill the industry. We predicted volumes would drop 15%. They predicted 3%. We were right."

Still the cheapest Comparing standard letter rates

Prices were converted into rands at Tuesday's rates

Country	Date of effect	Rate
SA	April 1 1993	45c
New Zealand	July 1 1991	76c
US	February 3 1991	92c
Australia	January 2 1992	R1,02
Canada	January 1 1991	R1,02
Switzerland	March 1 1984	R1,05
UK	September 16 1991	R1,13
France	July 15 1991	R1,28
Belgium	January 1 1990	R1,31
Netherlands	July 1 1991	R1,37
Italy	July 1 1990	R1,50
Japan	April 1 1989	R1,69
Germany	April 1 1989	R1,94

Source: SA POST OFFICE

P.O

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Nevertheless, Den Dulk says the industry has confidence in the new Post Office management, which took over at the beginning of the year

"With its latest undertaking to link the rate hike next year to inflation and then make it under the inflation rate after that, well, the direct mailers have not reacted too negatively. The volumes should turn around, maybe next year"

Not everyone is sold. Schuitmaker, of the Cape Town Chamber, says he hasn't seen a lot of evidence of the new pro-business attitude at the Post Office and he isn't holding his breath waiting for inflation-aligned rates next year. "I don't think many businesses are planning next year's expenditure based on this vague promise"

RAND EASTER SHOW

Back to basics

After years of living in a fantasy land where they believed that "this year we'll get 1m visitors," organisers of the Rand Easter Show have come to grips with reality and are instead setting their sights on attracting 800 000

"We have to accept that there is a recession raging out there and that there isn't a great deal of disposable income available," says GM Anton Post. The closest the show came to 1m visitors was 846 000 in 1989. Last year it attracted just under 700 000

This year, because of the international recession, and the flat local economy not

presenting much of a draw, there will be fewer international exhibitors. "Last year we had 27, this year we'll have 21," Post says

The official participants, where governments are involved, are Russia, Greece, Taiwan, China, Mozambique and Lesotho

Pakistan, Britain, Brazil, the Czech Republic, Austria, Germany, Turkey, Romania, Bolivia, Kenya, Malawi, Morocco, Botswana and Namibia are being represented by the local arms of companies headquartered in those countries, or by local companies that have ties with them

Notable absentees from last year's list include Italy, which was a huge exhibitor; Poland, which had a smaller exhibit, and Yugoslavia, which was promoting tourism while the war raged there

FM CORPORATE HEALTH CARE CONFERENCE

FEATURE

Opening the doors to competition

As the Medical Schemes Amendment Act throws open the private health-care sector to competition, the medical schemes industry will undergo radical surgery to keep ahead of its nearest competitor — the insurance sector

Rob Speedie, executive director of the Representative Association of Medical Schemes, told the FM Corporate Health Care Conference last week that the legislation — which ends compulsory minimum benefits and guaranteed payments by schemes — would usher in a new era of competition

"And, I am using the term 'competition' in the sense understood by business people — whatever a businessman has to do to get business away from his rivals and whatever they do to take business away from him. This covers such issues as price rivalry for products that can be substituted one for another, product and service differentiation"

Speedie points out that of the 236 medical schemes registered at the end of 1991, 77% had a membership of fewer than 10 000 while 21% had fewer than 1 000 members. He predicts that increased competition will result in a greater concentration in the market. "A smaller number of larger players will tend to dominate the market. This has been true in the building-society and banking-and-insurance sectors" But he stresses that this doesn't mean competition will be inhibited

Until September 1989, schemes were prohibited from offering different types of products. Speedie says the first concessions allowed schemes to base subscriptions on factors such as age, area of residence, individual claim patterns and group claim patterns. Schemes, however, still had to provide cover across the board for medical, surgical, dental and physiotherapy services. Hospitalisation and medicines have also been covered

But, under the new law, Speedie says, schemes can limit or exclude certain types of

cover and market these different products in the same way that insurance companies push their hospital plans

Alexander Forbes joint MD Leon Lewis says health insurers will also offer a greater variety of products, making comparative pricing more difficult. He predicts that patients paying for routine procedures out of their own pocket will become the norm, while cost controls — such as having members pay deductions and placing limits on how much of a bill is covered — will also be implemented



Speedie look for greater concentration in the market

"Promotional activities — especially advertising — will be intensified and pricing policies reviewed as the pencils are sharpened," Speedie says. He concedes that advertising will add to costs but this should be offset in the long term by savings resulting from a more cost-effective health-care system. The new legislation scraps the ethical rules that prohibit schemes from paying brokers commissions for introducing new business. Whether this will become an industry practice, however, is uncertain

Managing a greater number of products will require more sophisticated information systems, a trend that will generally favour

larger schemes and keep the riff-raff out of the trade, Speedie says. The well-established principle of the customers who make few claims subsidising the customers who make many also will favour a more concentrated industry, he adds, because lots of different products will make cross-subsidisation more difficult for all but the biggest schemes

In a far-reaching innovation, the Act allows schemes to supply services — employ doctors, pharmacists, nurses and others and run hospitals and clinics. This paves the way for managed health care, a practice that has cut costs by as much as 40% elsewhere. Speedie says "The new legislation will bring managed care to the fore, thus enabling schemes to bargain with suppliers of services to obtain cost-effective care on behalf of their members. I have little doubt that the overall cost of health care in the private sector will be contained for the first time in many years"

But Speedie says it's unlikely that schemes will move towards owning and operating their own facilities on a large scale, given the existing oversupply of beds in the private sector. "When implementing managed health care, schemes will probably focus more on preferred provider organisations — where a group of doctors join forces and contract their services out to a scheme for a specific period"

He is adamant that schemes will be able to offer a full spectrum of cover from the fully comprehensive type through to tailored packages. "Schemes will be able to compete effectively with insurance companies offering various innovative products"

Lewis says "The critical issues will be packaging, marketing, administration and client service" But while he believes that the track record of some major insurers will see them claim a large slice of the market, he predicts that the likely health-care scenarios on offer will combine medical aid with insurance as well as personal savings

Post service heads for new era

THE decision by the Post Office to up its rates by an average 30 percent from April 1 is an unhappy one for the average letter writer and businessman in SA.

The latter will be paying hundreds of thousands of rands extra a year to the Post Office, which will, of course, somehow have to be recouped - most likely by increasing the prices for the goods and services they sell to their customers. *C Press 28/3/93*

In the end, it is the ordinary person who pays.

But why is the Post Office apparently out of line with everyone else in the national effort to reduce inflation?

The answer lies in the restructuring of the Post

MONEY TALK

Office. It is now a company that must pay its own way. And it is saddled with a deficit of no less than R520-million.

As with companies all over the world, the two ways of getting rid of a deficit are greater efficiency and/or higher prices.

The "new" Post Office plans to make ends meet by selling Post Office buildings all over the country to obtain cash. It is estimated these buildings have a market value in excess of R1-billion.

The 2 000 post offices and postal agencies under its control - especially

those losing money at present - will be offered as low-cost franchises to businessmen.

At the same time franchises are to be made available to businessmen in the townships which may well push the number of outlets to well over 3 000. This will open up great new opportunities to black businessmen as they will be able to offer other goods in these outlets, for instance, stationary and school books.

Even small grocery stores will be allowed to sell items such as stamps, or pre-stamped envelopes. This will make life much easier for the consumer who hates standing in the traditional long queues in post offices.

Another innovation is to charge an annual fee to all those customers who require their post to be delivered at home. The Post Office says the cost of services such as these push the average cost a letter delivered to about 61 cents against the new cost of 45 cents for a domestic-mail stamp. So it is still showing a loss, which should gradually be reduced and eventually wiped out by the new measures. *(267)*

Customers can also expect better and friendlier service, according to managing director Hennie Diederichs, who claims the Post Office nowadays is "no different from the cafe on the corner" as it must, sooner rather than later, make ends meet.

Post Office can grab the money ²⁶⁷ and run

S/ Times 28/3/93.

By ZILLA EFRAT

THE taxpayer is being asked to plough millions into turning around the losing Post Office. But at the same time, the Post Office has lost its accountability to Parliament.

The Democratic Party asked for a separate debate in Parliament on the R500-million subsidy to cover the Post Office's projected losses for the coming year. It was turned down, says DP post and telecommunications spokesman Geoff Engel.

Since its commercialisation in 1991, the Post Office has reported only to the Minister of Transport and falls under his department's vote.

Its R520-million loss for 1992-93 was met by the taxpayer. Big subsidies are forecast for the next two years until it breaks even.

Mr Engel says "The public is yet again being asked to take tough medicine and see the benefits later. It's the same old story and usually nothing happens."

He questions why the public now has to pay on average

30% more in postal tariffs when the Post Office expects to reduce its loss in the coming financial year by only 4%.

He says these numbers do not balance.

"Either the Post Office is becoming even more economically inefficient or it is still carrying over expenditure from the apartheid era."

It is not as if the taxpayers' money or higher tariffs will be used to extend the Post Office's services to more communities, upgrade its computer centre or build

three multimillion-rand mail centres.

It plans to finance its R240-million capital programme from internal cost savings and the sale of certain properties. Its property portfolio has an estimated market value of R1-billion.

Mr Engel says the public is being made to cough up for yet another relic of apartheid-era mismanagement.

This legacy includes inadequate controls, roughly 700 uneconomic post offices — the result of over-servicing the white community — and tariffs that are not cost-related because increases were "politically sensitive" in years gone by.

Most of the population has limited access to postal services. For example, Pretoria has 71 post offices, but its surrounding black townships, with a larger population, have only three.

The Post Office is about to embark on a drive to extend its services to more communities, but Mr Engel asks why it is waking up to the changing South Africa only now.

Stamps

He believes the Post Office had to take over its share of the public servants' pension fund, with its large deficit, when it was commercialised.

"This could be one of the reasons why it is battling to bring its losses down and if this is so, this burden will last for decades."

The Post Office's new business approach and deregulation have been welcomed. The policy includes cutting costs, allowing cafes and supermarkets to sell stamps and franchising out services.

Mr Engel says "These are good developments because the private sector will handle services more efficiently. We are looking for user-related charges."

But he queries the Post Office's latest information campaign, saying "Companies normally advertise to increase market share. But the Post Office does not have to look for customers because it has no competition."

Answered

†The CHAIRMAN OF THE HOUSE Order! I am not going to speak again to hon members at the back on the left-hand side of the House. The next hon member to musbehave will be sent out.

Attorneys-general: reasons for decisions

*4 Mr D H M GIBSON asked the Minister of Justice

Whether he has at any time requested any attorney-general in terms of section 5 (5) (b) of the Attorney-General Act, 1992 (Act No 92 of 1992), to furnish him with the reasons for any decision taken by that attorney-general in the performance of his duties or the exercise of his functions, if not, why not, if so, (a) when and (b) in respect of which cases? B502E

The DEPUTY MINISTER OF LAW AND ORDER (for the Minister of Justice):

The hon member is referred to my reply to Question No 18 on 24 March 1993, during which I dealt with the matter extensively (see col 772)

International Women's Day

*5 Miss M SMUTS asked the Minister of Justice:

(1) Whether his Department hosted a conference in Pretoria on International Women's Day recently, if so, what was the nature of this conference;

(2) whether any (a) free flights and/or (b) flights at reduced rates were offered to any women to attend this conference, if so, (i) who paid for these flights, (ii) how were the reduced rates obtained and (iii) to which women were these offers extended? B511E

The DEPUTY MINISTER OF LAW AND ORDER (for the Minister of Justice):

(Reply laid upon the Table with leave of House).

(1) Yes, on 8 March 1993 the Department of Justice, in co-operation with the University of South Africa, held a National Conference on Women and a Charter of Fundamental Rights at the said University in Pretoria

HOUSE OF ASSEMBLY

Answered

mediation of the South African Communication Services

*6 Mr D H M GIBSON—Regional and Land Affairs [Withdrawn]

Hammanskraal: telephone exchange

*7 Mr D P DU PLESSIS asked the Minister of Posts and Telecommunications † (257)

(1) Whether it is the intention to automatize the Hammanskraal telephone exchange, if not, why not; if so,

(2) whether the entire area at present being served by the existing exchange will be served by the new automatic exchange; if so, what are the boundaries of this area, if not, (a) what part of the area will be so served and (b) when will the telephone service in respect of the rest of the area be automatized;

(3) whether the automatization of this exchange has been commenced, if not, why not, if so, when is it anticipated that it will be completed? B564E

†The MINISTER OF POSTS AND TELECOMMUNICATIONS

The Managing Director of Telkom SA Limited replied as follows to the hon member's question

(1) Yes, the Hammanskraal exchange has been included in the 1993/94 equipment delivery programme

(2) Yes, the entire Hammanskraal area, as well as the Ruste Winter and Preenaar's River areas, will be provided with automatic services.

(a) Falls away;

(b) Falls away,

(3) No, as a result of restricted funds. The automatization of the exchange will take place after the installation of the equipment, which is expected to take place during October to December 1994.

Guide plans: Pretoria/other regions

*8 Mr D P DU PLESSIS asked the Minister of Regional and Land Affairs †

(1) What procedures are followed in consid-

ering applications for the amendment of guide plans in general and the guide plan for Greater Pretoria in particular,

(2) whether residents of a particular area who are or may be affected by such applications, are consulted before an application is approved; if not, why not, if so, in what way? B565E

†The MINISTER OF REGIONAL AND LAND AFFAIRS.

(1) Section 6A (19) of the Physical Planning Act, 1967 (Act 88 of 1967) lays down the following

The Minister may at the request of any person by notice in the *Gazette* amend or withdraw a guide plan. Provided that before it may be amended or withdrawn—

(a) an investigation determined by him shall be instituted; and

(b) the comments of the Administrator concerned and the regional services council concerned and, if land which in terms of the guide plan may be used for agricultural purposes can in the opinion of the Minister be affected by the proposed amendment or withdrawal, the comments of the Minister of Agriculture shall be obtained.

On receipt of an application, an investigation is initiated at departmental level into its compatibility. Should the application be considered compatible with the provisions of the guide plan it is referred to the regional services council for a decision.

Should it be found that the application is not compatible, it is determined whether agricultural land is involved, in which case the Minister of Agriculture is consulted. Concurrently, all government institutions which are involved, including the Administrator, the RSC and the local authority are consulted. Should it be considered necessary, the local authority concerned may consult the inhabitants at this stage, in a suitable manner.

After all the information and comments have been received, the matter is sub-

HOUSE OF ASSEMBLY

Post Office wants a stake in state lottery

Wm and 2/4-7/4/93

(267)

THE Post Office wants to be in on running a national lottery. Amid speculation that the government will grant a sole licence to run a state lottery, Post Office general manager André du Pisani says his company has the best infrastructure to run it.

"We are interested in the job, especially on the computer-terminal side — which means being the vendor," Du Pisani says. He adds, however, that if the government decides it wants one administrator of the lottery system, the Post Office would want that role and would be prepared to run the state lottery.

The Post Office is developing a countrywide on-line counter system for its other operations

The Post Office is jockeying to run a multi-million rand national lottery.

REG RUMNEY reports

and this could easily be adapted to run a lottery, Du Pisani says.

But a potential conflict would arise with scratchcard operator Ithuba/Games Africa, which uses the Post Office as one of its retail outlets. Games Africa is itself vying to run the mooted state lottery.

Games Africa chief executive Mark Hutchinson comments that the Post Office would have to join forces with one of the other players in the

field in order to run a national lottery. The thrust of Games Africa's argument for being considered as top contender for the job is that it is a businesslike organisation, whose strong profit motive benefits charity by increasing turnover. The counter-argument likely to be used by any charity-based group is that lotteries are not businesses in the ordinary sense, because they sidestep any general ban on gambling through an appeal to human philanthropy.

Games Africa's jockeying for the position has apparently caused some concern at the country's other scratchcard operator, Viva. The two operations differ completely in approach: Viva is "owned" by 14 charity organisations, stresses

charity and uses disabled and disadvantaged people to man its scratchcard kiosks; Games Africa emphasises that it is a business operation raising money for charity.

A third grouping has been mentioned as a possible contender for running a national lottery: National Online Games, a consortium of financial institutions headed by Board of Executors.

No lottery may go ahead, however, until the recommendations of the report of the Howard Commission of Inquiry into gambling are made public.

"It's all speculation at the moment. The government has not even reacted to the commission yet," says Online Games spokesman John Braithwaite.

Games Africa director Eytan Rechter says though his company was told not to pre-empt the commission's findings, it has already invested some R5-million in a national lottery system, mainly on research and development. This means Games Africa will be able to launch an on-line game within six weeks of getting the go-ahead, with a final investment of about R90-million.

Games Africa has had its eye on a national lottery almost from the start of its scratchcard operation. Hutchinson points out that 90 percent of lotteries in the world have been launched with a scratchcard game as a forerunner.

One possibility which has not received much attention is that the state will run the lottery itself. Rechter comments that a state-run lottery will be less efficient because it wouldn't have the incentive to increase sales. It would take the state about a year to set up an on-line games system, he adds.

Democratic Party MP Tony Leon says he has no doubts a private organisation will run a national lottery better than the state, but he is concerned that there must be transparent accounting procedures and competition in the tendering process.

It is understood the government has been asked to ensure certain criteria are applied in the award of a licence to run a national lottery. Among them are that

- The contract be put out to tender and all parties be treated without favouritism.
- The amount of money paid to beneficiaries be maximised
- The amount going to beneficiaries be paid over within the shortest possible time
- All those involved in a lottery be screened carefully
- There should be full disclosure of all financial information on the lottery operating company

POST OFFICE
Fm 2/4/93
Measuring the mail

(267)

As usual, there's good news and bad in the results of the *FM*'s regular survey of postal delivery times. On the up side, this fifth test was the Post Office's best overall showing. On the down side, it took three days each for 10 letters to get from downtown Johannesburg to a suburb 12 km away.

This is our first test that perhaps accurately reflects the changes at the Post Office since its commercialisation in October 1991. Overall, things have improved, but there's still a long way to go.

The way the test works is that we post 50 letters of standard size and weight on a Monday morning at the JSE post box to five locations: a Johannesburg suburb, Durban, Cape Town, London and Princeton, New Jersey, which is halfway between New York and Philadelphia. Then we wait for them to arrive. This time it took a total of 230 days for all letters to reach their destinations — down from 304 a year ago.

Local delivery times deteriorated but the overseas mail went post haste (all 10 letters took nine days each to get to the US and four days each to the UK, just over half the time they took last year).

The Post Office obviously likes the idea of a survey because it intends to implement one of its own to see whether it can meet its newly established standards of delivery. Most countries overseas test themselves but it has never been done in SA, says the Post Office's Juliana Nel. It will use an independent auditing firm and the first results will be made public next March.

For standard letters, the Post Office now says it should take two days within a city, four days within a province, and five days between provinces. Management says standards can't be set for overseas post because it's out of the Post Office's hands once it lands abroad.

Fm 2/4/93 (267)

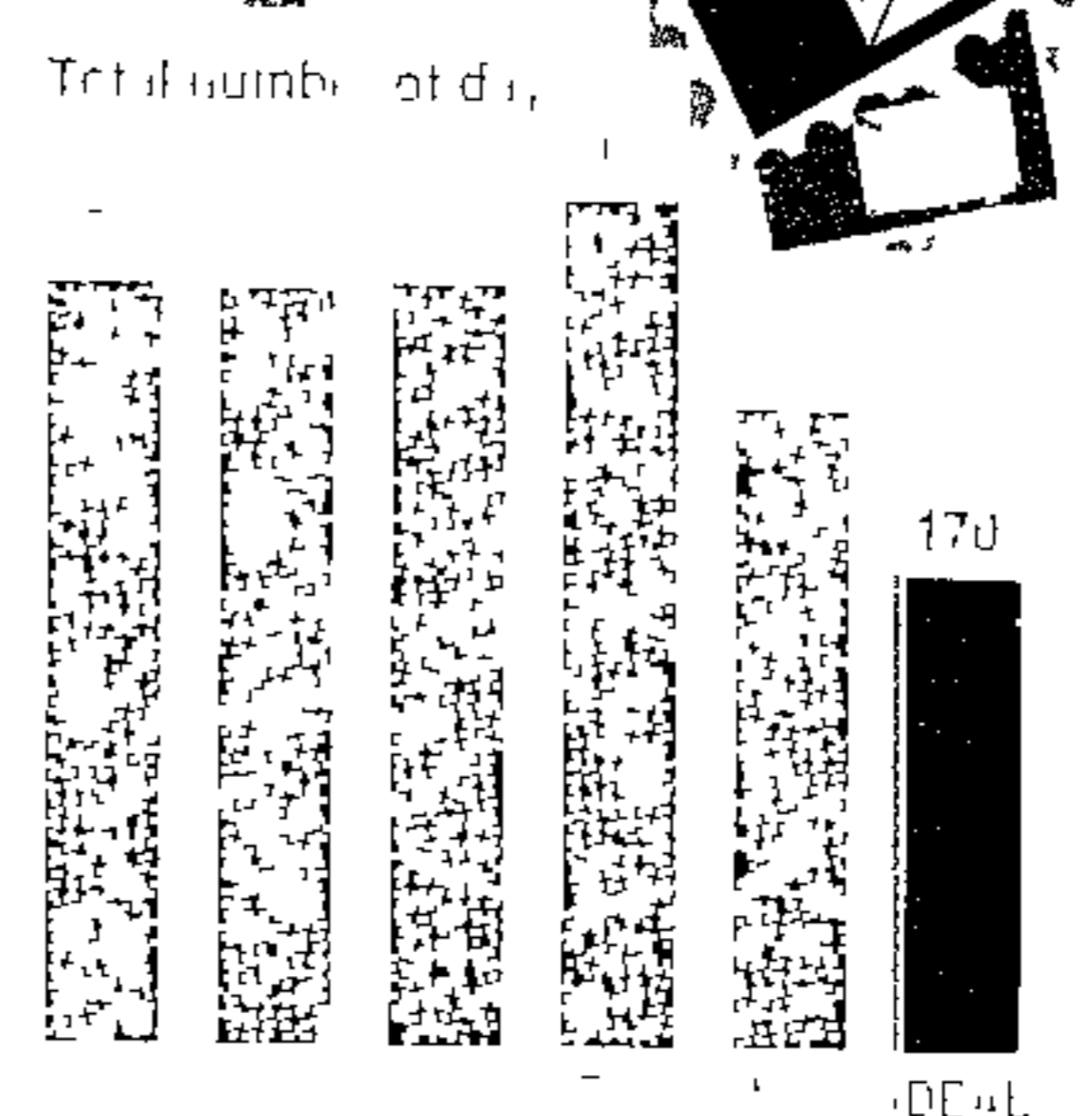
MD Hennie Diedericks admits that the advertised standards are far from onerous. In fact, he calls them third class. "I'm the first to admit that they are nothing to write home about."

But you do have to start somewhere. He says the Post Office will be held "publicly accountable" if it doesn't meet the international norm of 95% delivery within set standards. Now, he adds, his team meets this standard 60% of the time. When they get it up to 95% they will set tougher standards. According to our survey, it took an average of three days within Johannesburg, 3,2 days from Johannesburg to Cape Town, and 3,8 days from Johannesburg to Durban. So, according to the Post Office's standards, inter-provincial service was on target (within five days) but intracity delivery missed Diedericks's third-class target (two days) by a wide margin.

A perennial problem with posting from Johannesburg is that letters and other mail must go through the antiquated Jeppe Street facility. Despite continuous efforts to upgrade the machinery, it's still a dinosaur. "Efficiencies in Johannesburg are a laugh," Diedericks says.

He wants handling and distribution centres moved out of city centres to suburban hubs. The first one is scheduled to open in Goodwood, near Cape Town, by July, and others are planned for the outskirts of Johannesburg and Durban. This year, R240m is budgeted in capital expenditure, including R123m for the mail centres and R61m for computer and data equipment. In the last financial year, ending March 31, just R93m was budgeted.

Testing the post
Delivery results



Average delivery times - March 1993



Post Office wants a stake in state lottery

Law and 2/4-7/493

THE Post Office wants to be in on running a national lottery. Amid speculation that the government will grant a sole licence to run a state lottery, Post Office general manager André du Pisanu says his company has the best infrastructure to run it.

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REG RUMNEY reports

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A call in time saves plenty

Staff Reporter

APR 2/4/93

SOMETHING has gone down in price at last.

Telephonitis victims willing to stay up late or restrain itchy index fingers until weekends now can dial overseas without it costing as much of an arm and a leg as it did last month.

Yesterday, Telkom introduced peak, standard and much cheaper off-peak charges for direct-dialled calls to 21 countries.

Another 100-odd countries will have two rates — a standard rate about seven percent less than the current one and a new, off-peak rate which will be up to 20 percent cheaper.

Times and rates differ from country to country.

For instance, peak time for calls to the United Kingdom is from 11am to 3pm and standard times from 8am to 11am and 3pm to 10pm.

Off-peak times are between 1am and 8am and 10pm and midnight on weekdays and all day on Saturday and Sunday.

Off-peak times for calls to Australia are between 1am and 6am and 7pm and midnight on weekdays and all day on Saturdays and Sundays. Standard times are from 6am to 8am

and noon to 7pm

267

But, Telkom has warned that VAT on telephone calls goes up from 10 to 14 percent next week.

From Wednesday, a peak-time call to Australia will cost R5,62 a minute, a standard time call R5,43 and an off-peak call R4,46.

Peak-time calls to Britain will cost R6,46 a minute, standard-time calls R6,16 and off-peak calls R4,97 a minute.

A uniform surcharge of R11,40 (R10 plus R1,40 VAT) will apply to each operator-controlled personal call, replacing present rates ranging between R5,97 and R11,34 according to Telkom.

For further information about rates and off-peak, peak and standard times, call international inquiries 0903.

TELECOMMUNICATIONS FM 2/4/93

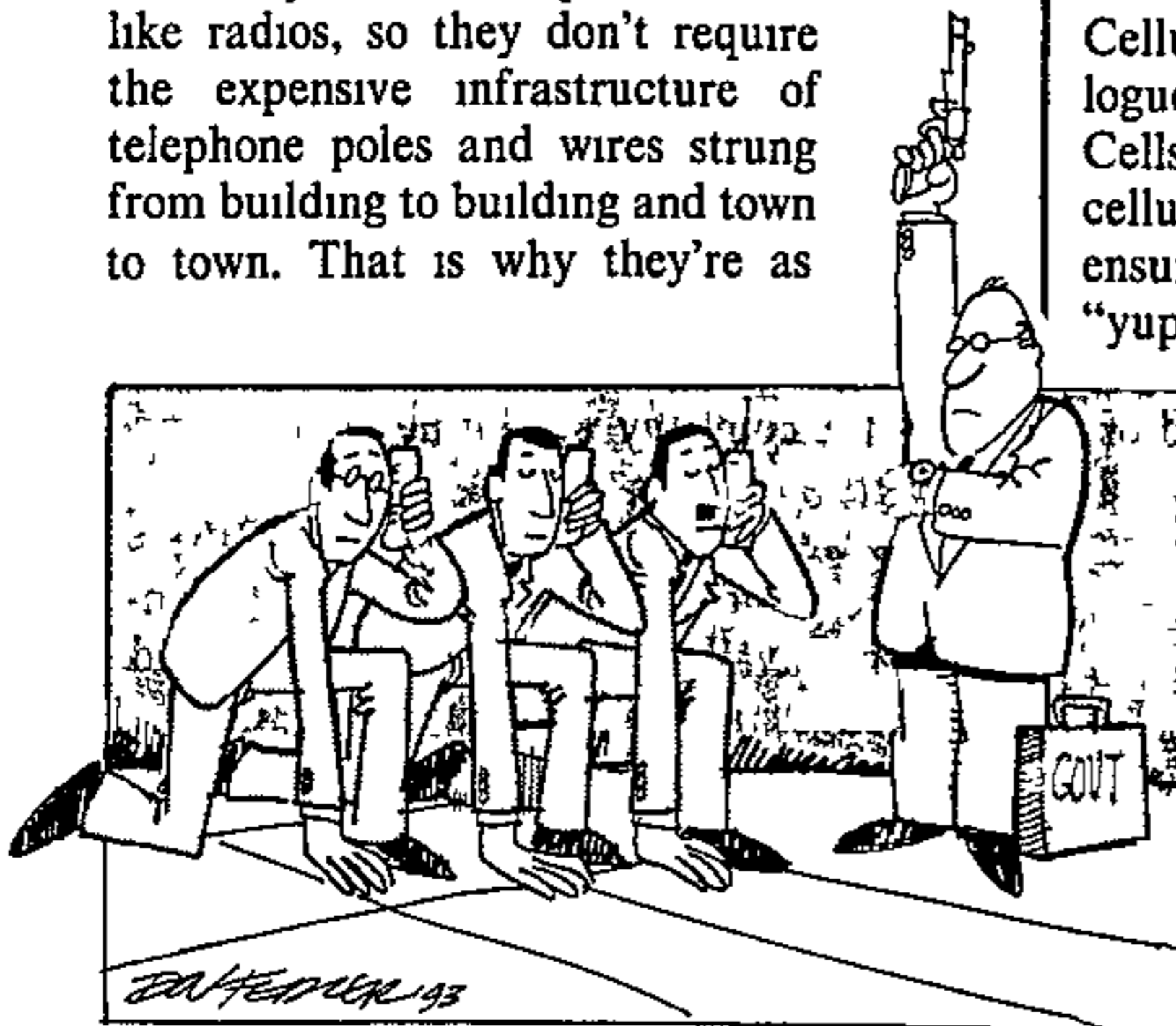
267

Scrambling for cellular licences

The players have been preparing for months — M-Net, Cable & Wireless and Grinaker. Now the multimillion-rand scramble is about to begin. With the release of the project tenders late this week or next week, the starting pistol will sound and the line-up of telecommunications and electronics firms will have two months — maybe a bit longer — to persuade government that they will build the best cellular telephone network.

The companies will vie for one of two licences that government will award for the right to build a network. Telkom has already won half of one licence and will pick its partners for the other half. When government makes up its mind, the scramble will turn into a sprint for the two licence holders, for whatever company gets its network up and running first will have a powerful competitive advantage in what promises to be a fast-growing and lucrative field.

But the race will be expensive. It will cost R300m or more to build the base stations and relay towers needed to hook up SA to cellular phones. The phones work like radios, so they don't require the expensive infrastructure of telephone poles and wires strung from building to building and town to town. That is why they're as



suitable for car phones as for residential phones in rural townships.

Refereeing all of this will be a Johannesburg advocate who worked for Eskom for many years and is new to telecommunications. Ters Oosthuizen started work as the independent telecommunications regulator on April 1 and is going on a two-week familiarisation trip to Europe this week. He'll meet British, French, German and Swedish regulatory bodies to learn how they supervise telecommunications.

Minister of Posts & Telecommunications Piet Welgemoed appointed Oosthuizen for a three-year term, handing him the hot potato of allocating the second cellular-phone licence. Beyond that, he will establish a regulatory authority for the telecommunications industry.

By the time Oosthuizen lands back at Jan Smuts, the contest will be in full swing. Telkom says it has not yet decided who should get the other half of its licence and will take applications. Industry speculation focuses on Racal Vodafone, which is one of the two cellular operators in the UK.

As for the full licence, M-Net will apply in conjunction with the UK's Cable & Wireless and some unnamed local partners. "We are focusing on companies that will complement us in the areas of technological and marketing expertise," says M-Net's Ian Wilkinson.

The M-Net consortium has not yet committed itself to a technology — the tender will not prescribe either analogue or digital. Wilkinson says that while the GSM — global system for mobile communications — digital technology is the most appropriate and will become the standard in more than 30 countries, M-Net might opt for analogue if the tender stipulates low-cost terminals and a quick penetration of rural areas.

Another company that will tender is the Grinaker Electronics business unit Cellstar Cellular Networks, which proposes the analogue Nordic Mobile Telephone system. Cellstar GM Ian Fairman maintains that cellular phones should be consumer-driven to ensure that SA is not saddled with a new "yuppie toy." He says affordability and countrywide access should be the most important selection factors.

Siemens and Plessey say they won't apply because, as telecommunications suppliers, they would be competing against their customers.

According to Welgemoed's office, applicants will have two months to study the tender and submit proposals. Oosthuizen, however, is more cautious. "I know the Minister is keen to have the licence issued as soon as possible, but, practically, it

may take longer." He says only that the licence will be issued before the end of the year.

The companies applying to build the cellular-phone network probably will be judged on their ability to provide a reasonably priced system, both in terms of the cost of the infrastructure and the cost to the user. Applicants will have to specify the extent to which their choice of technology will lead to high volumes and low costs, how they will provide a service to poor communities and how they will support SA industry.

To bring in foreign funds and expertise, joint ventures with overseas firms are being encouraged.

The fact that Oosthuizen does not have telecommunications experience ensures that he does not have any ties with Telkom or

other vested interests in the industry. It also means he has a lot of catching up to do.

M-Net's Wilkinson thinks it's appropriate to look at European models because unlike the US — which Oosthuizen can't visit on his trip because of a lack of time — most European countries have only recently started to deregulate. "Europe has a pragmatic approach to regulation and the UK's Office of Fair Trading for Telecommunications is a good example of a watchdog body with a hands-off approach, being interventionist only when the monopoly supplier abuses its entrenched position."



Oosthuizen

Licence fees will fund the regulatory body. "I intend to keep the regulator as small as possible and don't envisage allocation of taxpayers' money," Oosthuizen says.

One task to which the regulator will pay close attention is ensuring that the Telkom consortium will not be involved in predatory pricing and cross-subsidisation at the expense of other operators. This means that low fees on the cellular network, for instance, could not be subsidised by high fees for data traffic on the fixed network, where Telkom will keep its monopoly.

While government continues to push ahead, the ANC and others continue to oppose the move as premature. They charge that the regulator was appointed outside of legislation and that cellular phones are not necessarily the cheapest and most efficient way to serve the masses. But Eugene van Rensburg of the Minister's office says SA cannot afford to wait any longer. "Technology is advancing at such a pace that if SA waited for all the pieces to fall into place, it would be left behind."

Marina Bidoli

ESKOM FM 2/4/93 Power up for grabs

There's high tension at Megawatt Park as Eskom's senior executives wait to find out how the Electricity Council, which controls the government-owned utility, and the management board, which oversees its day-to-day running, will be reconstituted in the coming months.

The three-year term of the 18-member council, which is appointed by government, expires this month. It now consists of representatives of Eskom's biggest customers — Transnet, agriculture, mining and other in-

Star 5/4/93

Phone calls up again

— by 3,6 pc

Staff Reporter (267)

The price of local telephone calls is to increase by another 3,6 percent from April 7 in response to the rise in the VAT rate announced on Budget day last month, Telkom has announced.

The latest rise in telephone charges, including rental and installation costs, follows closely on previous increases of about 10 percent, which became effective from April 1.

But Telkom kept an earlier promise not to increase telephone rentals for social pensioners and tariffs on coin-operated telephones.

Telkom said in a statement on Friday that the cost per call unit (including VAT) would increase from 20,79 c to 21,546 c on April 7.

The VAT-inclusive monthly telephone rental cost is to rise from R33 (effective from April 1) to R34,20 on April 7, an increase of more than 3,5 percent.

The telephone rental charge had been R31 a month before April 1. The cost of telephone installations is to increase by about 3,6 percent on April 7.

Telkom said the unit cost of coin-phone calls, unchanged for the past two years, would stay at 30 c.

MONEY MARKETS by Tim Marsland

A good year for selling debt

TELKOM will be calling for about R1bn from the debt markets for 1993/94, to be used largely to fund rollovers. *BIDAM 5/4/93.*

The telecommunications company owes the market about R4bn at present which is spread between its three bonds (the TK02 matured at the end of March), and it is looking at issuing two new bonds.

In addition to the new bonds, it hopes to launch its commercial paper before June.

Prevailing rates will determine the funding split between the bond and money markets. But Telkom is keen to get into commercial paper, since it sees this as an area of growth.

It is worth noting that Telkom's current forecasts see little need for new money during the year.

This puts the parastatal requirement at about R5bn this year, although as in the case of Telkom,

little of this is new money. (267)

Government's demand remains the biggest at R6bn (according to figures given at its road show).

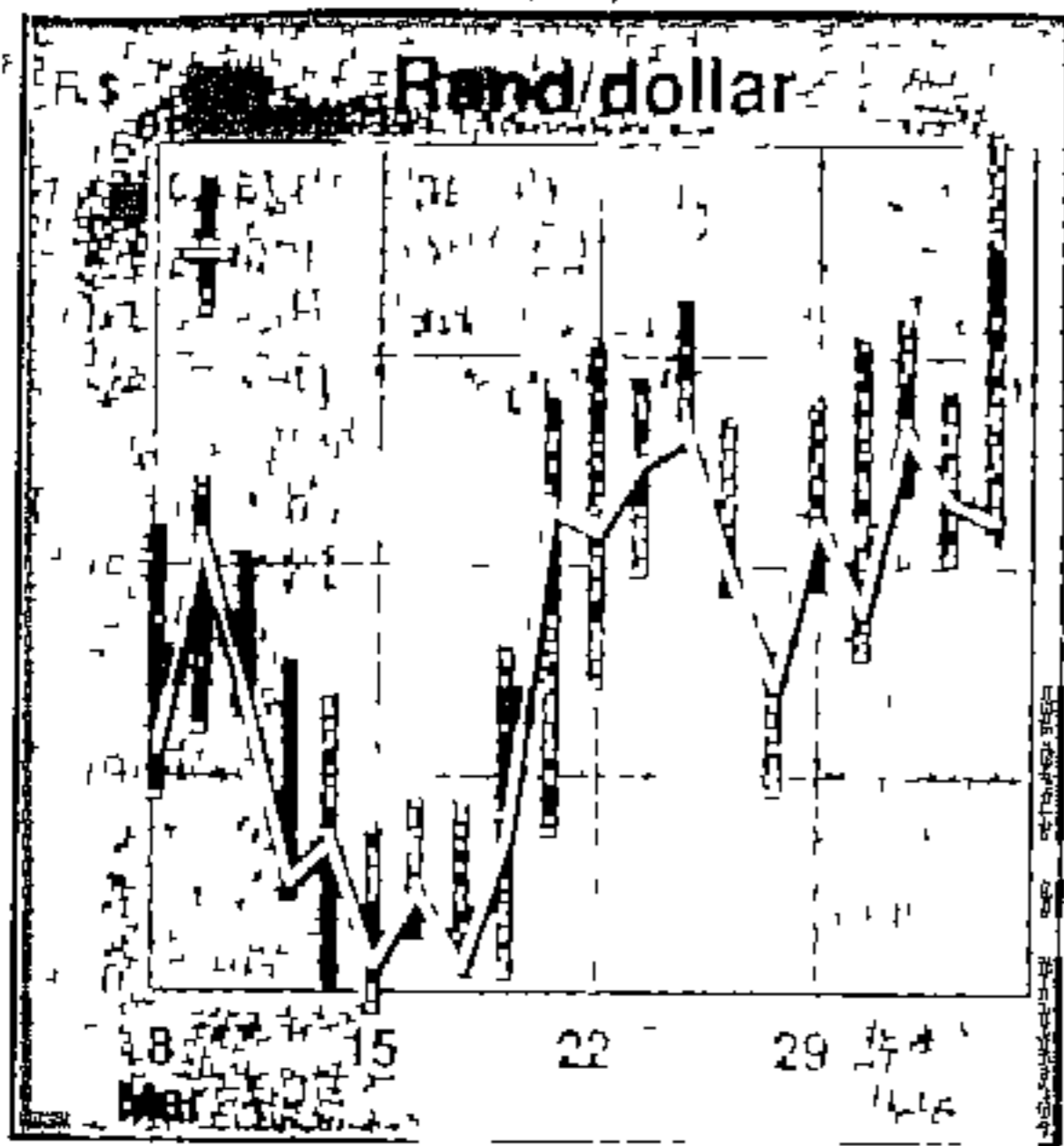
On the face of it, the issuers will have little difficulty in selling debt this year.

But the institutions remain the key factor — do they believe that the market is cheap or do they think inflation is going to wipe out the real returns enjoyed up to now?

Hence the issuers are doing their level best to convince the institutions that rates are too high.

If just one takes the bait, it will signal a sharp downward move since, in the capital market, the lemming principle rules.

Until that happens, bond traders remain key candidates to operate elevators in their spare time, since most of their business these days appears to be up one day and down the next.



Graphics RUBY GAY-MARTIN Source I NET

THE commercial rand lost some of its early gains against the dollar on Friday, but still ended up on the previous close. It rose to R3,16, but was last quoted at R3,1705/20, against Thursday's R3,1780/95 close. Mild offshore interest saw the finrand firm to R4,528/538 against the dollar. On Thursday it closed at R4,545/555

Govt fees threaten cellular networks

MELANIE SERGEANT

LICENCE fees demanded by government from operators of the two proposed cellular phone networks have thrown into question the operations' viability

The tender, released today, says operators will also have to pay an initial R100m and 5% of net revenue as annual licence fees thereafter, plus radio fees of R5m a year and R20 000 a year for each 200kHz channel they are granted

The 5% net revenue fee is substantially higher than that paid in other countries, where the figure is usually less than 1%

Government plans to name recipients of the licences — which will be valid for 15 years — by June 30 or soon after, but given the high upfront costs, some potential operators are rethinking their tender plans

One company said that with SA's population and poor economy, it might take the full 15-year licence fee period to pay back the fees — and returns could be

Potential operators could be precluded from tendering if they manufactured or supplied telecommunications equipment, if this had a material effect on competition. Companies in the Altron and Grinel stables could fall into this category

Posts and Telecommunications Minister

□ To Page 2

Networks

Piet Welgemoed intends to specify minimum annual coverage in regions — as well as nationwide

Some planning to tender say this is "over-optimistic" because the entire country cannot realistically enjoy coverage. "Only the most densely populated countries in the world enjoy full coverage," one prospective operator said

M-Net, which is tendering with UK-based Cable & Wireless, said the tax and R100m upfront fee seemed to contradict government's explicit wish to have as many phones available to the population as possible

"However, if this is only a tax, and cellular calls are zero-rated for VAT, community services could be boosted

"Alternatively, if there's the 5% tax plus VAT charges, and government drops import duties on handsets, this could also increase penetration," said M-Net's Ian Wilkinson

Although the tender does not specify which technology will be used, it says "As GSM is widely acclaimed in SA, any other technology proposed should include a full discussion comparing it with GSM"

The tender says plans for temporary infrastructure sharing will not be seen as

anti-competitive as long as service quality and tariffs are not adversely affected

Telkom, which has already been granted 50% of one licence, must submit its licence application by June 30, while the other tenderers must have their tenders ready by June 1

There will be a common switch-on date for both

Telkom's mobile communications senior GM Alan Knott-Craig said it was too early to comment on the R100m licence fee.

He estimated that Telkom would raise at least half its contribution via loans and its partner would provide the balance

No money for cellular phones was allocated in Telkom's budget this year as the licence was announced only on February 14

Charges for linking a new operator into Telkom's existing network would be fixed by the telecommunications regulator in consultation with Telkom

Independent consultant Alan Paul said "It is iniquitous that government wishes to place upfront taxes on essential services. To facilitate economic growth it would probably be wiser for government to request the R100m to be spent directly by operators in community services"

□ From Page 1

—INFORMATION TECHNOLOGY—

Stiff fee 'will limit cellular network'

Reports by
MELANIE SERGEANT

GOVERNMENT's decision to slap a R100m licence fee on cellular network operators could fly in the face of its bid to use cellular technology to get phones to the masses.

Some would-be operators are querying the fee which must be paid by Telkom and its partner/s and the group allocated the second licence

Grinel company Cellstar Cellular Networks GM Ian Fairman said cellular technology's role in cutting the backlog of phones would be restricted if government insisted on the R100m licence fee.

"This amount, together with the R5m radio licence fee and band-width fees, will add to the cost of providing the service and SA could end up with another elitist phone system," he said

He queried how government had decided on the R100m figure

Fairman said some of the tender requirements were "strange and difficult to understand in the light of government's proclaimed aim of extending phone services to as many people as possible"

He claimed that the tender was biased towards the digital global system mobile (GSM) technology

Altech Electronic Systems group executive director Hannes Steyn said the licence fees were evidently seen as necessary to discourage all but the most serious bidders. This would contribute to the cost of the network and would have an impact on prices for end-users

"We have wondered whether the same objective could not be attained by specifying the minimum size of the network and concomitant guarantees," Steyn said

The ruling that infrastructure suppliers were precluded from bidding was a practice elsewhere in the world, he said. "There is a perception that the extra element of competition this creates is advantageous."

The tender stated candidate network providers could share infrastructure to foster faster roll-out of the service. Steyn said this was a workable decision and would allow deeper penetration into low density areas than would be the case in duplicated networks

But it raised the question whether there

would be true competition if network providers were to collaborate to this extent. "Also, if one imagines the C2 (Telkom) licence being awarded for GSM technology, and the other licence being awarded to an analogue technology provider such as NMT, it will be impossible to have real competition at subscriber level because subscribers will simply not be able to switch between the two"

It would be impossible to share components of the network because of interoperability problems. "Economies of scale will militate against having a cost effective service because of duplication"

Steyn said if SA opted for a dated analogue technology, the country would be painted into a corner for years to come.

A potential tenderer pointed out that the tender asked for marketing information and for business plans. He asked what form of confidentiality would be guaranteed and how tenderers would be assured that information was not given to Telkom. He also asked who would adjudicate the tender to ensure fair play.

Government sources said new regulator Ters Oosthuizen would be assisted by four independent experts.

Meanwhile, would-be cellular network operators are bemused by government's demand in the tender for a "guarantee that equipment will not pose a health hazard to any user".

M-Net's Ian Wilkinson said there were 22-million cellular phone users in the world and only three known court cases were under way centering on the possible danger of radio emissions from handsets.

"We would request our equipment suppliers to guarantee equipment," he said

Telkom's Alan Knott-Craig said Telkom was a signatory of the GSM memorandum of understanding and would comply with the safety and other regulations governing equipment

The GSM memorandum of understanding utilised German studies which showed that subject to detailed investigations GSM handsets were safe to use

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B/DAM 8/4/93

SITIMES
Potwa pay
(bus. times)
talks still on

11/11/92
THE largest postal and telecommunications trade union is demanding a 20% pay rise for lower grade workers and 10% for those in the higher grades

Annual pay talks at the Post Office and Telkom, in progress for several weeks, are conducted separately from those involving other public servants

The Cosatu-affiliated Post Office and Telecommunications Workers' Association (Potwa) is the largest union of the six negotiating with PO and Telkom management.

Potwa assistant general secretary Sizwe Matshikiza says the PO is offering pay increases of between 6,4% and an 9,8%, depending on job grade, and "subject to certain conditions, including changes in overtime work"

Mr Matshikiza says Telkom is offering a 6,9% rise for workers in all grades covered by the talks.

A Telkom spokesman would not comment on details of the negotiations, saying only that "no agreement has been reached yet, but the talks are continuing"

(Buiss.) Sitruces 11/4/93

R70m payphone row

(261)

By ZILLA EFRAT

A ROW has broken out between the Electronics Industry Federation (EIF) and Telkom over a R70-million card payphone tender

The award of the tender to make public phones that accept cards for payment has outraged the EIF. It accuses Telkom of effectively abandoning South Africa's electronics industry

The EIF says it makes little sense for the Government to fund a research and development programme to the tune of R65-million a year to encourage exports when key player Telkom ignores the SA industry

Negotiations are under way between the EIF, the Standing Committee for Electronics and Telkom about future tenders

The tender was awarded to EIF member Telephone Manufacturers of SA, which will use foreign technology

EIF vice-president Tony Farrah says the card payphones will have minimal SA content. Card payphones will initially be imported fully assembled and later in semi-knocked-down form

Maximum

He believes the decision could cost SA up to \$100-million in exports, as well hundreds of jobs. The world card payphone market is expected to top \$1-billion a year by 1997

The major SA tenderer, Telkor, has had considerable success in exporting its coin payphones, especially to Eastern Europe, after receiving support from Telkom

The EIF believes that SA expertise could have been adapted to satisfy Telkom's requirements

EIF president Dirk Desmet says it is possible that Telkom favoured the cheaper imported product to avoid having to apply the local content price preference code of conduct applicable to all parastatal organisations

The price preference for local content varies, depending on the level of SA design and manufacture. The Government and the industry have agreed to reduce this over several years to a maximum of 10%

But Mr Farah says that when local content is taken into account,

Telkom has bought the cardphones at a price which is 13% higher

He says "This has serious connotations because if the Government continues on this path, it will force local industry to abandon all R&D and discontinue manufacture"

Telkom, however, claims that the EIF is not expressing the opinion of the industry and is supporting the one company that has been com-

plaining since the tender was advertised

Telkom general manager, client services, Geurt van Dijk says that after the tender was awarded in December, three of the four SA companies that competed in the final phase congratulated the utility for its professional product evaluation and adjudication

One point of contention focuses on the specifications for the tender

The EIF says Telkom downgraded them in order to admit international competitors in spite of the SA industry's commitment to infrastructure

Mr van Dijk denies this. He says the specification was formulated with only one thing in mind — meeting the needs of users and providing an efficient service that can be effectively managed

The EIF says it cannot verify Telkom's claims that Telkor did not match the specifications, specifically for the payment administration process system

It says that this system represents less than 1% of the total contract value. If Telkom had bought SA phones, another system would not have been required

Telkom says in addition to this system being rejected, the total system had many other non-compliances to specification

"The overall performance rating of the system was found to be worse than any of the others field-trialled. This resulted in the rejection of the total system," says Mr van Dijk

UNIVERSITY OF CAPE TOWN 25 APR 1993
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REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

Registered at the Post Office as a Newspaper

As 'n Nuusblad by die Poskantoor Geregistreer

267

VOL 334

CAPE TOWN, 16 APRIL 1993

KAAPSTAD, 16 APRIL 1993

No. 14712

STATE PRESIDENT'S OFFICE

KANTOOR VAN DIE STAATSPRESIDENT

No 572

16 April 1993

No 572

16 April 1993

It is hereby notified that the State President has assented to the following Act which is hereby published for general information —

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring gegee het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word.—

No 52 of 1993 Unauthorized Post Office Expenditure Act, 1993

No 52 van 1993 Wet op Ongemagtigde Poskantooruitgawes, 1993

WET

Om sekere ongemagtigde uitgawes uit die Poskantoorfonds te magtig.

*(Afrikaanse teks deur die Staatspresident geteken.)
(Goedgekeur op 26 Maart 1993)*

DAAR WORD BEPAAL deur die Staatspresident en die Parlement van die Republiek van Suid-Afrika, soos volg —

Magtiging van sekere ongemagtigde uitgawes uit Poskantoorfonds

1. (1) Uitgawes ten bedrae van R96 358,12 wat gedurende die boekjare 5 1988/89 en 1989/90 deur die Departement van Pos- en Telekommunikasiewese aangegaan is en waarvoor nie voorsiening gemaak is in 'n Begrotingswet van genoemde Departement nie, word hierby gemagtig, en die Poskantoorfonds word hierby met die betrokke uitgawes belas

10 (2) Die uitgawes in subartikel (1) vermeld, word nader omskryf in paragraaf 2, op bladsy 1, van die Verslag van die Ouditeur-generaal oor die Rekenings van die Departement van Pos- en Telekommunikasiewese vir 1989/90 [RP83/91], wat aan die Parlement voorgelê is, en in die Vierde Verslag van die Gesamentlike Komitee oor Openbare Rekenings, 1991

Kort titel

15 2. Hierdie Wet heet die Wet op Ongemagtigde Poskantooruitgawes, 1993.



Shroud ^(2b7) for SA ^{ET} 16/4/93 satellite unveiled

By MAGGIE ROWLEY

THE shroud of South Africa's first satellite, the launch of which hangs in the balance, was unveiled to the Cape Times yesterday

The observational satellite is being designed and developed by the Strand-based hi-tech company Aerodyne Technology for Denel, the company formed last year from the manufacturing divisions in Armscor

Measuring 4,5m by 1,3m, the satellite shroud weighs only 65kg and is made of fibreglass and carbon fibre

Aerodyne managing director Mr Zach de Beer said the design of a solar array system to be attached to the satellite was still in the early stages

Objections

The company is also responsible for designing and manufacturing the trusses for the internal platforms to support the satellite cameras. Weighing only 130gm the trusses can each carry a compressed weight of about 2,5 tons.

Mr De Beer said the satellite launch was scheduled for late 1994 or early 1995.

But US objections to Denel's possession of a missile with which to launch it could scupper the project

Mr De Beer said the shroud's was light as every kilogram translated into an additional \$30 000 (about R90 000) in launching costs

● Concorde deal for Aerodyne — Page 13

SPACE-AGE . . . Mr Zach de Beer (left), managing director of Aerodyne Technology, and Mr David Butlion, director of international marketing, in front of the shroud of South Africa's first satellite. In their hands are examples of the trusses for internal platforms to support the cameras. Each truss can carry a weight of 2,5 tons.

Picture, AP

SA international calls world second dearest

267
S/Times (BUS)

18/4/93 By ZILLA EFRAT

THE cost of international telephone calls from South Africa remains the second highest among 11 major industrial countries, says a NUS international telecommunications survey. The survey, which covers the year to January 1993, suggests there is some cross-subsidisation of SA phone tariffs.

SA's local call rates are the second cheapest among the countries surveyed. Its monthly costs for an existing exchange line are the lowest. The price of calls over 322km is the fifth highest.

NUS SA national sales manager Rob Mackenzie says: "There are some hard-to-explain anomalies in the SA telecom rates scene in that we may be paying too much for international calls and possibly too little for local ones." He says Telkom has taken steps to reduce the cost of international calls.

In the year to January 1993, the price of SA's international calls fell 9,5%. Nonetheless, they ranked highest after Italy where the telecommunications industry is closely tied to politics.

Among the countries surveyed, Canada is the cheapest place in which to make local calls — they are free. But Canadian users also pay the highest exchange line rents of all the countries surveyed.

The UK has the most expensive local calls, even though costs fell

2,5% in the year surveyed. It is, however, the cheapest place from which to make international calls.

European international call prices are on a downward trend and domestic prices are being held constant to prepare for European Community demands for a more open market. International call aside, the opposite trend is true for SA.

Premise

In the year to January 1993, local calls cost 17,2c. Although the second lowest on the NUS "league table", they showed the biggest gross price increase — 15% year on year. Trunk calls rose by the same rate.

Mr Mackenzie is concerned about the "misleading premise" which relates all cost increases in SA to the rate of inflation.

"The fact is a cost increase is a cost increase which has to be recovered some way, through greater efficiencies or price rises," he says. "Inflation therefore feeds on inflation and the consumer and business ultimately pick up the bill."

Since the NUS survey was done, Telkom has increased the price of local calls.

Hansard

ing representatives from the US Departments of Commerce, Defence and of State as well as the Arms Control and Disarmament Agency held discussions on these subjects with a South African delegation in Pretoria on 2 and 3 December 1992. The South African delegation included representatives from the Department of Foreign Affairs and Denel (Pty) Ltd

(iii) Discussions on these issues are continuing

Increase in number of policemen

*13 Mr P G SOAL asked the Minister of Law and Order

- (1) (a) What was the total net-increase in the number of policemen in the South African Police Force in 1992 and (b) (i) how many are still in training and (ii) in respect of what date is this information furnished,
- (2) whether he will make a statement on the matter? B644E

The MINISTER OF LAW AND ORDER:

- (1) (a) 2 237
(b) (i) 2 337
(ii) 2 April 1993
- (2) No

Post Office: advertising campaign

*14 Mr P G SOAL asked the Minister of Post and Telecommunications

- (1) Whether the Post Office launched an advertising campaign recently; if so, (a) when and (b) what (i) are the details relating to, and (ii) was the cost of each aspect of, this campaign,
- (2) whether he will make a statement on the matter? B645E

The MINISTER OF POSTS AND TELECOMMUNICATIONS:

The Managing Director of SA Post Office Limited replied as follows to the hon member's question

- (1) Yes, information programmes are being

HOUSE OF ASSEMBLY

Hansard

cluster postboxes and inviting inputs

- (b)(ii)
- (aa) R 145 000 (production cost enclosed)
- (bb) R 269 000 (production cost enclosed)
- (cc) R 94 000
- (dd) R 300 000
- (ee) R 450 000
- (ff) R 280 000
- R1 538 000

- (2) In order to gain greater visibility as a client-oriented company and to promote our image among the public, further information programmes will be launched during the course of the year. Apart from this campaign, information sessions are being held with major clients, consumer bodies and parliamentary and extra-parliamentary groups, while efforts are also being made to obtain positive media coverage and favourable editorial comment on a large scale

Cape Town police station: charges against two persons

*15 Adv J J S PRINSLOO asked the Minister of Law and Order +

- (1) Whether any criminal charges were laid at the Cape Town Police Station on or about 4 May 1992 against two persons, whose names have been furnished to the South African Police for the purpose of the Minister's reply, if so, what (a) was the nature of these charges and (b) are the names of the persons concerned,
- (2) whether any action has been taken as a result of these charges, if not, why not, if so, what action,
- (3) whether he will make a statement on the matter? B648E

The MINISTER OF LAW AND ORDER

- (1) Yes

- (a) and (b)

Contravention of section 54(1)(a) and/or

HOUSE OF ASSEMBLY

54(1)(b)(ii) and/or (iv) of the Internal Security Act, 1982 (Act No 74 of 1982)

Mr Benny Alexander

Contravention of section 54(1)(b) read with 54(2)(b) and 54(2)(k) as well as 54(3)(c)(iv) of the Internal Security Act, 1982 (Act No 74 of 1982)

Mr Jay Nadoo

- (2) No

Upon completion of the investigation, the case dockets were referred to the various Attorneys-General who subsequently refused to prosecute in both cases

- (3) No

Record of Understanding: prisoners released

*16 Adv J J S PRINSLOO asked the Minister of Correctional Services +

Whether, with reference to his reply to Question No 16 on 17 February 1993, he will furnish information on the convictions for which prisoners who have been released in terms of the Record of Understanding were serving prison sentences, if not, why not, if so, what are the relevant details? B647E

The MINISTER OF CORRECTIONAL SERVICES

No, as already mentioned in my reply in the House of Assembly on 17 February 1993 to Question No 16 for written reply, it is departmental policy not to disclose personal particulars pertaining to individuals. For obvious reasons such as *inter alia* the interests of the released prisoner's family, his reintegration into society, etc it is not considered expedient to publicly disclose the information as requested. However, I would like to repeat my invitation to the hon member that should he be interested in further detailed information (including information on convictions), he is welcome to approach me whereupon I will consider making the information available to him on a personal basis

Haemophilus b: deaths

*17 Mr M J ELLIS asked the Minister for National Health and Welfare

- (1) How many children died of the disease

HOUSE OF ASSEMBLY

SA expands its communication with the north

TOS WENTZEL
Political Staff

(267) 1129 27/4/93

A MULTI-million rand project greatly expanding South Africa's telecommunications links with the northern hemisphere is to be opened by President De Klerk in Cape Town tonight.

It is SAT-2, the second South Atlantic telephone cable which has 7 680 telephone channels compared to the 360 of SAT-1.

From the southern terminal at the Melkshosstrand cable station it extends for some 9 000km to the two northern terminals El Medano in Tenerife and Funchal in Madeira.

For most of its length the cable lies at a depth of more than 4 000 metres, reaching a maximum depth of 5 800m in the vicinity of St Helena.

SAT-2 is a joint project between 15 companies in 14 countries, including Britain, the United States and a number of European countries.

The co-owners will contribute to the capital cost of about R780 million in proportion to the number of channels they have contracted to buy.

Telkom took about 69 percent of the cost when the project started in May last year.

At the opening ceremony at a Camps Bay hotel tonight Mr De Klerk will speak on the phone to Mr Cavaco Silva, prime minister of Portugal, and to a high-ranking official of Telefonica, the Spanish telephone company.

FW launches undersea cable system

CAPE TOWN — The SAT-2 digital, optical fibre undersea cable system, spanning the Atlantic Ocean to the northern hemisphere, was officially launched by President F W de Klerk last night.

In his speech, De Klerk expressed confidence about reaching agreements which would rapidly lead to the establishment of the proposed transitional executive council, a transitional constitution and Bill of Rights and national elections.

He said the budgeted cost of the cable system, financed by 15 co-owning telecommunications bodies supplying services to Europe and the US, was R800m. Telkom bore R500m of the costs.

The co-owners from 14 different countries would contribute to maintenance on the basis of the number of channels purchased, Telkom said yesterday.

Laying of the cable was completed in October last year. It replaced the SAT-1 which became operative in 1969 and would be withdrawn at the end of June.

3001 267
LINDA ENSOR

The new cable, with a total length of 9 512km and submerged at a depth of more than 4 000m for most of its length, would be connected to the global optical fibre network. Its southern terminal would be at Melkbosstrand near Cape Town and its two northern terminals at El Medano in Tenerife and Funchal in Madeira.

The cable would provide 7 680 speech channels between Cape Town and Madeira, 7 680 between Cape Town and the Canary Islands and 7 680 between Madeira and the Canary Islands. The SAT-1 had 360 speech channels.

The system was supplied by a British/French consortium consisting of STC Submarine Systems and Alcatel Submarcom.

De Klerk has had the first official video conversation via the new cable with Portuguese Prime Minister Cavaco Silva and a Spanish foreign affairs official.

Undersea cable a big advance

STW 57193

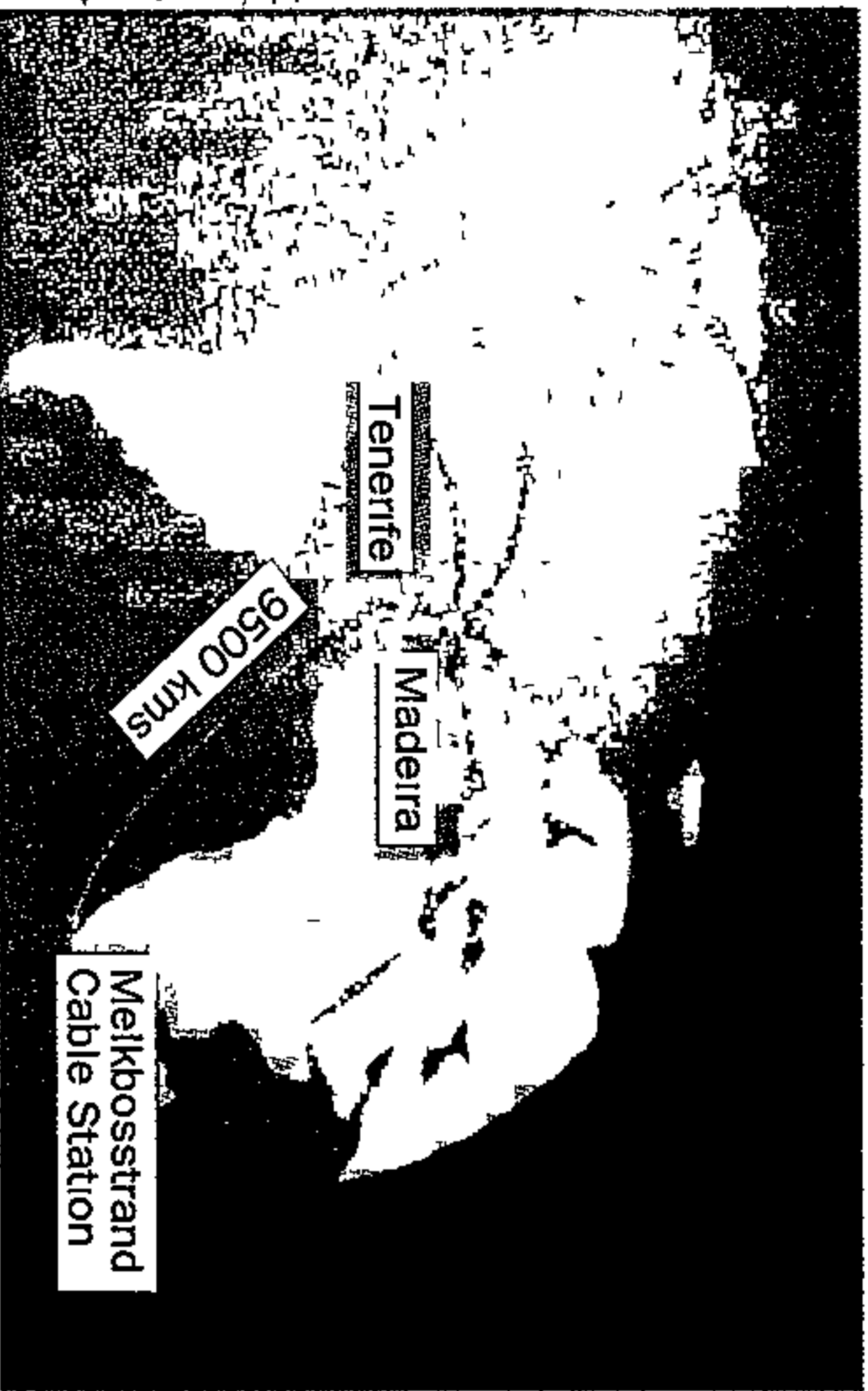
267

By Anita Allen
Science Writer

The new optical-fibre undersea cable system, officially launched by President F W de Klerk last week, connects South Africa with the global optical-fibre network and will satisfy the country's telecommunications needs well into the new century.

Known as SAT-2, the cable system is an international project jointly financed by 15 companies in 14 countries. The total cost of R780 million is shared by the various companies according to the number of channels each has purchased. At present, Telkom is bearing about R500 million of the capital cost, or 69 percent of the cable, but it hopes to reduce this by selling channels to interested companies.

The submarine cable runs along the ocean bed from the Melkbosstrand cable station near Cape Town to Tenerife in the Canary Islands and Madeira — a total of 9 500 km, lying for the most part at a depth of 4 000 m, but reaching 5 800 m around St Helena. The system connects from the north Atlan-



Undersea cable . . . the optical-fibre system commissioned last week connects South Africa to the global network.

tic terminals to the global network.

As a digital medium it represents a big leap in the capacity — and quality — of telecommunications. The cable has 7 680 channels, which means it can handle that number of simultaneous transmissions in different forms varying from telephone conversations to television transmissions and data transmission. Compare this with its prede-

cessor, the Sat-1 cable, which has a capacity of 380 channels.

As the name implies, an optical cable transmits by means of light. Information — conversation, printed matter etc — is transformed into digital bits at the source. These "bits" are actually pulses of light generated by a high-frequency laser which are then transmitted along fibres manufactured from glass. Four fibres lie at the core of the

cable and each is about the thickness of human hair. Surrounding the core is insulation and protective casing. The whole cable is about 25 mm in diameter.

Sat-2 can transmit 565 megabits (565 000 000) of data a second between terminals and each of the 7 680 channels uses 64 kilobits (64 000) a second. This would allow for about 39 000 simultaneous telephone conversations.

The light pulses are contained and cannot escape their specific optical fibre, which ensures the quality and accuracy of the transmission.

In addition, unlike a broadcast system which can be tapped by anyone operating a receiver dish on the same frequency, an optical fibre cable is impenetrable.

While the speed of the transmission is the same as for satellites, the cable is faster because the distance the data has to travel is shorter — about 74 000 km compared with 12 000 to 18 000 km. The hearing delay on a satellite-relayed conversation between South Africa and Europe is about 250 milliseconds (about a quarter of a second) while the delay on the Sat-

2 cable is about 40 to 60 milliseconds. Telecommunication signals become deformed and weaker over long distances, so the quality of the transmission along the cable is enhanced with the use of repeaters, which regenerate and amplify the signal. There are some 80 repeaters at 116 km intervals along the cable.

Repairs

Maintenance of the cable is paid for by a levy on owner companies. It involves a computerised remote control and surveillance system, and any repairs will be carried out by means of specially equipped cable ships.

According to specifications, the design life of the entire system is 25 years.

Current projections concerning global telecommunications indicate a big increase in demand — the vast majority of it in submarine optical-fibre systems. According to projections, by 1997 these systems will account for 70 percent of global telecommunications, against 30 percent by satellite.

Row over cellular phone networks

CT 6/5/93 Staff Reporter (267)

A ROW has erupted over the government's decision to issue licences for two cellular phone networks which the ANC says will only provide a service to the "urban privileged at a cost of R2 billion".

The ANC called yesterday for the suspension of the government's unilateral call for tenders and the awarding of licences for the system.

A Post and Telecommunications spokesman said the cellular networks would be the cheapest and most effective way to provide services.

Minister of Telecommunications Dr Piet Welgemoed said yesterday a panel of four had been appointed to evaluate tenders. One of the licences had been granted to Telkom.

Stamp war starts today

(267) CT 6/5/93

Staff Reporter

A STAMP war between supermarkets and the Post Office was declared today — the first day of postage stamp deregulation

For the first time in South Africa, stamps will be available at outlets other than the Post Office as part of the deregulation initiative.

Shoprite Checkers supermar-

ket chain announced yesterday stamps sales would start tomorrow at all their outlets and would be about 2c cheaper than at the Post Office

Booklets of 10 45c stamps would sell at R4,28c instead of the Post Office price of R4,50c

Pick 'n Pay has undercut Shoprite Checkers by 29c and will sell their books of 10 45c stamps for R3,99c from today, Western Cape

general manager Mr John Barry said

It would mean a saving of about 5c for each 45c stamp, or a 12% discount, he said

Mr Barry said that although the stamps were being sold at a loss, Pick 'n Pay viewed the sales as providing a good service for customers for a basic commodity.

Star 65193

(267)

Stamps cheaper at the store

Cut-rate postage stamps will be sold to the public at two major supermarkets from tomorrow when the chains go into direct competition with the Post Office.

Pick 'n Pay launches its stamp sales from in-store cigarette counters country-wide, selling booklets of 10

45c stamps for R3,99. This compares with the Post Office price of R4,50.

A spokesman at a southern Transvaal store said the 5c a stamp saving represented a 12 percent discount which would continue until May 22

The Shoprite Checkers chain said stamps available

at its outlets from tomorrow would retail at R4,28 a booklet, which would mean a saving of 2c a stamp.

The postage war follows deregulation in this market from today. This allows stamps to be sold freely across the counter.

— Staff Reporter, Sapa

Major players moving towards consolidation

CONSOLIDATION among major players in SA's information technology industry is well under way, with this week's announcement that Perasetech has taken a 70% stake in Tarsus Technologies, and Bateman Industrial Holdings has set up a R100m networking company.

The latter move was made through Bateman company Computer Alliance acquiring Netlink through a share swap with Netlink's shareholders

Operating under the Computer Alliance banner, the new company expects a turnover of about R100m in the 1993/94 financial year

Bateman has made a few significant moves into the IT market, having taken a stake in Microsoft distributor Workgroup Systems, and also, recently, having launched a technical document management company, Coherent Solutions

Computer Alliance MD Chris Botha says his company has seen growth of more than 200% in the past year, largely because of the high growth being experienced in the networking arena. He says margins have dropped by about 3% in that time, and higher turnover must make up for this.

Botha says that whereas many larger groups are being forced to enter the networking market, companies which have been operating in this market for some time have a definite advantage.

"Because of the high capital requirements, consolidation is an important move. There are lengthy lead times between orders and installations."

26.7
Blomby 6/5/93
The recession has accelerated the move towards downsizing and rightsizing installations through networked systems

Although there is a conflict in some of the new group's structured wiring systems from SynOptics and Bytex, Botha says Bytex has a "clean Token Ring offering, and this will complement rather than conflict with SynOptics products, which are generalist offerings, and Ethernet systems, which can be mixed and matched".

It is understood that US-based SynOptics will soon be opening a local marketing operation as a forerunner to a full SA subsidiary with direct representation. SynOptics is estimated to have about 40% market share for its product ranges in the US. Turnover this year is forecast at \$1bn.

Both Computer Alliance and Netlink are Compaq value-added resellers, and Botha says the merger will strengthen their position in this growing market

The group has tied up several contracts recently. Among these is one for Compaq PCs for Telkom, which could involve networking and is believed to be worth more than R10m. Rennie's Travel has installed inter-networking for 100 branches, and Eskom installed a SynOptics network.

In the most recent switch, Nissan is downsizing in a R10m deal, moving off outdated equipment to SynOptics. Here, 740 Compaq workstations will be linked over a Novell network to five Compaq file servers and communication servers which will interconnect into a mainframe.

INFORMATION TECHNOLOGY

Telkom picks UK cellular phone firm

Reports by
MELANIE SERGEANT

TELKOM has decided to share its cellular network licence with one of the world's biggest independent cellular phone network operators and SA conglomerate Rembrandt.

It is understood that the Cabinet last week gave Telkom the go-ahead to take UK-based Vodafone and Rembrandt on board, with Vodafone taking a 35% stake.

Rembrandt will take 15%, because government granted Telkom 50% of one network licence. The second is open to tenders. The M-Net/Cable and Wireless consortium, and Cellstar are among those vying for the second licence.

The names of the four adjudicators who will decide on the second network operator, were released yesterday. They are former IDC chairman Koos van Rooy; IDC senior GM responsible for commercial ventures Gerhard Morse, State Tender Board chairman Koos Coetzer; and Durban-based lawyer Linda Zama, who serves on the board of the SA Post Office.

The tenders will be adjudicated under the chairmanship of recently appointed telecommunications regulator Ters Oosthuizen, who says: "In selecting the adjudicators, we did not look at political affiliations, but rather at expertise."

A priority now is adjudicating and granting the licences, and also the legislation procedure which is being negotiated in multiparty talks.

Telkom's choice of Vodafone means a significant investment by the UK-based company in SA. A Telkom source says Vodafone will be required to invest a proportional share of the infrastructure cost

of the network, and that this will be a "substantial investment".

He says Rembrandt was selected because it will bring finance, and marketing acumen, to the deal.

KATHRYN STRACHAN reports the ANC rejected the unilateral appointment of the telecommunications regulator and called for an immediate review of the operation through negotiations.

It called on government "to suspend with immediate effect the unilateral call for tenders and the award of licences for the proposed cellular telephone system".

The organisation claimed the new system was motivated by the need to provide a cheap telephone service for the rural areas, but proper analysis was essential to determine if it was in fact the best system for the rural areas.

The ANC argued a proper planning and consultative process, aimed at providing an affordable telephone service to all areas of the country, had to be developed. The current plan for a cellular system would provide a service only to the "urban privileged" at a cost of R2bn for the country. "This huge investment, which would be spent mainly outside the country, would absorb most of the funds available for investments in a telephone system and would preclude any other strategy to provide telephones."

The programme should also be carried out in a way which would stimulate the electronics industry in SA.

'Big future for cellular phones'

CF 12/13
(267)

By AUDREY D'ANGELO
Business Editor

RESEARCH and development for cellular phone and portable backup service will be higher but not necessarily higher than that for other communications services, according to a study conducted by a research firm in Johannesburg.

The study, conducted by the firm and published in a report, says that cellular phone service will be more expensive than other services in the short term.

It also says that cellular networks are expected to be more expensive than other networks in the short term. The study also says that cellular networks will be more expensive than other networks in the short term.

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Supreme

boss in court

By WILLEM STEENKAMP
 TWO directors of the liquidated Supreme Group yesterday morning were arrested at their homes and appeared in connection with economic offences believed to involve about R320 million.

Supreme chairman Mr. Edward Axel Ronbeck, 52, of Friesnave, appeared in the Cape Town Magistrate's Court yesterday and was granted bail of R450 000. He was warned to appear again on November 12.

Investigators from the Office for Serious Economic Offences (OSEO), flew from Pretoria, and attended Mr. Ronbeck's appearance.

The other director, Mr. Rogée Anthony Hafer, was arrested simultaneously at his Randburg home.

He appeared briefly in the Johannesburg Regional Court and is out on bail of R130 000. He is to appear again on July 13.

OSEO investigator Mr. Davie Fouché said the men were arrested in connection with allegations of fraud, as well as contraventions of the Depositing Institutions Act, the Banking Act and the Insolvency Act.

A third Supreme director, Mr. Jerry Couvaras, is believed to have fled the country and is reportedly in Portugal, Mr. Fouché said.

To probe own moving costs

Political Staff

A PROBE into the cost of relocating the former ambassador to the European Community, Dr. Bhadra Ranchod, to South Africa will be carried out by himself, he said yesterday.

Dr. Ranchod said he had received an advance payment of R11 147.72 to move back to Cape Town to take up his new post and was compiling the actual cost.

He is doing so in his capacity as Minister of the Budget and Auxiliary Services in the HOD

BUSINESS BRIEF

Gold (Ldn) (close) \$357.10
 Gold (NY) (close) \$381.25
 Dollar ... R3,180.5/20
 BD 100 ... 5567.1
 FT index (100) ... 3482.0
 Dow Jones ... 20675.2
 Nikkei ...

By DAN SIMON and JACKIE CAMERON

POLICE and the government last night announced measures — including the fencing off of the N2 near D F Malan Airport — to improve safety on major highways in the Peninsula following intense new outbreaks of stonings and petrol-bombings.

As concern mounted about the safety of motorists on some key routes after at least 10 incidents of stone-throwing and petrol-bombing in the past 48 hours, police also disclosed that car hijackings had increased significantly.

After months of debate about road safety, Administrator of the Cape Mr. Kobus Meiring announced Cape Provincial Administration (CPA) plans to "actively implement on a priority basis" proposals by consultants who had been appointed to enhance road safety on the N2.

Patrols

This was to alleviate the "present unacceptable situation" on the N2, Mr. Meiring said.

Police also announced the introduction from today of 24-hour vehicle patrols along the N2 and N1. Western Cape regional police commissioner Lieutenant-General Nic Acker said police would patrol the routes in three specially-marked vehicles which were equipped to deal with emergency situations.

Mr. Meiring said fencing along the boundaries of the N2 would be erected to prevent unauthorised access to the road. Also to be implemented are:

- The guiding of pedestrians towards safer crossing points
- At least one footbridge across the N2.
- The widening of the road reserve as far as possible
- The clearing of unwanted vegetation and sand dunes along stretches of the N2.

Mr. Meiring said the CPA had already announced that lights would be installed on the unit section of the N2 between Borchers Quarry Road and the R300.

Work on the improvements would commence during the latter half of this financial year, he said.

Meanwhile, at least 60 cars have been hijacked in the Peninsula by armed men since the beginning of the year, according to new police statistics.

Murders

On average, one car is hijacked at gunpoint or by violent means every 2½ days, statistics released by the Vehicle Theft Unit showed.

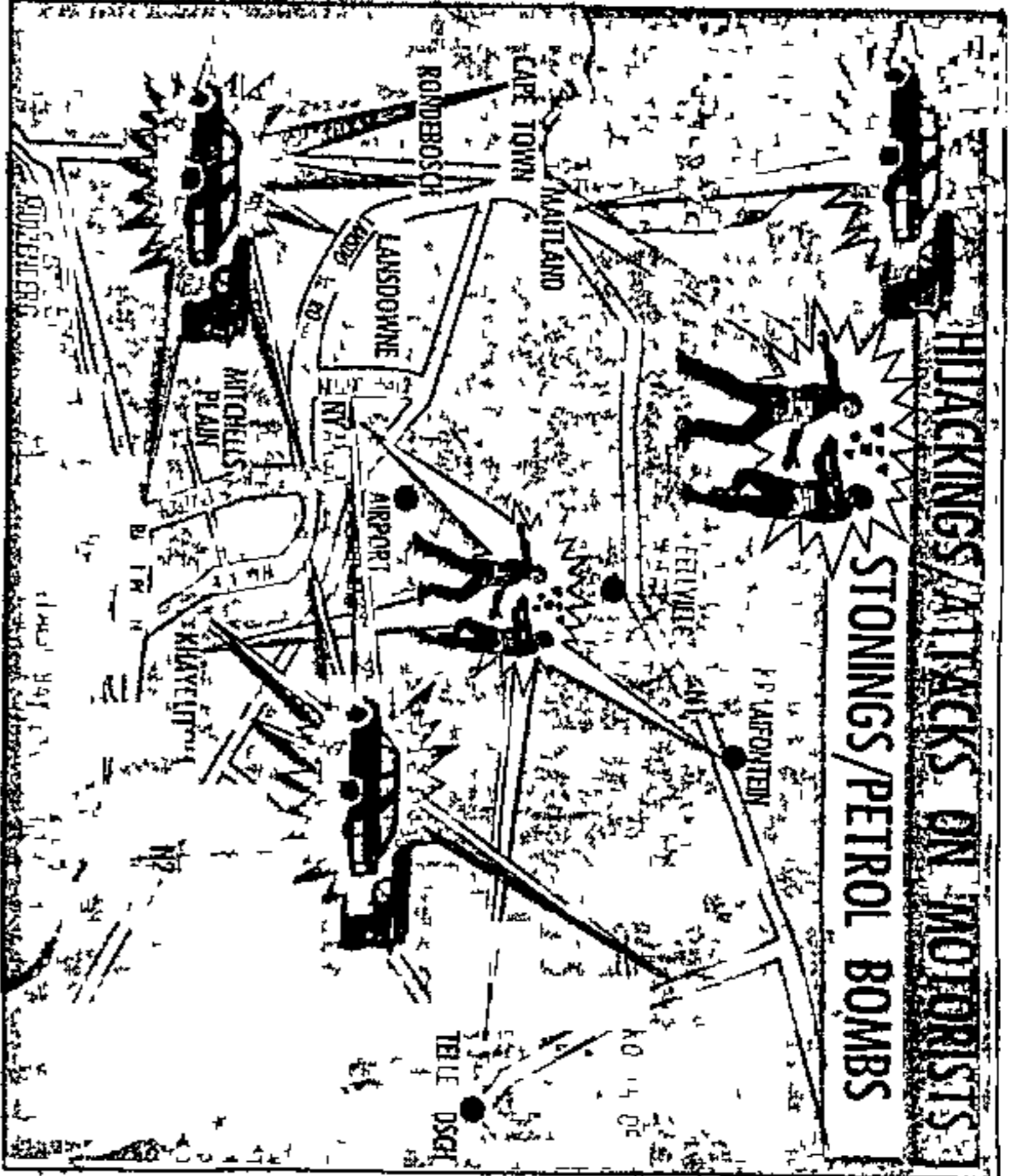
At least four people have been murdered in their cars, a woman raped, a man sexually assaulted and six people robbed by armed gangs.

The worst crime area for motorists is Lansdowne Road, particularly where it intersects with Eshelben and Weltevreden roads, near Nyanga.

The most volatile areas for politically motivated crimes are on the N1 near the two squatter camps in Kratoontuin and on the N2 near the two turn-offs to the airport.

● **Reservists called up** — Page 5

Urgent new safety measures

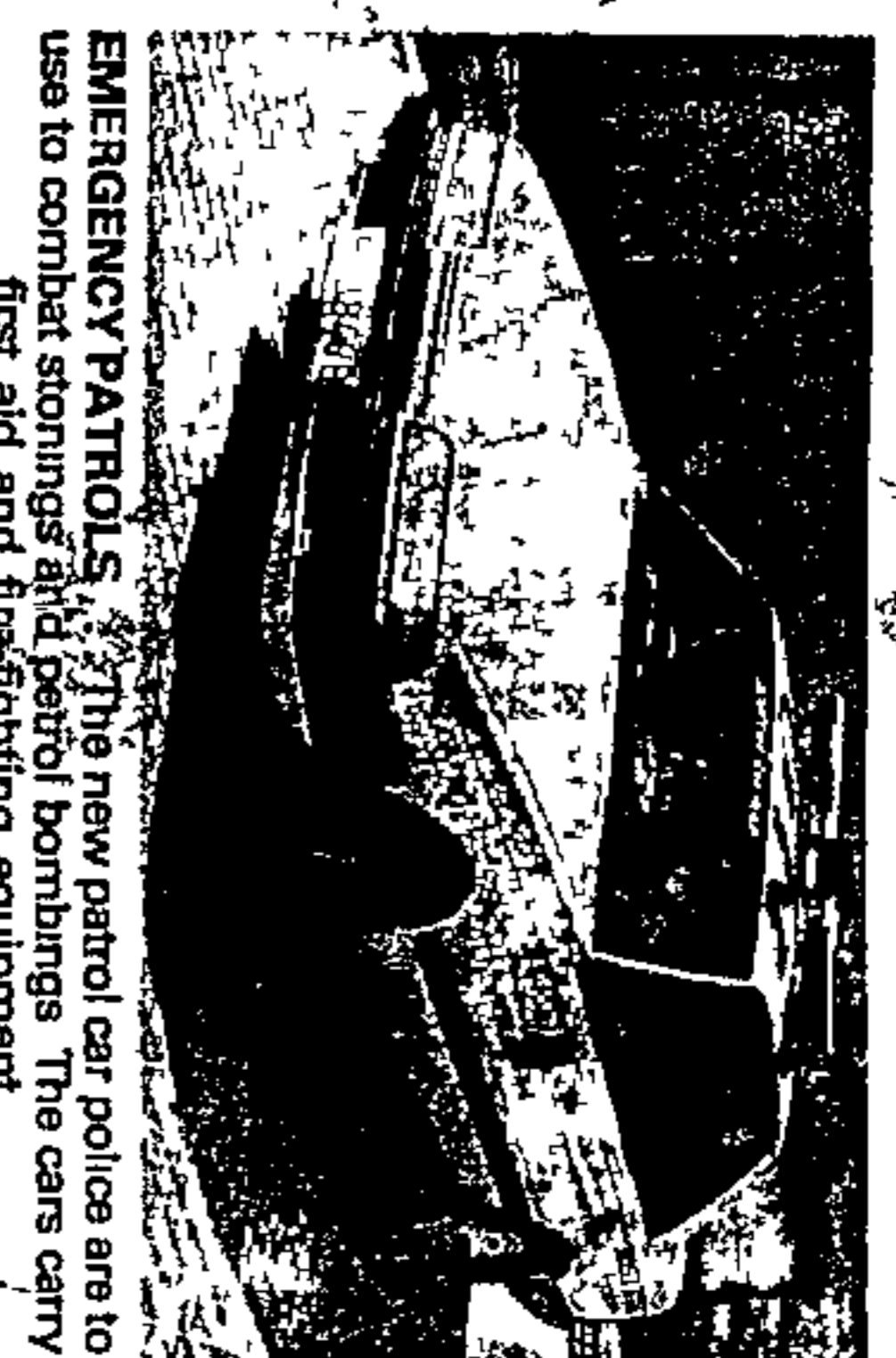


DANGER AREAS This graphic shows the most dangerous roads and intersections in the city for petrol bombing and hijacking. The incidents were all recorded since the beginning of this year.



PETROL-BOMB VICTIMS Christine Osthuizen, 9, and her mother Mrs. Micky Osthuizen were burnt in a petrol-bomb attack on their bakke on the Old Paarl road yesterday. ● **Report** — Page 3

Picture: STEWART COLMAN



EMERGENCY PATROLS The new patrol car police are to use to combat stonings and petrol bombings. The cars carry first aid and fire-fighting equipment.

Post to door will soon end

POSTAL deliveries to private residences will be phased out and replaced by mail collection points in Cape Town by the end of the year.

Post office spokesman Mr. Shaun Bell said "Stamps for standard mail cost 45 cents but it costs 61 cents to deliver mail which 9% can no longer afford (267)

Mail collection points will contain up to 1,000 post boxes each. Postmen will not be retrenched and will deliver to the collection points on 13/15/19.

During the phase-in period, households still receiving street deliveries will be charged an annual fee.

Quick change for Stransky

JOHANNESBURG — Springbok hopeful Joel Stransky of Natal yesterday cancelled a flight to Italy after being told he would lose the chance of a Bok cap this year if he played in Italy on Saturday.

South African rugby selection chief Mr. Daan Swiegers gave Stransky this blunt warning yesterday.

The SA Rugby Football Union has a three-week quarantine period on players who return from overseas — Owen Correspondent

● **Full story** — Back page

No last word in Wales of a row

LONDON — British Prime Minister Mr. John Major has tried to quash new claims that the security services are bluffing couple announced their separation. The conversation attributed to them is warned her she was being bugged. James Whitaker, royal correspondent

Arsenal manager George Graham probably gave away the names of his FA Cup Final team when he left them out of the side that went down 3-1 against Tottenham yesterday. — BACK PAGE

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Constantiaberg & Faise Bay

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Telkom withdraws bill claim

Staff Reporter

TELKOM SA has withdrawn an application for summary judgment against a Mitchells Plain filing clerk who denies owing the company R44 000 for dialling 087 numbers for gambling purposes

The matter is expected to come up for trial in the Supreme Court

In an opposing affidavit handed in to the Supreme Court yes-

terday, Mr B J Adendorff, of Tafelsig, told Mr Justice L Rose-Innes that in July last year he received a telephone account for R39 022,41 for June and July

He said that he had been a telephone subscriber for five years and his account had not exceeded R110

During May and June, his 18-year-old nephew, Mr Mark Adendorff, had stayed with him and

his family as he was unemployed and needed accommodation, he said

"I did not give Mark permission to use my telephone in my absence," he said

Mr Adendorff said he believed Telkom had discontinued 087 gambling numbers and that the debt it claimed he owed was "unenforceable" as it arose from gambling transactions

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Role of SA's diplomats to 'change fundamentally'

BIDAM 17/5/93
PRETORIA — SA's re-entry into the international community would necessitate a fundamental change in the role of its diplomatic staff, Foreign Affairs director-general Rusty Evans said last week

The defensive public relations function adopted in the past by SA's 1 000 overseas diplomats was already virtually obsolete as SA's political situation changed and the private sector moved in to attract investment and trade

With the increasingly sophisticated communications technology now available, diplomats would also no longer be required to undertake extensive political reporting and analysis tasks, he said.

"Why write up a report and send it to Pretoria in a diplomatic bag when we have direct computer access to all our embassies?" he said

Communication between governments was now taking place at the highest level so attempting to elicit a change in the attitudes of governments through their minor officials was also becoming less important, Evans said

"President FW de Klerk is our best diplomat His relations with the Clinton administration and with European and world leaders is critically important to our standing in the international community".

Instead of these increasingly obsolete roles, SA's diplomats would have other tasks on which to focus.

A priority was the establishment of economic relations with other countries pro-

ADRIAN HADLAND

viding information for potential investors and support for SA businesses wanting to expand overseas.

A second shift in the role of the diplomat was participation in multilateral international bodies such as the UN, EC, Southern African Development Co-ordinating Conference, the IMF and the World Bank

"Countries which are members of the UN, for instance, must provide staff to the organisation's secretariat on a quota basis," said Evans

"We are going to be asked more and more for SA officials to be seconded to these international bodies"

These new emphases, together with the prospect of opening up to 40 new diplomatic missions over the next few years, meant "the whole nature of SA's foreign service is going to be transformed", Evans said

Critical to this metamorphosis was adequate training as well as the broadening of the service into a more representative organisation.

The Foreign Affairs Department confirmed that up to 27 new diplomatic missions were expected to be established in the next 18 months

The focus of these new missions was the Far East, Africa and the Middle East.

"Foreign affairs will be a whole new ball game in the not too distant future presenting a tremendous challenge for this department and for the country as a whole", Evans said.

Telkom plans to lift capex by 7%

TELKOM is budgeting to spend more than R2bn in capital expenditure in the current financial year — a rise of 7% from last year. *BIDAM 17/5/93*

Telkom acting senior GM finance Peet Bierman said at the weekend some of the projects planned this year were the installation of a detailed billing system at a cost of R67m and R50m on community services projects Other projects planned were upgrading existing client services and establishing 75 new client services at a cost of R20m An "income integrity project" was also planned at a cost of R100m

Bierman expected operating expenditure (including finance charges) to rise 13% to about R7,5bn

TIM MARSLAND (267)

He said pre-tax income was expected to be about R900m from the estimated figure of R850m previously Telkom expected to pay tax of about R400m this year compared with last year's bill of about R430m

Telkom did not plan to raise any new loans in the current year, although loans of about R1bn would be refinanced

Bierman said budgeted average debt of R9,3bn, consisting of R3,5bn foreign loans and R5,8bn domestic loans, would not rise when compared with last year's figure

Telkom's debt equity ratio improved to 2,0 from 2,3 at the end of March last year

Economy set

SA experts will assess Star 28/5/93 phone link

By Norman Chandler
Pretoria Bureau

South African telecommunications expertise is to be used in a feasibility study for the laying of a submarine cable from South Africa to Australia and the Far East (267)

Telkom's managing director, Danie du Toit, told London businessmen this week that participation in the study was part of a long-term plan to improve communication facilities for Africa in general.

Du Toit said the proposed cable would also provide Europe with an alternative link to the Far East and Australia via South Africa. South Africa is connected to Europe through the SAT-2 undersea cable.

"Telkom's international division is realising its responsibility to provide state-of-the-art communications to our business clients and is still engaged in a concerted effort to digitise international links," he said.

Telkom had also recognised the long-term role it could play in assisting other African countries with improved telecommunications.

Telkom probes Far East cable link

LONDON. — Telkom is taking part in a feasibility study for the laying of a communications submarine cable to connect with Australia and the Far East, Telkom MD Danie du Toit told business people here yesterday that this effort was part of the group's focus on providing a premier corporate service.

"Telkom's international division is realising its responsibility to provide state-of-the-art communi-

cations to our business clients and is still engaged in a concerted effort to digitise international links. "This effort was boosted by the recent successful introduction of the SAT-2 undersea cable from South Africa to Europe," he said.

The envisaged submarine cable to Australia and the Far East would further enhance Telkom's service, he said, as well as providing an alternative route from Europe to the East via the existing SAT-

2 cable. Du Toit said in addition Telkom had recognised the long-term role it could play in assisting other African countries with improved telecommunications.

"If South Africa's economy is to prosper, it is important for its closest trading partners to have stable and efficient telecommunications services," he said. — Sapa

(267) 27 28 15 192

FOCUS: Telkom gives us a booklet worth reading

Ringling up the ever-rising charges

267

HOT off the press comes Telkom's booklet of call rates to various places and the reduced rates where they apply. It doesn't make easy reading, and this Critical Consumer has no doubt that Telkom will have to simplify the system in the future. But for those with a need to reduce their phone bills or who have relatives, friends and business interests abroad, the booklet makes interesting reading.

The peculiar thing — and this is the part which will need simplifying — is that the peak, standard and cheaper hourly rates to countries abroad take place at different times for different countries.

So, for example, the cheapest hours to call the United States from South Africa are between 6am and 2pm, with the most expensive between 2pm and 6pm. For the Netherlands, however, the cheapest times are from midnight to 8am, and the most expensive from 11am to 3pm.

There are six different tables of hours — the globe having been divided up according to Telkom's perceptions of how to make money while giving discounts.

And there are three types of rate charges for calls abroad: peak hours, which are the most expensive; standard hours, which are those during which the bulk of calls will be made, and cheap hours, which give the largest discounts.

The following are some examples of how it works. The times are South African and the charges include Value-Added Tax:

- A call to Canada can be made most cheaply between 6am and 2pm, when the cost is R4,46 a minute. The standard rate, which applies from 6pm through the night to 6am, is R5,43 a minute. The most expensive calls would be made between 2pm and 6pm, when the cost is R5,62 a minute.

- The times when the different rates apply are the same for the US as for Canada, but the amounts charged are different. Cheap rates to

CRITICAL CONSUMER

Pat Sidley's weekly column on controversial issues



the US are R4,97 a minute, standard rates R6,16 a minute and peak rates R6,46 a minute.

- To the United Kingdom, the cheapest rates are between 8pm and 8am, when calls cost R4,97 a minute. The standard rate is R6,16 a minute, which applies between 8am and 11am as well as between 3pm and 8pm. The peak hours are between 11am and 3pm and cost R6,46 a minute.

- Cheap rates for calls to Australia are between 7pm and 6am, and cost R4,46 a minute. The standard rates, between 6am and 8am and again between noon and 7pm, cost R5,43 a minute. The peak hours are between 8am and noon, when calls cost R5,62 a minute.

- Calls to many European countries cost more. The cheapest calls to Germany, between 10pm and 8am, cost R7,10 a minute. The standard hours are between 8am and 11am and again between 3pm and 10pm, when the rate is R8,73 a minute. Peak hours are between 11am and 3pm, when calls cost R9,11 a minute.

- For Belgium, the different rates apply during the same hours as Germany. But calls are even more expensive, with the cheapest rates at R9,94 a minute, standard rates at R11,34 a minute and peak rates at R11,75 a minute.

- It is less expensive to phone the Netherlands, though it is very close to Belgium and the time changes are the same. Peak-hour calls cost R9,11 a minute, standard calls R8,73 a minute

and the cheapest R7,10 a minute.

- Israel and Spain are the most expensive countries to call. The cheapest calls cost R10,26 a minute, standard calls R11,34 a minute and peak calls R11,97 a minute. The time changes are the same as for the other European countries.

Telkom's booklet contains other valuable information, such as the rates for countries which do not have the discounted hours.

Consumers should note that the use of operators costs a little extra, but that the person-to-person service does not charge for calls until the receiver answers.

International-directory inquiries, so far, is a free service and can be reached at 0903. Operators to help dial international numbers can be reached at 0900. Operator-assisted calls are noted separately on accounts. For consumers concerned about their accounts, or who need a separate account for overseas calls, this may be proved useful, if more expensive.

It caused this Critical Consumer some concern to learn that callers are often being charged when asked to "hold the line" by a nameless voice at some commercial enterprises while they wait for an operator to become available.

Telkom's Fanus Bothma says Telkom's own services do not ring up the charges while consumers wait for an operator.

Not so for other companies using Telkom's lines. When consumers dial a bank or the subscriptions department of a newspaper, for instance, and are forced to listen to that irritating music until somebody picks up the call, the consumer is being charged 21,5c a unit. In the same town, the first unit lasts five minutes; but if the call is being made, say, to a car-rental company or airline out of town, it is ringing up 21,5c every minute or so, depending on how far the call is.

This Critical Consumer does not believe businesses should do this to their customers, and recommends that either they get more lines or more staff to ease the load.

Telkom tender awarded

MELANIE SERGEANT

(267)

TELKOM has awarded the R33m-plus tender for its detailed telephone billing system to a consortium.

The winners are HiPerformance Systems, BSW, ICL (SA), and France Telecom subsidiary Sofrecom.

The system, which will provide detailed billing for clients on digital phones, will use ICL (UK)-developed Service Independent Mediation System software

The system's rollout is believed to be tied into other projects being undertaken by Telkom.

The software for the billing system will run on HP 9000 Unix-based systems.

Reformatting and rerouting of information will take place between the various computer systems involved, including mainframes which handle accounting and call routing.

Another company is bidding to provide a detailed billing system for the analogue network. A source says this could cost three times more than the digital billing system.

B/D/M 27/5/93

Special probe into 'Hani violence'

PRETORIA — The outbreak of violence and looting which followed the assassination of SACP leader Chris Hani last month will be discussed by a specially created committee of the Goldstone commission today and tomorrow.

The committee, made up of representatives from the security forces, the ANC, Inkatha, local authorities and the national peace secretariat, would examine measures for avoiding a repetition of the events surrounding Hani's death, a Goldstone commission spokesman said.

Despite calls for peace from political leaders and a massive security operation involving 23 000 soldiers and police about 30 people died, hundreds were injured and widespread looting and damage to property characterised the aftermath of the assassination.

An estimated 100 rallies were held nationwide involving hundreds of thousands of people.

ADRIAN HADLAND

Among the topics to be discussed by the committee, which will meet in camera, are the failure of political parties and march organisers to prevent the violence, reasons for the damaging and looting of buildings and the cause of violent incidents at a number of police stations

In the worst of the violent incidents at police stations, three people were killed and 200 injured at Protea police station in Soweto.

The spokesman said the committee, chaired by Gert Steyn, would report its findings to the commission for the formulation of recommendations aimed at preventing a repeat of such widespread violence

The committee would meet for the first time today, the spokesman said. It held a preliminary hearing last month.

Committee begins work on emergency number network

PRETORIA — A government think-tank met yesterday to thrash out the details of a plan to provide a nationwide emergency telephone number

The number would be 107, a Local Government Department spokesman said

The plan involved dividing SA into 38 regions, he said. Each would have its own emergency centre giving immediate access to fire, ambulance and security services

The emergency network would have to be phased in gradually

However, the system could commence operation in some areas by the end of the year

The decision to establish an emergency network for SA was announced in Parliament last month

Its implementation was discussed by an interdepartmental committee yesterday

Committee members agreed that each of the 38 regions would have to fund the

ADRIAN HADLAND

creation of their own centres, possibly through a phone bill levy

The system would give most citizens quick access to emergency services and would provide rapid inter-regional communication and access to resources in the case of larger disasters, the spokesman said

Legislation was being formulated to enable the setting up of emergency centres. It was expected to be tabled in Parliament as soon as possible

The spokesman said the committee was investigating the minimum financial and technical requirements and a communication strategy for the system

He said the number 107 had been decided on through a process of elimination. Emergency numbers in other parts of the world, such as 999 or 911, were used in SA as international dialling codes.

Govt urged to tighten ban on weapons

POLICE yesterday recommended to government that legislation governing the carrying of dangerous weapons at public meetings be tightened

An informed source said yesterday existing legislation and a government proclamation, published in

the Government Gazette in February, prohibited the carrying of dangerous weapons only at public gatherings that were held in unrest areas

The source had submitted proposals to government for the prohibition on the public display of dangerous weapons to be extended to non-unrest areas

Asked why police did not disarm people at public gatherings, the source said police intervention could worsen the situation. He said the carrying of certain weapons was part of a "cultural heritage" of certain groups

The source said that as long as people did not intend using the weapons they were carrying, police did not interfere with their right to gather or march

The source said it was often impossible for police to attempt to disarm demonstrators because the police were invariably outnumbered during these

gatherings.

ANC spokesman Carl Niehaus said the increase in the incidence of ANC supporters carrying dangerous weapons at meetings or during marches in recent months could be attributed to government's failure to implement the record of understanding, in terms of which the public display of traditional weapons was banned

The record of understanding was signed by government and the ANC last September

Niehaus said in light of government's failure to implement the agreement, it was understandable that some people, who feared for their lives, should carry weapons to defend themselves

However, he said, the ANC was trying — through the national peace accord structures — to have the ban on the carrying of dangerous weapons enforced

Discussions should be held — in peace accord structures — in this regard, Niehaus said

WILSON ZWANE



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R498-m loss expected - PO

The Post Office was expected to make a massive R498 million loss for the current financial year, human resources general manager Japs Jacobs said yesterday. He made the announcement while pleading with unions to accept a 5,4 per-cent salary increase on average with a minimum wage of R1 100. Three of the four trade unions organised in the Post Office had agreed to the offer, leaving the Post and Telecommunication Workers' Association as the only union still refusing to accept. — Staff Reporter. (267)

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Airmail costs more, but road is 'as quick'

CT 31/5/93 Own Correspondent (267)

DURBAN — The cost of sending a letter airmail to any destination in South Africa now costs R1.05 while post carrying a 45c stamp is automatically sent by road, a spokesman from the post office confirmed yesterday.

Public relations manager Mr Brian Dean explained that all standard mail went by road as this mode of transport had proved to be as quick as the airmail system.

By road a letter goes straight from one depot to the next, cutting out the middlemen, he said.

Parastatals' capex begins to rise

Buss. Day 11/19/93

TIM MARSLAND

CAPITAL spending by parastatals is starting to pick up again after sharp real declines during the recession

Eskom had budgeted for a 25% increase in capex at R4,5bn against R3,61bn for 1992/93, a spokesman for the electricity supplier said.

This was against an expected inflation rate of about 12% for the year.

More than R500m of Eskom's capex formed part of the organisation's R3bn electrification plans.

Telkom is to spend R2,2bn for 1993/94 up 7% from a previous R2,05bn. This would be spent on projects such as upgrading client services.

Transnet, under which SAA falls, has

budgeted for capex of R1,1bn in the current year against a previous R1,5bn

A spokesman said Transnet's capex varied extensively from year to year because of the high cost of capital goods it required. However, the aircraft purchased by SAA were bought under operating leases and so were not part of capex.

One economist noted the parastatals had cut capex sharply in the previous year and the latest figures could indicate the trend was flattening out. This could also be an early sign of economic recovery.

Spokesmen for the organisations said at

To Page 2

Capex

Buss. Day 11/19/93

From Page 1

the weekend most of the capital market funding needed for this year had already been raised "Our needs have been dwarfed this year by the government's requirements," one treasurer said.

An Eskom spokesman said funding had been completed for the current year, adding that the entire requirement of R590m for its electrification bond had been raised. However, he said the electricity supplier could pre-fund for the next financial year if interest rates justified this.

A Transnet spokesman said about R600m had still to be raised from the domestic markets

Telkom treasury manager Wilhe Land-

man said very little was needed from the domestic market because of an unexpected improvement in cash flows. About R100m could still be raised, depending on whether cash flows continued to improve. However, Telkom would look at the commercial paper market to fulfil this need.

The Land Bank did not require any funds from the capital market this year, a spokesman said. However, it could look at raising R1,2bn from the money market, depending on the wheat crop.

Development Bank GM Nick Christodoulou said at this stage there was no need for funds from the market.

Viewing data delayed

Business Day KELVIN BROWN 11/6/93 (267)

POLITICAL violence and the non-payment of telephone bills were the main reasons for the delay in the release of data from AMPs meters in black households, said SA Advertising Research Foundation technical director Piet Stein.

AMPs meters, used to estimate TV viewing figures, have previously been placed in 440 white, Asian and coloured households. They provided information to a central computer, via a modem on a toll free number.

The meters had not been placed in black households because of a shortage of telephone lines in black areas, but recently Ibis had developed a system based on radio waves to overcome this problem.

Although 320 meters had already been installed, only about 260 households were reporting in daily. The main reason was the cutting off of phone services as a result of unpaid bills.

The foundation had applied for 200 telephone lines for black households, Stein said. These would not have handsets and would be used exclusively to convey the AMPs meter information. However, the unrest had delayed the installation of the lines and meters, Stein said.

Government feels pinch as rentals keep on rising

Byss day 2/6/93

PETER GALLI

THE economic climate and increasing office rentals have resulted in the Public Works Department experiencing problems financing its obligations as provider of state accommodation.

In its annual report released at the weekend, it said "The problem lies not so much in the initial rental as in the annual escalation and periodic rental adjustments.

"The situation is cause for grave concern as the shortfall in the department's rental account could mean that it might not be able to satisfy requests for accommodation"

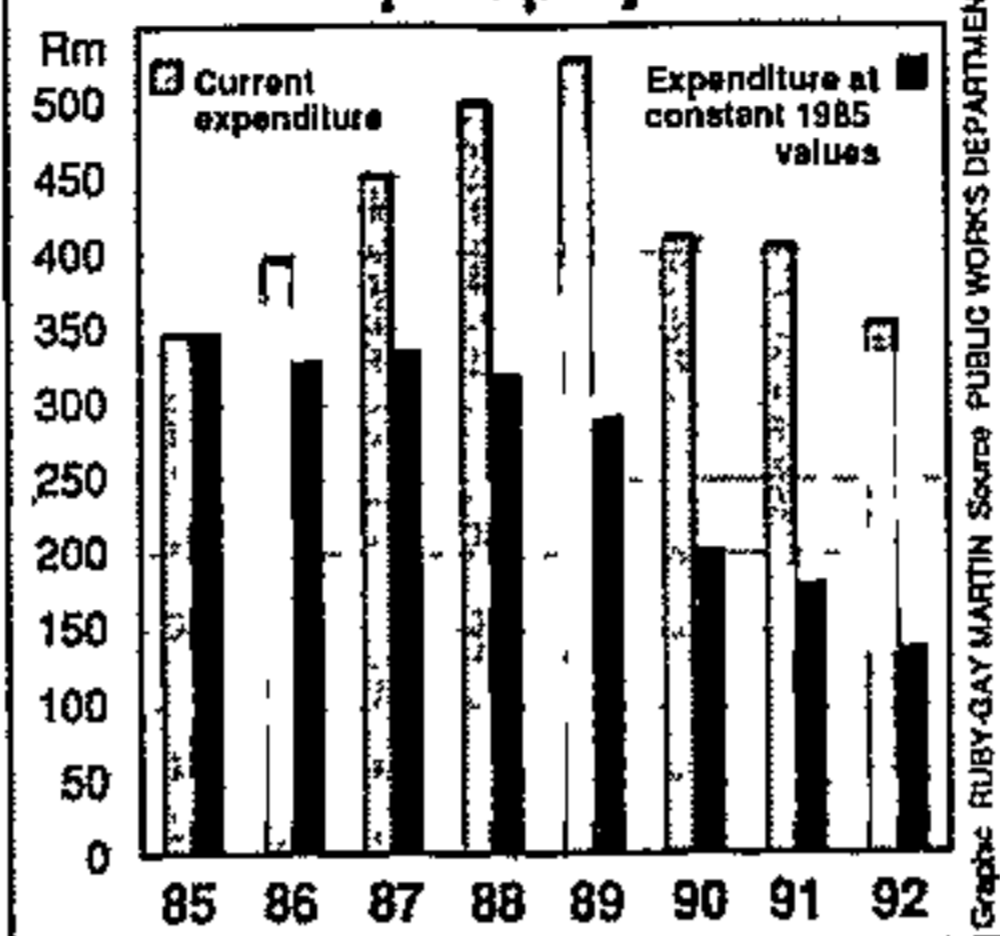
However, a mutual dependence had developed between the state and the private sector, which was evident from "the success achieved in persuading lessors to reduce the rental escalations and adjustments in their offers".

As a result of the reduction in funds for building and related services, larger amounts were being spent on rentals

"For the first time, rental payments in 1992 exceeded the amount allocated for capital projects. The department's running expenses are increasing while investment in job-creation projects is falling, which is contrary to government's policy of encouraging investment in capital projects," the report said

About 1,86-million square metres

Decrease in expenditure on capital projects



of office space was leased by government departments. This cost the state R308,3m last year compared with R275,3m in the preceding year

As a result of a lack of funds the department had spent less money on building and related services, reflecting a decline from R522m in 1989 to about R365m in 1992

In view of this, and the fact that in Pretoria alone about 70% of the state's accommodation needs were leased, building state accommodation in Pretoria "appears to be not only desirable but a good strategy"

While leasings held greater benefit for the state in the short term, they became "decidedly disadvantageous" for 12 years and longer

During the year, 220 new contracts were concluded, 115 were cancelled and 405 were renewed. The leases were generally signed for 10 years with annual escalations and periodic

rental adjustments

There was also a significant increase in property sales during the year under review. In the period 1982 to 1991, R182,5m worth of property was sold, while in 1992 alone property worth R108,37m was sold

The department ascribed this to its marketing campaign to sell redundant immovable property. Land worth R1,8m was bought for emergency police stations, 30 houses worth R2,84m were bought for the SADF and the Camden and Usutu Mine residential areas near Ermelo were bought from Eskom and Trans-Natal Collieries respectively for R4,5m

Another 1 280ha of land was bought by the Natal Parks Board for R1,15m to expand the Kransberg National Park, while seven properties near Uitenhage totalling 2 961ha were bought for R1,26m to expand the Zuurburg National Park.

On behalf of the Education and Training Department, 45 properties totalling 164ha had been bought on a recoverable basis for R33,74m for the construction of new schools

The department's allocation in the national Budget had decreased from 2,9% in the 1985/86 financial year to 1,9% in 1992/93, while its spending — as measured against GDP — had dropped from 0,75% to 0,61%

"The decrease in the funds allocated has had specific negative side-effects, the most regrettable of which is that existing assets cannot be properly maintained," the report said.

'Water quality has improved'

CT 2/6/93

Municipal Reporter

WATER quality has improved in the vicinity of the Green Point underwater sewage pipe outfall, assistant city engineer Mr Henk Beekman reported yesterday.

He said this was particularly so since the extension of the discharge point from 170m, after the pipe broke three years ago, to 500m beyond the sea wall last year.

A further significant improvement is expected, as the discharge point is to be extended to just over 1 000m by the time the engineers stop work for the winter this month.

In the period up to March this year, the latest for which official water quality figures are available, European Community bath-

City pollution 'double the limit'

Municipal Reporter

THE nitrogen oxides reading in the City Hall yesterday was more than double the guideline level owing to a "classic winter inversion".

Air pollution officer Mr Derrick Oxley said that in winter there was often a layer of cold air below a warmer one. Pollutants were trapped in the lower layer, and this led to vastly

increased pollutant readings.

The nitrogen oxides reading at 8am yesterday was 3 076 micrograms per cubic metre, while the guideline level is 1 504.

Even the nitrogen dioxide level was above the recommended level, although only marginally so. The NO₂ reading at 10am yesterday was 391, while 376 is the guideline figure.

ing water standards have not yet been achieved, on average, between Granger Bay and a point opposite Park Road in Green Point.

Off Rocklands beach the water has also not yet reached acceptable bathing water standards, Mr Beekman said.

On the other side of the Peninsula only two areas, both in Mit-

chells Plain, do not comply compared to five in the previous report on the False Bay coastline six months ago.

"Virtually the entire coastline from Kalk Bay to just beyond the Mitchells Plain Wastewater Treatment Works outlet complied with the bathing water standards."

The council regularly monitors sea quality at 40 selected points.

Telkom gets leave to appeal

267 276 CT 2/6/93

TELKOM has received leave from the Appeal Court in Bloemfontein to appeal against a judgment restraining it from terminating the telephone service of a Cape Town man, pending the resolution of the dispute on his account.

The telephone service of Retreat naval employee Mr Ray-

mond Richardson was suspended on January 11, 1993 when he refused to pay three telephone accounts received in April, May and June last year amounting to R2 000.

In the Cape Town Supreme Court in February Telkom was restrained by Mr Justice R M Marais from suspending or termi-

nating Mr Richardson's telephone service.

Mr Richardson denied Telkom's claims that he had made 087 calls and said his bills were normally R100 a month. He said that during the period of the disputed amounts Telkom employees had been working on lines in the area.



GREEN SEASON ... Si van der Venter, 17, took coloured flowers which a recently burnt area

CPA gives ambulance warning

CT 2/6/93

Municipal Reporter

A BASIC life support ambulance service only will be provided to all communities in future — and any community that needs a higher level of service should supply its own additional finance, the Cape Provincial Administration has suggested to local authorities.

Dr J M Kotzé, director of emergency medical services, told local authorities in a letter that if local authorities which run ambulance services on behalf of the province exceed their budgets, they will have to finance the over-expenditure.

The city council's ambulance branch has also recommended that charges for ambulances to

attend sporting events be increased.

It has already been reported that the Administrator-in-Executive has reduced the ambulance budget for 1993/4 by R7 million, from R108m to R101m.

Guideline budgets have now been sent out, but these have

yet to be cut by a few percentage points, with the help of local authorities.

It was hoped that improving community-based health facilities would reduce the number of ambulance trips, and also reduce pressure on the more specialised medical establishments but this has not proved to be the case.

This will be its last 'Don't miss today's'

Fast postal service begins

Buss. day 21/9/93

GERALD REILLY

PRETORIA — The SA Post Office had launched a new unit — Speed Services — aimed at dramatically speeding up mail deliveries, senior GM Willie Joubert said yesterday.

He told a news briefing that the speed service would be available to and from 800 destinations and 140 countries.

Joubert said the service would not be financed by the taxpayer. It would be run as a separate business unit responsible for its costs.

The Post Office's 1 700 outlets would be increased to 3 000 over the next five years. This would not only involve traditional post offices but franchises as part of other businesses.

Within the next three years clients would be able to choose between boxes at mail collection points, private post boxes or street delivery at an annual fee. Starting this year, 500 000 post boxes would be installed annually.

Speed services offered a variety of options. Joubert said "priority today" was a same-day delivery service. Items were placed on the first available flight and cleared at the receiving airport within 45 minutes of touchdown.

"Priority tomorrow" was an overnight service in which mail items were delivered the following day either at the receiver's door or the Post Office counter.

The international priority would link into a worldwide network based in London. This would give access to 140 countries including African countries. (267)

In the counter-to-counter service, mail is handed in at the counter and collected at the post office of destination.

In the counter-to-door service, the item is delivered to the receiver's address.

The door-to-door service involves the item being collected at the sender's address to be collected at the post office specified by the sender. This involved an additional fee.

Speed services senior manager Doug Smit said the strength of the service lay in its versatility. The offer of guaranteed delivery and insurance cover was unique.

The company would compensate clients for losses caused by delayed deliveries, and offered insurance at 1% of the declared value of the parcel's content. There were restrictions, however, on jewellery, cash, bullion, stamps and precious stones.

The service would also include a 24-hour national toll free helpline — 0800 023 133.

Access gained to top research

US TECHNOLOGY researcher Forrester Research Inc has appointed SA-based Client-Server SA its local business partner, making possible local access to authoritative research on business and technology issues

Client-Server SA director Nick Orton says "The reports are useful for decisions relating to areas like downsizing, distributed computing, databases, image systems and many other 'new world' technologies which affect the way firms compete."

Forrester has more than 6,000 clients. It uses the research of the US Fortune 1 000 companies, analysing relationships between computing, network and software technologies and their effects on business.

In a recent report, Forrester examined the effect of the delay in introducing Windows NT. It bought time for Novell and would leave Digital Equipment Corporation "strung out. There will be no turnaround in Maynard without NT. The company needs the product to drive volume shipments of its Alpha AXP systems. Also, IBM's OS/2 wins a reprieve... it gives IBM another crack at positioning OS/2 for client/server, something the company has failed to accomplish to date" *Blom 3/6/93*

Symposium set for July

THE critical role of telecommunications under an interim government will be the subject of a symposium scheduled for July

The symposium will be hosted by the Centre for the Development of Information and Telecommunications Policy *Buss-day*

The centre plans to formulate recommendations which will be forwarded to the negotiating council's technical committee dealing with telecommunications regulations.

The centre believes access to telecommunications is a prerequisite for socio-economic growth and technological development *(267)*

It says access to telecommunications is a "basic human right and an important condition for freedom of speech and democracy"

"At present more than 60% of the population is hampered in its participation in the economy by being denied such access."

A source from this centre says it is essential for all interested parties to work together towards a common regulatory environment which will cater for the needs of all sectors of the community. *316/93*

International trends in telecommunications regulations will be discussed by international regulators, foreign telecommunications union members and members of the Southern African Transport and Communications Commission.

Sponsored by First National Bank, the symposium will run in Sandton from July 28-30.

R55m mainframe installed at Eskom

ESKOM has installed a mainframe computer valued at about R55m from Large Scale Systems. The Amdahl 5995M Model 5670 machine is believed to be the largest commercial mainframe computer in the southern hemisphere. *(263)*

Eskom IT production manager Andre Hofer said the system would replace six of Eskom's existing main-

frames and supplement another two mainframes *Buss-day*

It had one gigabyte of main storage, 512 megabytes of expanded storage, 160 channels and weighed 27 tons *316/93*

Some of Eskom's existing mainframes were seven years old, and maintenance costs tended to increase with the age of the machines, he said

Couriers fear Post Office will subsidise speed mail'

THE R300m-a-year courier industry warned yesterday it would monitor the operations of the Post Office's Speedy Services carefully

Reacting to the announcement that the Post Office was to set up the courier service, industry spokesmen said a major concern was the possibility of Speedy Services being cross-subsidised by the Post Office. (267)

"We are going to watch this venture closely and any hint of cross-subsidisation will be taken up strongly by the whole industry," said Ace Express MD Nick Blackburn.

Sun Express MD Anthony Salusbury was not worried by the extra competition or Speedy Services' infrastructural advantage, "so long as the playing fields are level and taxpayers' money is not used to undercut the market"

DHL International MD Dave Spargo was concerned about the establishment of Speedy Services "The emergence of a further competitor is not of major significance, but the infrastructure available to them, namely 800 outlets, makes them a major threat."

XPS marketing director Steve Conradie said the courier market was more service-sensitive than price-sensitive and it would be difficult for a large

TRACY SCHNEIDER

organisation to provide the level of responsiveness the market required.

"The entry of post offices into the courier market overseas did not negatively affect the industry and I do not believe this will happen here. They are going to be a competitor and we will just have to be sharper," said Conradie.

Post Office MD Henne Diederichs said the new service would be run as a separate business unit, totally accountable for operating costs

"It is really only the extension of the existing priority mail service to meet modern needs and demands"

Senior manager Doug Smit, speaking at the launch of Speedy Services in Johannesburg yesterday, said the new business unit was a totally separate, profit-generating business, with results measured independently

Speedy Services would not compete on price, but on service "We have no intention of giving other couriers reason to question the project"

Smit said the industry's reaction was "understandable", but that their pricing was on a par with the rest of industry and in some cases more expensive "We are not going to undercut, our advantage lies in versatility and flexibility"

ITEMISED TELKOM BILLS ON THE WAY (267)

FM 4/6/93

Telephone subscribers tired of vague, unsubstantiated accounts will be able to ask Telkom for itemised bills from December. They live or work in the roughly 55% of SA connected to digital exchanges.

The telephone company has awarded a consortium comprising ICL, Hewlett-Packard agent HPS, BSW Data and French firm Sofrecom a R30m contract to install a sophisticated data collection network to link to digital exchanges. It will enable Telkom to post accounts that detail the date, time, duration, destination and cost of calls made by subscribers. The lack of itemised bills, available for many years in the US and other countries, has long irritated consumer groups and businesses.

The itemised bills will be available only to the 2m telephone subscribers on digital exchanges. The remaining 1,5m subscribers served by old-fashioned electrome-

chanical exchanges will have to wait until Telkom upgrades them to digital or buys monitoring equipment for the old exchanges.

Telkom must still decide which is the best route, says Telkom national exchange support GM Charl du Toit. The organisation says monitoring equipment for electromechanical exchanges is expensive and it still doubts the demand for itemised bills. If Telkom decides not to install the equipment, many telephone customers on electromechanical exchanges could wait a long time for itemised accounts. Telkom expects to complete the switch to digital only by 2005.

Customers already on digital exchanges will face an extra charge for the service. The format of the itemised accounts — whether they record all calls, just long-distance or charges above a set figure — has not yet been finalised.

force controlled by the international community. — Sapa.

● See Page 6.

Taxi group lobbies for control board

THEO RAWANA

INDISCRIMINATE issuing of permits is the major cause of taxi wars, and only a taxi control board will curb it, says the SA Black Taxi Association (Sabta).

Ten minibuses were gutted at Baragwanath taxi rank, Diepkloof and Orlando East on Thursday.

Mike Ntlatleng, public affairs director of Fabcos (mother body of Sabta), said that since government decided on deregulating the taxi industry, the Transportation Board had been issuing permits without first checking passenger volumes or ranking facilities.

"There is no liaison even between the board and the local authorities, and this results in taxis choking up space and fighting over limited ranking facilities.

"Through a taxi control board, with which every taxi would need to register, input would be available to councils and the board and, since all members would have to follow a code of conduct, situations such as those experienced at present would be avoided"

Ntlatleng said taxi industry leaders were talking to the Transport Ministry to have taxis subsidised.

Taxis, he said, carried 1,6-million passengers a day and buses and trains only 600 000.

"A technical committee is working on how government should subsidise the industry," Ntlatleng said.

SUCCESSOR would be the decision on S...
by captain Jean-Francois Tordo. See Back Page.
Picture GARTH LUMLEY

Pessimism over move to sharpen SAP checks

RAY HARTLEY

WITWATERSRAND police reporting officer Jan Munnik met senior policemen, including generals in charge of the SAP's complaints investigation unit, last week to sort out key problems relating to his efforts to investigate police misconduct.

The officers had undertaken to investigate new procedures to increase the unit's effectiveness, but Munnik said he remained pessimistic about this improving in the PWV region.

He claimed that efforts to investigate wrongdoings within the force were not receiving the full co-operation of certain police officers.

Munnik was appointed reporting officer by the Minister of Law and Order in terms of the national peace accord in January to refer for investigation complaints about incidents damaging to police-community relations. "It is clear to me that there is resistance among the local police to having these structures where their investigations are checked," he said.

Problems included police insisting on deciding which cases would be looked into and which would be dropped and the fact

that there was no effective investigative unit in the PWV region.

Six policemen had been allocated to investigate complaints, but were doing this over and above their normal work.

He had received a report on only one complaint he had referred to police investigators since March. A total of 25 complaints had been referred for investigation.

His impression was that certain senior police officers were trying to minimise the role of reporting officers, who were seen as outsiders meddling in police affairs. His request for men to be allocated to a unit which would investigate complaints on a full-time basis had been turned down on the basis of a manpower shortage. Similar problems existed in Natal, with unsatisfactory investigations taking place, he said.

The executive of the national peace committee had established a sub-committee to look into ways of resolving certain problems, such as a lack of access to police dockets, following a series of complaints by reporting officers, he said.

R100m to streamline mail system

ANDREW KRUMM

THE Post Office would spend about R100m upgrading its mail distribution system in the Johannesburg and Durban regions, Post Office senior GM Willem Joubert said at the weekend.

Two new sorting and distribution centres would come on line in Johannesburg and Durban in January 1995 as part of a new two-tiered national distribution chain, which aimed to boost the speed and efficiency of mail delivery.

The R60m Johannesburg and R40m Durban "mail factories" would be based on a prototype in Goodwood, Cape Town, which had recently been completed.

Joubert added that the existing mail centre in Pretoria had enough capacity, and was sufficiently centralised, to act as the fourth national distribution office. "The four mail factories form the hub of our new

distribution model, and will supply 30 transfer offices spread around the country.

"By rationalising and grouping all the present operations together at regional nerve centres, they will speed up sorting and distribution"

Delivery targets were two days (from posting to delivery) for mail within cities, four days for inter-city post or post between major centres, and five days for post between minor centres in different provinces

He said. "Job cutbacks are not expected as we do not have duplicate staff at the operations level"

Joubert added the Post Office was still looking for likely sites for the new centres in Johannesburg or Durban.

FW comes under fire again for board selection

SABC vice-chairman Ivy Matsape-Casaburri yesterday criticised President F W de Klerk's handling of the new board's selection, stressing that the process lacked transparency.

On the rejection of Prof Nyabulo Ndebele as chairman in favour of Van Zyl Slabbert, she questioned De Klerk's reasoning that the independent selection panel's choice as chair could not speak Afrikaans.

"Mr de Klerk's criteria on bilingualism in appointing a chairperson is absolutely shocking, especially given the multilingualism of some of the board members who are proficient in English, Afrikaans, Sotho, Zulu and one or two other indigenous languages."

On the news of her appointment, Matsape-Casaburri said she, like Slabbert, first heard about her

Buss. Day 8/6/93

position, while driving home. "Unlike Dr Slabbert I was not inaccessible. I am forced to conclude that Mr de Klerk did not find it important to communicate with me."

Matsape-Casaburri said the controversy surrounding the selection affected her personally.

"Information is lacking on the process by which my appointment was made. This lack of transparency is most disconcerting."

"The reasons given by Mr de Klerk justifying his intervention in the process of choosing a new SABC board are not convincing and one can only conclude that he has violated the spirit that set the process in motion."

She did not say whether she would serve on the board or reject the nomination — Sapa.

Telkom under fire in townships

PRETORIA — Unrest in black residential areas was costing Telkom thousands of rands a month and hampering the provision of services in the affected areas, Telkom acting MD Keith Prins said yesterday.

He said that in the past two months one employee had been killed, 19 injured — five of them seriously — and about 90 vehicles either hijacked, damaged or destroyed.

The threat to Telkom personnel meant maintenance work on lines and equipment could not be carried out. Teams of black staff were threatened and attacked even while being escorted by police.

In the western Cape, an average of 10 Telkom vehicles a week were damaged or destroyed in unrest-related incidents between April 10 and May 17. Losses amounted to R200 000. During the same period, 13 vehicles were stolen, four set alight and 50 damaged on the Witwatersrand.

In the Witwatersrand area, 13 infrastructure projects had been delayed in the past two months and in Natal more than 3 000 applicants were waiting for services.

Buss. Day 8/6/93

GERALD REILLY

Telkom was negotiating with community leaders to obtain their cooperation in protecting Telkom staff and equipment, Prins said.

Meanwhile, Sapa reports police arrested 16 people on various charges ranging from possession of illegal weapons, ammunition and explosives to possession of dagga in a pre-dawn raid on the Mandela Park and Holomisa Park squatter camps near Thokoza on the East Rand yesterday.

Fifty illegal immigrants were arrested in the raid. Attacks on the East Rand continued at the weekend. A man was killed at his Vosloorus home and the bodies of three other unidentified men were discovered, police said yesterday.

Armstrong Nkosi, 41, was shot on Sunday night when four men entered his house in Vosloorus Ext 10. The motive for the attack is not known.

In Phuthaditjhaba, two QwaQwa police murder and robbery unit members died after being shot by a gang at a shopping centre on Saturday.

Buss. Day 8/6/93

In the Free state, three people were shot dead and three wounded. Police said Desmond Pearce, 49, and his daughter Diwona, 19, were killed when a man opened fire on their house in the Heidedal district near Bloemfontein.

In Sasolburg a petrol attendant was killed and another wounded when a man opened fire on them.

Police reported yesterday that at least nine people had died in Natal townships at the weekend.

Yesterday one man was killed and another seriously injured in an attack on a minibus at Wembesi near Estcourt in Natal's Midlands, Inkatha spokesman Ed Tillet said.

In Cape Town a meeting of government representatives has set up a working committee to examine safety on the N2 between Cape Town and Somerset West.

It was agreed at the meeting that the committee would be made up of representatives of the CPA roads and traffic administration and community services branches, the Transport Department, SA Police and the Defence Force.

Telkom pulls out of townships after attacks

267

The Argus Correspondent

PRETORIA — Telkom has put maintenance work on hold in some townships after a spate of attacks on its employees and vehicles.

Acting managing director Mr Keith Prins said yesterday Telkom teams, particularly black teams, were threatened and attacked, even when escorted by police.

In the past two months one worker was killed and 19 were injured, five seriously. At least 90 vehicles were either hijacked, damaged or destroyed.

Mr Prins said that in the Western Cape an average of 10 vehicles a week were damaged or destroyed between April 10 and May 17, with losses totalling R200 000.

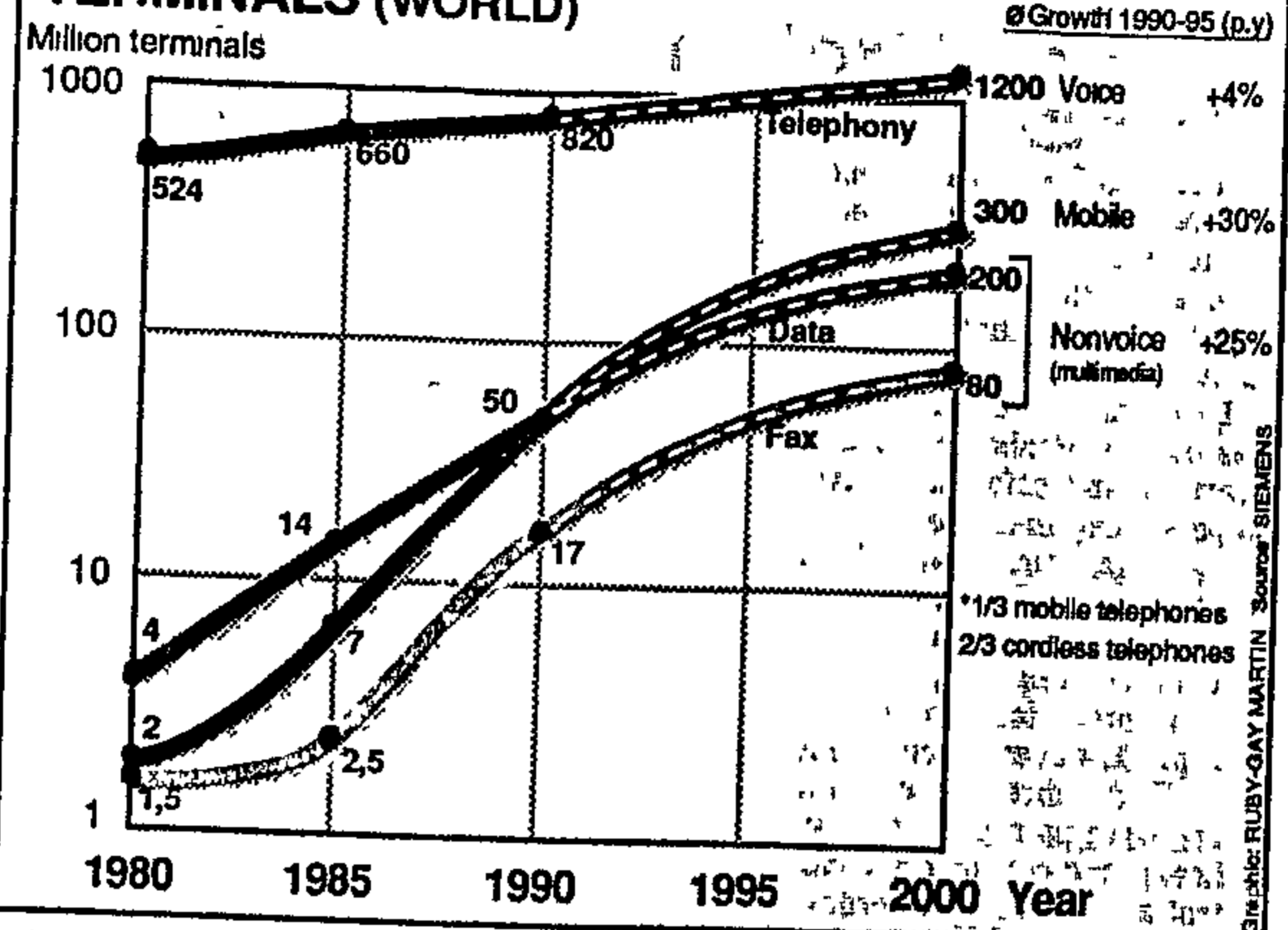
On the Reef, 13 vehicles were stolen, four torched and 50 damaged.

Mr Prins said Telkom was doing its best to obtain the co-operation of community leaders.

They had distributed pamphlets asking residents not to damage Telkom property, but the project had not been successful, Mr Prins said.

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GROWTH OF TELECOMMUNICATIONS TERMINALS (WORLD)



Biday 9/6/93

Guide to southern African networks

TELECOMMUNICATIONS and networks will play a pivotal role in the development of sub-Saharan Africa

With this in mind, BMT-TechKnowledge is compiling a detailed research report on all aspects of corporate networking and telecommunications in southern Africa

MD Denis Smit says "The handbook, which will be published in November, features overviews of communications-related issues in about 20 countries and details of all major region-

al communications organisations and major corporate network users"

Topics include multi-access radio systems, rural and urban cellular systems, mobile radio communications, and satellite systems

"In the telecommunications field, we will also cover payphones, cardphones, agency and community phones, optical fibre and digital microwave transmission systems (267)

The project has substantial backing. Detailed research on SA will be conducted, while countries

such as Botswana, Lesotho and Nigeria will also be covered in depth.

Apart from being a detailed technical reference, it has in-depth research on the demographics, infrastructure and relevant trade issues in the region

Smit says telecommunications is opening up a range of new opportunities worldwide, and many companies are keen to play a role in all sectors of the regional economy. "This book will go a long way to assisting companies as they move into Africa," he says

Deregulation of radio systems official

THE deregulation of SA's public access radio-trunked networks, which allow radio-based communications, is now official.

Arch rivals Grinaker Electronics and Altech have teamed up and have won licences for trunking networks. Transtel will be an investor in their joint-venture company Fleetcall.

Fleetcall has been granted licences in the Pretoria-Witwatersrand-Vereeniging and the Durban-Maritzburg areas, and Carphone Natal for the Durban-Maritzburg region.

The public access trunked-radio network allows the companies to

(267)
BUSS. Day 9/6/93
MELANIE SERGEANT

carry third party traffic in key areas for the first time. It also opens up a new spectrum to cope with pent-up demand — estimated to be around 40 000 users.

This will be good for the operators and for the economy, as many businesses are desperate for fleet management, security and other radio-based communication services.

Trunking networks are suited to many industrial applications, such as fleet management, emergency ser-

vice, courier companies, and many others wanting to broadcast messages to specific user groups.

It is believed it will cost Fleetcall around R20m to set up its networks.

One industry source says "Prior to deregulation, user groups ran their own systems, but this caused significant frequency congestion, and even small users were unable to get licences for new trunking systems."

Despite the expected introduction of cellular phone networks next year, he says, land mobile radio will continue to play a vital role in the communications market.

Business Day SURVEY

Cellular telephones are being heralded as the cheapest and quickest way of offering most South Africans access to a phone. And it is widely hoped that the new technology, and the expected competition it will generate, will force down costs. Growth forecasts between now and 1997 suggest that the subscriber population will be doubled. MELANIE SERGEANT reports.

Spinoffs for solar power expected

REMOTE telecommunications services are probably the biggest application for which solar power is used

This is even though more widespread use of solar generated electricity is emerging, including relatively large-scale solar generating plants in the US and Japan (267)

Two years ago, KG Electric installed its first solar systems for rural phone stations in Botswana and another 14 systems have been installed for very high frequency (VHF) links. The company also recently supplied 600 solar panels and associated steel mounting structures for use in rural phone applications in SA.

With the continuing investment taking place in rural telephony and with the introduction of cellular phone networks, spin-offs for the solar industry are expected (268)

Another solar-based system for rural and other applications has been developed by Siemens. It is a mobile phone booth, which is designed to improve



Solar-powered telecommunication system in Botswana

communications problems in underdeveloped areas

The booths need neither phone cables nor electricity, because they work with solar panels and mobile communication networks based on the digital Global System for Mobile communications (GSM) standard.

They have been installed in Cameroon in west Africa, but are not yet available in SA. Siemens is researching the possibility of local manufacture.

Telkom has bold plans as gateway to Africa

AS THE largest telecommunications operator in Africa, Telkom plans to be the gateway to the continent while continuing to provide efficient services at home.

MD Dame Du Toit says. "We serve two distinctly different markets the business community, which wants state-of-the-art, world-class services, and the rural communities, which need basic access to telecommunications."

Although Telkom has a virtual monopoly, government is now liberalising telecommunications to allow competition — especially in areas like mobile cellular telephony.

He says technological changes and the critical role being played by communications in modern societies brings the need for changed and more sophisticated services.

"These needs can only be met by methods other than the traditional provision of services. Competition will constitute a serious threat to the national operator in the years to come — just

look, for example, at the huge growth in fax services and the resulting drop in demand for our telex services."

The more profitable services of national operators are being threatened on a global scale. If this trend is allowed to continue unabated, it can have detrimental effects on the provision of basic services, he says.

"The decision to separate posts and telecommunications services was seen as the only effective way to build better businesses; organisations that are exposed to more competition and wider user choice have to provide quality service to retain or increase their market share."

While cellular networks aim to address the backlog of phones among the rural and disadvantaged communities, Telkom plans to install 10 000 community phone services by 1997. "This is in addition to the normal work we are doing on infrastructure and services in more established urban and residential areas"

Du Toit says Telkom favours the Global Systems Mobile (GSM) technology, because it will "not only provide those who can afford a mobile phone with the best possible service, but it can also provide easier access to the phone network for others who cannot afford a phone".

The latter can utilise Subscriber Identity Module (SIM) cards which are personalised and can be used in community phones.

"For Telkom, investing in such a profitable service for mainly the business sector will generate extra funds to help social responsibility projects, but it will also provide an infrastructure which can be exploited for other uses because of its basic design."

He says about 65% of Telkom's income is generated by less than 10% of its corporate clients, clearly showing that cross-subsidisation is part of the company's tariff structure.

The dependence on corporate clients and long distance calls to sustain Telkom's financial viability dictates that apart from ex-

panding and providing basic services to developing communities, the business sector's needs for better services must also be addressed.

"A public frame-relay service will be introduced in a few months so clients can benefit from lower protocol overheads and higher operating speeds.

"A pilot Metropolitan Area Network will be installed this year to address the growing demand for high-speed local area network (LAN) interconnections, and facilities offered by the electronic mail Telkom400 system will expand as standards surrounding electronic data interchange and other areas mature.

"Existing transmission systems will be replaced with a Synchronous Digital Hierarchy system, which will allow advanced services to be interlinked on a national and international basis."

Also being considered in various formats are business services via satellite, which would complement existing services.

Teljoy swamped by Take-Away applications

TELJOY's Take-Away cellular phones have attracted more than 5 000 inquiries and firm bookings for about 500 phones.

Teljoy chairman Theo Rutstein says inquiries are emanating from large corporations, small businesses, and black people with families in remote areas.

He says cellular makes sense. "In a recent Gallup study for Motorola in the US, respondents estimated an increase of about 20% in business revenue once they began using cellular phones, and said they were

afforded an average of an extra hour of productive time each day.

"Also, about 60% of all new phone subscribers in the US and Europe last year chose cellular rather than cable-based phones.

"Despite the worldwide recession, cellular network operators reported a growth rate of 35% in Europe and 43% in the US in 1992."

Despite industry sources criticising Teljoy's campaign as premature, given the fact that licensed operators are not yet chosen

and the network switch-on date could be anything from nine to 24 months away, Rutstein says the launch makes good sense.

"We need to establish our presence as a service provider, get our computer systems in place and gain know-how from the UK and Germany which can be utilised in SA.

"Our infrastructure investment is about R30m, and this cannot simply be put in place overnight."

The campaign, which is non-binding on people who inquire about the phones, is

providing a perspective on the market, and important clues in market research.

Rutstein thinks the phones will cost about R4 000. Overseas manufacturers say handset prices could drop by at least half over the next year.

He says Teljoy is hoping the network switch-on will be in about 12 months' time, and that call prices will be about 45c a minute during off-peak times and 90c a minute in peak periods.

Prices will vary, depending on special deals offered by service providers.

Tejjoy swamped by Take-Away applications

TELJOY's Take-Away cellular phones have attracted more than 5 000 inquiries and firm bookings for about 500 phones (267)

Tejjoy chairman Theo Rutstein says inquiries are emanating from large corporations, small businesses, and black people with families in remote areas

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Prices will vary, depending on special deals offered by service providers

Cellular phones set to give SA a big shake-up

B1 Day 9/6/93
(267)

A SHAKE-UP of SA's telecommunications industry is on the cards with government's decision to allow competition in the cellular phone market

The country can look forward to competition from at least two new network operators in the next few months.

The provision for multiple service providers puts SA in the forefront of international trends towards liberalisation and provision of basic phone services. Few other countries, apart from Britain, New Zealand and Germany have gone this far.

While the exact nature of the new regulatory mechanisms have yet to be decided, it is clear that a new era is dawning for the industry.

Government believes that cellular telephones offer great advantages to SA, as they are easier to maintain and install in isolated areas. It is seen as the cheapest and quickest way of offering most South Africans access to a phone.

It is widely hoped that the new technology, and the expected competition it

will generate, will force down costs.

There are about 1-billion installed phones in the world, with an annual growth rate of about 4%. Mobile communications is rising by about 30% annually, and many believe that by the year 2000 there will be about 300-million mobile phones, of which a third will be in cellular networks and the balance in cordless phones.

Increases

Non-voice communications, which include mainly fax and data communications, are showing annual increases of about 24% on average.

The new trend is the convergence of data, fax, image and sound, in multimedia communications.

However, most excitement in SA's telecommunications industry today revolves around the introduction of a new cellular service next year. Since the first networks in the early '80s, the industry now boasts more than 20-million users worldwide.

Cable & Wireless commercial director John Nel-

son says forecast growth between now and 1997 suggests that the industry will at least double its subscriber population.

"While the sheer growth of cellular networks worldwide is the most obvious differentiator between mobile services and their fixed wire counterparts, it's also clear that they are no longer the sole preserve of State-owned Posts and Telecommunications monopolies.

"Typical characteristics are seen in multiple licences, competition in prices, features and facilities from different operators, and the fact that large cellular players are moving to form partnerships with local companies, which are often not in the telecomms field."

He says that while competition is the best way to stimulate growth and deliver value for money, the role of the regulator has developed to be one of critical importance.

The UK industry watchdog, Oftel, has been instrumental in allowing new competitors to emerge against British Telecom. Most European countries now have at least a depart-

ment that looks after legal and regulatory aspects of appointing new operators, licence conditions, and other regulations to manage the radio frequencies.

Advocate Ters Oosthuizen has been appointed to regulate the industry in SA. He will ensure a level playing field will be created for the different operators.

One of his tasks will be to ensure that cellular phones are available "to offer a significant advantage to the lesser developed communities".

Grow

Many small businesses can grow because of the industry's growth. These can range from companies that build phones in to cars, to those that add fax systems to cellular phones.

Fortunately, with lower costs being achieved in the cellular industry, the market is also opening up for other countries in Africa, which cannot afford the traditional fixed-wire network option, but could harness cellular systems to provide communication systems that will benefit their economies.

Jockeying for position as service providers

BIBEAU
916/693

SA's new cellular phone networks, widely expected to be installed early next year, have set off a buzz of activity.

A number of companies are planning to tender for one of the licences, and there are several keen to launch themselves as service providers.

One of the licences has been allocated to Telkom, which is to own no more than 50% of it, and it is widely tipped to have chosen Rembrandt and UK-based Vodafone as its partners in the venture.

Companies bidding for the competing licence include the M-Net/Cable & Wireless consortium and Grinell company Cellstar, which is teaming up with an overseas group Transtel is tipped to be keen to participate, while companies such as Suntlet have voiced interest in tendering.

The network operator tenders must be submitted

by end-June, and it is hoped that a choice will be made in July/August.

This will give the green light for the companies to start setting up their infrastructure, and to organise deals where parts of networks may be shared — especially in more remote areas of the country.

The project, which could initially cost about R800m, is expected to bring in substantial revenues for companies such as Siemens and Altech, which would supply infrastructural hardware and services, and it is believed that at least one overseas supplier is eyeing the possibility of setting up shop in SA.

The M-Net consortium has said it will find the most cost-effective suppliers, while Telkom has named Siemens and Altech as its preferred suppliers.

Another vital part of the equation is the handset suppliers, of which there are

several worldwide. Local companies that have shown off their goods include Panasonic, Siemens, Philips, and the RF Group with Nokia products.

Companies aiming to set up as service providers include Teljoy, Autopage, Radiospoor, and some black-owned groups.

Package

Autopage director in charge of cellular projects Lawrence Berry says that as SA's largest paging company, Autopage will be able to offer mobile users a personal communications package, with paging as well as cellular.

As a service provider, Autopage would register the subscriber on the cellular network and offer the user a range of telephones. Network registration is done through the issuing of a Subscriber Identity Module (SIM) card to the subscriber which, after inser-

tion into any GSM cellular phone, allows access to the network.

He says the introduction of two competing cellular networks and a cellular system conforming to a standard adopted in many countries around the world will introduce effective competition into the SA market for the first time.

"The proposed adoption of a strictly controlled system standard, namely the Global System for Mobile Communications (GSM), will result in subscribers being able to choose between the two network operators and among 10 or more brands of cellular phones.

"Leading brand names, such as Panasonic, Alcatel, NEC and AEG will be offered to the public."

Berry says that despite obvious enthusiasm among SA consumers for the new cellular phones, the prospective network operators



LAWRENCE BERRY

could be confusing the industry and the potential subscribers in certain respects.

"Critical among these is the expected system launch date. Network operators are indicating dates varying from March next year to December.

"This uncertainty is unnecessary and is certainly not to the benefit of the cellular industry or to the potential subscribers.

"It would benefit the entire industry if a consistent position was adopted on this issue."

ANC to act on 'corrupt' telephone deregulation

Reports by
MELANIE SERGEANT

THE ANC will not take the current deregulation of SA's telecommunications industry lying down, and it could put the cat among the pigeons with regard to the new cellular phone networks which are being introduced.

The organisation believes that the way in which cellular services are being introduced is "corrupt", and is illegal in that legislation is not in place to allow government to grant licences to network operators

Telkom, Vodaphone and Rembrandt plan to operate one network, while a second network operator will be decided by tender. Tenders must be handed in by month-end

A senior ANC source says that to ensure an affordable service, "which is unlikely to be the case with the corrupt way in which the new cellular services are being introduced, is that when it comes to power, it will open up the market to further competition"

He says that a licence for a third operator could be introduced, and a system of rebates could be allowed to encourage this third operator to provide the service at a minimum laid down cost

This would allow a wider pene-

tration of the service, because poorer people would be able to afford a cellular phone — the original intention of government when it announced that two network operators would be allowed in the market

ANC head of information services, Andile Ngcaba, says there are already problems with the high cost of existing fixed wire phone services. He fears that the cost of services offered by Telkom's consortium company Vodacom, and the second network operator, will be unaffordable

"While we want overseas investment, and we are definitely in favour of digitalisation and cellular telephony because it brings SA into the First World and provides a quick solution to the shortage of phone services in SA, we cannot accept an investment which is being introduced in a corrupt way. The way the new services are being introduced is not being done in a legal way, and we cannot accept this," he says

Meanwhile, to counter pressure from the ANC and other bodies who believe advocate Ters Oosthuizen was appointed into a newly created regulatory position for which there is no statutory backing, Oosthuizen is to

be promoted to postmaster-general. The appointment was announced by the Posts & Telecommunications Ministry yesterday.

This position has the regulator's functions built into it so it is the most obvious way of conferring Oosthuizen with legal powers beyond the discretionary ones given to him by the minister

This would give him the necessary statutory powers to put into place the necessary legislative processes which will promote the changes taking place in the telecommunications industry.

When he was appointed in April, Oosthuizen's first task was cited as being that of issuing SA's two new cellular phone licenses. The tender is expected to be adjudicated by August

The Posts & Telecommunications Department has been handling regulatory matters since the split of Telkom and the Post Office in October 1991, but sources believe new legislation should be tabled in Parliament's second sitting which will make provision for a new telecommunications commission, 'as proposed in a report on the industry last year by consultants Coopers & Lybrand — and accepted at Codesa 2

Cellular call rate may be stiff

CALLS on SA's new cellular phone networks could cost 10 to 12 times as much as phone calls cost now.

Yesterday Telkom issued its proposed interconnect fees — the charges it will levy on the cellular operators for carrying traffic on its network (267)

Companies planning to tender to operate a cellular network were shocked by the rates, saying that when the R100m network operator licence fees and other fees were taken into account, cellular call costs would be inflated well above current call costs. They claimed Telkom was trying to protect its existing network from potentially stiff competition.

Tim Lowry of Cable & Wireless, which has formed a consortium with M-Net to tender for the licence to operate the second network, said that the rate for distances of under 50km was five times the current phone charge rate, and that no discounts had been given for off-peak calls

A Posts and Telecommunications De-

B / Day 11/6/93
MELANIE SERGEANT

partment spokesman said the call charges were just proposals and could still be discussed with network operators

A Telkom spokesman said it would be incorrect to say proposed call charges were five times higher than current charges of 18,9c excluding VAT per metering unit. "The present call rates are subsidised. Telkom cannot expect fixed-line phone users to take the burden of cross-subsidising cellular phone users."

He said Telkom had introduced volume discounts for cellular calls, but would-be operators said the minimum volume was too great. He also said Telkom's existing call charges were low by international standards, and that longer distance calls subsidised calls within a radius of 50km.

The plan was not to protect Telkom's existing networks but to see proposals and business plans of cellular network operators before tariffs were discussed again.

Price shock for cellular phone calls

267 2/11/93

Own Correspondent

JOHANNESBURG — Calls on South Africa's new cellular phone networks could cost 10 to 12 times as much as ordinary calls do now.

Yesterday Telkom issued its proposed interconnect fees—the charges it will levy on the cellular operators for

carrying traffic on their network.

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well above current call costs. They claimed Telkom was trying to protect its existing network from competition.

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A Posts and Telecommunications Department spokesman said the call charges were just proposals and could still be discussed with network operators.

A Telkom spokesman said it would be incorrect to say proposed call charges were five times higher than current charges of 18,9c excluding VAT per metering unit. Present calls were subsidised. He said call charges were low, by international standards.

Desk-bound forum a first

ACADEMICS from more than 115 universities worldwide "attended" a two-week international forum last month while remaining at their desks

CT 12/6/93
Thanks to computer technology — specifically the Electronic Mail (Internet) system — the Department of Construction Economics and Management at the University of Cape Town, the Royal Melbourne Institute of Technology and the University of Hong Kong hosted what is believed to be the

world's first electronic forum

"It is definitely a world first in the field of building and construction research," said Associate Professor Paul Bowen of UCT yesterday (25)

The Co-Operative Network for Building Researchers, using E-Mail links, enables members to collaborate in joint research projects and to transfer information, research data, etc

"It was a resounding success," Professor Bowen said — Sapa (34)

2019

Hansard

MONDAY, 14 JUNE 1993

Hansard

2020

University of Pretoria—2130
31 March 1993
Medunsa—1520
31 March 1993
University of Natal—
1913
31 March 1993

Information as received from the provincial administrations

Telephone services/private post boxes: Pretoria area

364 Mr P G SOAL asked the Minister of Posts and Telecommunications

Whether any applications for (a) telephone services and (b) private post boxes were outstanding in the Pretoria area as at the latest specified date for which figures are available; if so, (i) how many and (ii) when is it anticipated that the backlog will be eliminated?

B825E

The MINISTER OF POSTS AND TELECOMMUNICATIONS

The Managing Director of Telkom SA Limited and the SA Post Office Limited replied as follows to the hon member's question

(a) Yes

(i) 3 568 as at 31 March 1993

(ii) The majority of the waiting applicants will be provided with telephone service during the current financial year as cable projects are completed. Due to the extent of some of the cable works they will be completed over a longer period of time with the result that the demands of the remaining waiting applicants will be met during the 1994/95 financial year

(b) Yes,

(i) 1 505 applications are on hand at 16 post offices in the greater Pretoria area

2021

Hansard

MONDAY, 14 JUNE 1993

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(n) Office	Applicants	Remarks
Alkantrant	68	Certain internal alterations to the existing accommodation are envisaged in order to install 1 200 additional private boxes. If nothing unforeseen occurs the project will be completed by the end of August 1994
Atteridgeville	25	A post box lobby is presently being manufactured. The expected date of completion is August 1993
Hatfield	90	Negotiations are presently in progress with a developer to obtain a stand for the erection of a post box lobby with 5 000 boxes. The expected date of completion is April 1994
Laudium	140	A new post office is presently being planned with sufficient post boxes. The expected date of completion is August 1994
Les Marais	25	Waiting for approval of building plans by the City Council of Pretoria for the erection of a post box lobby with 2 000 boxes
Lynn East	20	The structure of the building is of such a nature that no private boxes could be added. A separate structure with 600 post boxes has been erected at Derdepoort Park and arrangements have been made to offer boxes at this centre to the applicants awaiting boxes at Lynn East
Monumentpark	24	Negotiations are in progress with developers for additional boxes in a future development program. It is difficult to make a forecast but it is expected that the work will be completed by December 1993
Onderstepoort	9	A post box lobby with 2 000 boxes has been erected at Pretoria North and waiting applicants will be accommodated at this office
Pyramid	160	The planning of a post box lobby with 1 000 boxes is in progress. The expected date of completion is December 1993
Silverton	250	Negotiations are presently in progress with developers for accommodation for a new post office building which will also make provision for sufficient post boxes. It is expected that the new accommodation will be ready for occupation during April 1994

(267)

(ii) Office	Applicants	Remarks
Sinoville	215	Negotiations with private enterprises for the development of the Company's property to provide suitable accommodation with sufficient private boxes will commence shortly. Indications at this stage are that the new accommodation will be ready for occupation by the end of August 1994.
Totusdal	139	There is no space available for additional boxes to be built in at Totusdal. However, 400 boxes have been built in at Villiera and the waiting applicants have already been offered post boxes at Villiera.
Valhalla	28	Negotiations are presently in progress for the erection of a separate structure with sufficient boxes in the vicinity of the post office. It is expected that the work should be completed by March 1994.
Waterkloof	100	A street mail delivery service is provided in the area but various options for the erection of a separate structure with 1 000 post boxes are being evaluated.
Sunnyside	202	The structure of the building does not allow for additional boxes, but negotiations are in progress for the erection of a private box lobby. The project is expected to be finalised within 6 months.
Rethabile (Pretoria)	10	A mobile post box lobby is being manufactured and will be taken into use within 3 months.

HOUSE OF DELEGATES

QUESTIONS

Indicates translated version.

For written reply

Own Affairs

Displacement of Inanda traders

53 Mr A SINGH asked the Minister of Housing

- (1) Whether any Inanda traders have been displaced, if so, what are the relevant details,
- (2) whether he or his Department has taken or intends taking any steps to resettle these traders, if not, why not, if so, (a) what steps, (b) where are they to be resettled and (c) when will this resettlement programme be finalized,
- (3) whether the selling price of the trading sites on which they are to be resettled has been or is to be determined at the market value of those sites, if not, why not; if so, when,
- (4) whether (a) the housing code and (b) any statutory and/or other provisions will be amended to provide for such sites to be sold at market value; if not, what is the position in this regard; if so, what are the relevant details;
- (5) whether he will make a statement on the matter? D281E
- The MINISTER OF HOUSING
- (1) Yes The Department recognises that there were owners and tenants of properties at Inanda that were affected by riots. The Department has on record details of 21 owners and 19 tenants and it has submitted a preliminary report to the Housing Development Board on this issue.
- (2) Yes
- (a) A site in extent of 7,2516 ha, known as Lot 8A of the Farm Riet River No 842, has been identified which could possibly be utilised for the resettlement of these traders
- (b) If it is established that the aforementioned site is suitable, the Housing Development Board may agree to resettle these traders thereon
- (c) The Special Allocations Committee under the Chairmanship of the Acting Director-General has considered the applications of these traders and recommendations will shortly be made to the Housing Development Board in this regard. Once the exact number of legitimate displaced traders who qualify for resettlement is known, it will be recommended that a consultant be appointed to undertake a feasibility study on the site to establish the viability of a proposed shopping complex in the area. A preliminary subdivisional layout sketch plan will also be compiled. Only thereafter can a resettlement programme be identified
- (3) The Housing Development Board has, for the reasons mentioned above not taken a decision on the selling prices of the proposed portions
- (4) Please see (3) above
- (5) No

Township mail service resumes

MAIL deliveries have resumed in the townships although there is a backlog because of a two-week stoppage due to the violence three weeks ago, said post office public relations officer Mr Sean Bell (267)

He said most offices in Langa, Khayelitsha, Guguletu and Nyanga, had been closed

He said he personally had told officials to stop working because "although I care about timely delivery of mail, I care most about human life" CT 14/6/93

Cellular phone tender row grows

B/D Day 16/6/93

MELANIE SERGEANT

A CALL has been made for government to place a moratorium on its cellular phone tender, because the process "is premature and unilateral".

The Cellular Telephone Consultative Forum, representing black businesses, labour unions in the telecommunications and electronics sectors, civic organisations and other interest groups, said government's move to introduce cellular phones was timed badly and the decision had been made without consultation.

But a highly placed source said despite efforts to get black business, the ANC and the forum together, they had not turned up for meetings.

Posts and Telecommunications Minister Piet Welgemoed insists that government's actions are above board, and that cellular phones will be introduced.

He says he has the right to issue licences for cellular services.

To ensure the correct procedures Coopers & Lybrand studied SA's telecommunications industry over 10 months and made recommendations, submitted for comment to industry

and interest groups. The study recommended two digital cellular licences be issued.

Welgemoed said: "To make the process as transparent as possible, we appointed independent regulator Ters Oosthuizen and an independent advisory panel to adjudicate and oversee the process of issuing the licences." Oosthuizen, promoted to postmaster-general, now had the statutory powers to regulate the issuing of licences.

Tendering company M-Net said that involving community and civic organisations would boost the service's acceptance, create jobs and benefit the economy by facilitating communication. Any delay would deprive the constituencies which the forum represented.

A government source claimed "foul play" was behind the call for a moratorium because vested interests were realising the money to be made from the new service.

"They want the plans scuppered so they can climb on the bandwagon under a new government."

Mashhold earnings hit by unrest, downturn

(267) 16/6/93

F. AUDREY D'ANGELO
Business Editor

THE Mashhold group and township here for all Mas Holdings (Mashhold) the biggest mail order and direct selling group in SA, for the year to February 28.

The group which in previous years had seemed immune to recession, reported an attributable loss of R14.6m compared with a profit of R4.2m last year. The loss at share level was R1.10 per share compared with earnings of R1.10 and the dividend has been passed.

The company's free share holders are expected to receive a dividend of R1.10 per share. The company is expected to pass a dividend of R1.10 per share. The company is expected to pass a dividend of R1.10 per share.

He said the directors planned a rights issue which would be converted into ordinary shares.

Mashhold in November made an operating loss of R198.6m (R199.8m) and R61m compared with a profit of R11.8m.

The interest bill rose to R85m (R74m). An attributable loss of R13m arose from the writing down of goodwill and maintenance losses arising from the continued operation of the Maseru plant. The company is expected to pass a dividend of R1.10 per share.

Mr. M. ... has been ... the UKI ... and ... revenue's profits on investments.

The directors claim that one reason for this is losses in the bus, which was structured for export. A result of over-investment and marketing expenditure are excessive in relation to turnover.

The tough economic situation in the region, under pressure from the FT, Mas has by Mail subsidiary "reformed significantly".

There are also problems with the mail order subsidiary. Mr. M. ... had a new M.I. ... the selection in ... had been re-

Mail ... subsidiary ... and ... and ... added ... the ... Group ... manager ...

in Taylor said it had adopted a more conservative accounting approach to debtors, stock and customer returns in line with the tough economic time.

In addition we made significant reductions to overheads in all the subsidiaries, restructured and strengthened management in key areas and are increasing mail order exports into Africa.

Director Ronnie St. ... said a new market had opened up in Zambia, with the signing of a bilateral agreement between the SA and Zambian post offices. The group already had profitable markets in Malawi, Zambia and ...

St. ... apart from high unemployment in the black community market in SA, unrest and ... have made direct selling to the townships difficult.

Broadcasting deregulation is delayed

CAPE TOWN — Broadcasting deregulation had been delayed to September, but independent radio stations could still be in place in time for the country's first nonracial elections, Home Affairs Minister Danie Schutte said yesterday.

Schutte said it was too late to legislate for freedom of the airwaves during the current session of Parliament, and the next opportunity would be during a short session in September.

"I am very sorry to say that the deregulation process has been delayed for three months."

But he said passage of the proposed deregulation Bill in September could leave enough time for local radio stations to set up operations before the proposed elections in April.

Schutte said the delay had been caused by a slow response from a technical committee of the multi-party negotiating forum.

A government source said there was concern the committee was tending towards overregulation when most players wanted the most simple rules possible.

Radio 702 MD Stan Katz said he expected an independent broadcasting authority to be in place by September to manage the deregulation.

"They could then start licensing stations, which could be set up very quickly. It is quite likely that local independent stations will be on air in time for the elections," he said.

Katz said the National Association of Broadcasters was pressing for minimum regulation, mainly to cover frequency allocation.

Schutte said he expected that 30 to 40 new radio stations could go on air under a liberalised broadcasting regime — Reuter

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In the telecommunications hot seat



Ters Oosthuizen became SA's telecommunications regulator in April and last week he was appointed Postmaster-General. A Johannesburg advocate who worked for Eskom for many years, his first job is to pick a cellular-phone operator to compete with a Telkom consortium. Oosthuizen is also responsible for establishing a regulatory framework for the telecommunications industry. This will exclude broadcasting but the issue is becoming increasingly politicised.

FM: In joining the Department of Posts & Telecommunications, have you jeopardised your position as an independent regulator?

Oosthuizen: I intend to remain independent. There was no alternative but to take the job because I had no statutory rights in my position as the telecommunications regulator. Now, as Postmaster-General, I have a better base to work from and I am on contract for three years.

Cellular-licence fees are regarded as exorbitant. Each operator must pay a one-off charge of R100m, an ongoing fee of 5% on its revenue, R5m in annual radio fees plus a maximum of R1m for each 10 MHz channel. In addition, there is a R50 000 non-refundable application fee. It is likely that the operators will push these costs on to the users and cellular telephony could remain a yuppie toy? Why are the fees so high? Is this just a way to bolster the Exchequer?

Firstly, I would like to make it clear that I was not involved in this industry when the fees were set. Nevertheless, I do not regard them as excessive, they compare favourably with fees for spectrum usage in other countries. The frequency spectrum is a limited national asset and the operators will keep their licence for 15 years. Applicants that can't afford the fees are not in a position to manage such a nationwide network.

While the R100m fee will go into the State coffers, the operators' potential returns are

huge. The other fees will be used for administration and to assist the operators in penetrating remote and disadvantaged areas. Cellular telephony is not intended to be elitist. Government's aim is to provide the majority of SA with fast and reasonably cheap access to a telephone.

Has the department approved Telkom's interconnect fees — which for distances under 50 km are 21c a minute, about five times the current fixed-wire phone charge? Is cellular telephony seen as a way of cross-subsidising fixed-wire calls?

Telkom's interconnect call charges have not been approved, but have been given to all potential applicants to be used in submitting their business plans and tariff structures. When the licences have been granted, the holders will be entitled to negotiate the interconnect call charges with Telkom. There is no intention for cellular telephony to subsidise fixed-wire calls.

How and when will you choose the new cellular operator?

The applications must be returned by June 30. Depending on the number of applicants, an operator should be chosen in two to three months. Of importance is the ability to provide an efficient service at a good price with high penetration. Of particular interest is how the applicant will serve poor areas.

The final decision will be made by the Minister with the approval of Cabinet and in conjunction with his advisory panel — which is made up of former IDC chairman Koois van Rooy, IDC senior GM Gerhard Morse, State Tender Board chairman Koois Coetzer, lawyer and businesswoman Linda Zama, and myself as chairman.

Will Telkom keep its monopoly as the only carrier of telephone calls on the standard, fixed-wire network when organisations such as Eskom and Transnet, which have their own networks, could enter this business?

I don't anticipate any change. The Coopers & Lybrand report recommended that Telkom should be the national carrier for five years, mainly because of its wide penetration and the small market. But times have changed and Telkom realises it will have to

play ball to survive

Why are the licences limited to two?

This too was on the recommendation of Coopers & Lybrand, which said SA is not large enough to support any more operators and that there are frequency limitations.

We have kept back part of the radio spectrum allocated to cellular technologies because these may be needed in the future. Should a third operator be chosen, if more frequencies are needed, we will approach the Defence Force for some of its unused ones. Though there will be only two operators now, I anticipate a lot of competition in the other parts of the industry — among the service and handset providers.

Have you met the ANC?

Yes, I have spoken to a representative of the ANC. In effect, our views on cellular telephony don't differ in that we both want a service that is affordable and available to most people in the country. But we differ on the process to be followed.

The ANC wants a moratorium, while I have committed myself to introducing cellular telephony.

Some critics say the effort to set up a regulatory body and select the cellular operators is premature. And some say blacks are not being given a fair enough chance to tender. Should you wait for proposals from the telecommunications technical committee set up recently at the World Trade Centre?

I will accept applications regardless of colour, race, sex or religion and I will ensure that all applications are treated impartially. My only concern will be to ensure that the best applicant is granted a licence and is able to provide an efficient service at the best price to most of the people.

I welcome all the help I can get and will offer the draft legislation, when the time comes, to the technical committee if so required.

I am not interested in playing politics. I want to put a structure into place that will be relevant for the government of tomorrow. We need to keep up with the technology and should consider the trade and employment possibilities of cellular telephony in SA.

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FM 18/6/93

By MONDLI MAKHANYA

EVEN the introduction of new telephone technology is affected by the turbulence of South Africa's transition politics.

The establishment of a mobile telephone network next year is under threat as the African National Congress, black electronics companies and trade unions vow to halt it.

The reason for the furor is that the introduction of the new technology will herald the biggest telecommunications revolution since telephones were first introduced in South Africa.

These groups see the move as another example of the government's "unilateral restructuring" of the economy on the eve of a democratic order, and have formed a coalition aimed at halting it.

The Global System for Mobile Communication (GSM), which is the international standard for cellular

Broken-down telephone over new technology

W.M. Coul 18/6 - 24 6/93

phones, is due to become operational around the middle of next year when two or more national networks are set up.

Black firms, however, are staying out of the picture and are opting to wait for a legitimate government to be in place before moving in. The ANC has stated it may grant a third licence should it come to power in next year's elections.

The list of companies jumping on the bandwagon, either as manufacturers or as service providers and retailers, reads like a Who's Who in the technology field.

They include world giants such as Siemens and Panasonic, and locals as diverse as television rental company Teljoy and the Automobile Association.

The reason for this flurry of activity and heightened emotion around mobile phones is not difficult to fathom.

Once in place, the industry is expected to generate annual revenue of more than R2-billion and will totally revolutionise telecommunications in this country.

Projections are that in seven years' time at least 70 percent of telephones will have mobile content. This will mean the end of telephones as we know them.

Two-way radios are also just about obsolete. Even regular car phones — which operate on the outmoded analogue system — will be edged out by the higher capacity digital GSM phones. The new technology is also being

in the market.

"The choice will be enormous at all levels," reckons Teljoy operations director Barry Blackburn.

But GSM's success will depend on how effectively the industry can make it accessible to the mass market.

The price of getting on to the system is expected to be around R4 000.

For most users, leasing the service will be the only option. This will cost about R200 a month and the user will be bound to a minimum period equivalent to that of paying off the total amount.

The key to the service will be the Subscriber Identity Module (Sim) card, which is a type of charge card. This can be used on any phone any-

where in the world.

Manufacturers and service providers are hoping that communities such those in rural villages will purchase the service jointly and then each individual will use their personal Sim card when they need to use the service.

Another route network operators may undertake in order to reduce prices is to subsidise consumers and recover the cost from volumes of scale.

A major benefit of moving on to GSM is that it will provide a rare occasion for South Africa to be in tandem with the developed world in technological progress.

"All other technologies are unique to this country and are therefore isolationary."

"But this is one you can use virtually anywhere in the world," says Ernst Sangl, head of Siemens' cellular instruments division.

Telkom upholds cellular masts move

18/6/93

MELANIE SERGEANT

TELKOM has defended its decision to erect cellular phone masts, saying the masts will not give it an unfair advantage against any competing operator.

In a statement, senior public affairs manager Johan Adler said yesterday Telkom's board approved R50m in its 1992/93 budget for introducing a new cellular system because the present C450 system was running out of capacity.

"At that time, Telkom had the sole right, in terms of the Act, to provide all phone services and required no licence to do so," he said.

One source said Telkom had erected about 120 masts to date, with about 160 planned for the PWV alone. Contracts were initiated last year for masts to be erected "to ensure initial

network coverage". This was despite government's decision in April 1992 to block an attempt by Telkom to set up a joint venture with two of its major equipment suppliers.

Adler said that by the time government had decided to allow two competitors to operate in the cellular phone market, work on "a number of masts had progressed to the extent that it made no financial sense to halt the process. In fact, cancellation costs would have exceeded the financing cost."

Because both cellular operators would have a common switch-on date, "neither of the cellular operators could gain any unfair advantage"

Adler said Vodacom

(jointly owned by Telkom, Rembrandt and Vodafone) would take over work done by Telkom for the cellular service and Vodacom would be free to negotiate infrastructure sharing with whoever it chose

Meanwhile, Posts and Telecommunications Minister Piet Welgemoed has strongly criticised a call by the Cellular Telephone Consultative Forum for a moratorium on the cellular tender process.

Welgemoed said the forum's claims that the process had no policy foundations, was illegal and was entered into without consultation, were wrong.

"I seriously question the forum's actions in calling for a moratorium less than two weeks before the tender deadline," he said.

He said the forum's call smacked of opportunism, was obstructive, could jeopardise the chances of international investment and could destroy hundreds of job opportunities

Postal point problems (2b7)

THE introduction of postal collection points will cause problems for the city council

In a report to the executive committee, the town planning committee said it had been told that collection points could be situated at garages and post offices. It would be impossible to provide enough parking in some cases.

The council, as a major user of the postal service for its accounts, was directly affected and had not been consulted. *MLG 18/6/93*

Telkom *Si Times* lends *[Buss] 20/6/92* a hand

TELKOM 400 is providing support for several EDI solutions.

Hannes Steyn, Telkom senior manager, messaging services, says: "EDI will produce the claimed advantages only when all trading partners in a market sector have it. Large organisations have the resources, both financial and manpower, to introduce file translation and communication support facilities on their computer systems or to employ an EDI bureau.

"Small companies, especially those without mainframe computers, cannot enter the world of EDI easily. It would result in many large organisations operating two parallel systems, an EDI application and a manual one, to deal with small organisations."

Mr Steyn says the Pareto rule probably applies to most business transactions — 20% of transactions represent 80% of the value of the business. The 80% of trade, although representing small turnover, involves much administration. *(267)*

"We believed it was essential that an EDI solution be found for small business. So the Telkom 400 system was upgraded to provide support for EDI messages.

Protocol

"The difference between using Telkom 400 and one of the VANS or implementing an EDI system on one's own computer is like the difference between taking a bus, a taxi or one's own car.

"It all depends on one's needs and finance."

The X400 message handling protocol has been accepted worldwide as the ideal for EDI. It is used exclusively for EDI messages in this country for several reasons:

- It conforms to the international open systems interconnection model and is supported by all major computer vendors
- It provides for connectionless message transfer, thereby improving security of the computer system
- Storage and retrieval mode prevents the need for the scheduling of message interchange between corresponding parties.

"We chose this system because it is accepted worldwide as the future EDI communication protocol in the business community," says Mr Steyn

Residents object to Telkom masts

Staff Reporter

TELKOM masts 35m high are popping up in spite of objections by some residents

There are already masts in Bergvliet and Kommetjie, and others are planned for Camps Bay and Fish Hoek. The masts are for the cellular phone system

However, residents claim the masts are unsightly and are asking why Telkom did not seem to have consulted the communities

Speaking about one tower, Mr Newton Woollam of Bergvliet asked "Why did they not locate it in the industrial area of Retreat?"

A spokesman for Vodacom,

which will operate one of the two cellular telephone networks, said base stations with radio masts which would service an area or cell had been erected in consultation with local authorities.

(267) CT 2116/93
A Telkom spokeswoman said the company was open to discuss the issue with residents

Camps Bay up in arms over masts

CLIVE SAWYER
Municipal Reporter

HIDEOUS phallic symbols, city planner Mr Neville Riley calls them.

Plans to erect, as it were, a Telkom mast for cellular phone transmissions has Camps Bay residents up in arms about the shiny pillar disrupting their views.

The mast, on a site on the corner of Van Kamp and Park streets, is the first of eight planned for the municipality, Mr Riley said.

It is an unhappy situation they occupy less than 5 sq metres and therefore fall outside controls we would normally exercise."

It could be possible to use section 7 of the National Building Regulations by claiming the masts would adversely affect adjoining properties.

City planning technical staff met Telkom on Wednesday to attempt to find a compromise. "Apparently the actual transmitter is very small Per-

haps we can find a compromise by putting them on buildings and getting away from these hideous phallic symbols," Mr Riley said.

City council officials gave permission last month for the mast.

Telkom senior general manager Mr Johan Adler said some radio masts were being erected in preparation for the proposed cellular phone system.

A Telkom regional spokesman said masts varied in height between 35 metres and 55 metres. Those being put up in the Western Cape were 35 metres.

Masts were planned for Claremont, Maitland, the Fore-shore, Salt River, Sea Point, Ottery, Bergvliet, Camps Bay, Athlone, and Hout Bay.

There was no provision for local authorities to approve the masts because they were not buildings.

However, every effort was being made to consult communities and interested parties, the spokesman said.



UNPOPULAR: One of the masts to be erected in the Peninsula for cellular telephone transmissions. In Camps Bay there are fears that the masts will disrupt views.

Picture WILLIE de KLERK, The Argus.

Vodacom prepares for network launch

VODACOM, the company that aims to establish and operate SA's first cellular telephone network, announced yesterday it would invite tenders for construction of the network subject to its being granted an operator's licence. *B/Day 22/1/83*

Vodacom CE Alan Knott-Craig said in a statement that although Tel-

kom held a 50% share in the company, Vodacom would operate separately and would not be party to any of Telkom's long-term supply agreements. *(267)*

Knott-Craig said suppliers would be invited to tender to provide network equipment and that this, the first of several, could amount to R200m. — Reuter

Telkom halts mast-building

CT:23/6/93
267

By DALE GRANGER

TELKOM has suspended construction of three new masts for cellular telephones in Camps Bay, Sea Point and Salt River following an outcry from Camps Bay residents.

Residents said the 35-metre mast being erected on the corner of Van Kamp and Park streets was an eyesore and disrupted their view

Similar

A Telkom spokeswoman said yesterday the city council had approved the mast in Camps Bay but the telecommunications company had "voluntarily" decided to halt construction to consult with residents

Similar suspensions have been

effected in Sea Point and Salt River. However, new masts had already been erected in Maitland, Bergvliet and Athlone, she said

In Clarinch, Mitchells Plain and Ottery the existing analogue mast used for transmission of car-phone calls would also be used for the new cellular phones

Plans are being made for antennae to be erected at the Roggebaai exchange on the Foreshore and on a rooftop of a Barrack Street city building

"The existing cable technology is vulnerable to vandalism, theft and damage and our staff are walking a tightrope to repair existing lines with technicians being injured and cars vandalised every week in unrest areas

"With a mast in Retreat servicing Crossroads, for example,

Crossroads will be far easier to service," the spokeswoman said

Telkom were taking aesthetic factors and the environment into consideration but there "isn't much room for manoeuvrability" as the placement of the masts is "very scientific", she said

'Urged rethink'

City planner Mr Neville Riley said cellular phones were the "thing of the future" and "you can't just bulldoze progress"

He said he was against the masts being erected with "insensitivity to environmental structures" and had asked for a "rethink on the construction of the antennae and a compromise"

Cellular phones are expected to cost between R3 000 and R4 000

23/6/93
Satellite
dishes to be
deregulated

THE government yesterday proposed lifting restrictions and licensing fees governing the use of satellite television antennae (267)

The private use of satellite dishes was banned in South Africa until 1990 as part of the government's censorship regime, but has been allowed on a limited basis since then

A clause in the General Law Third Amendment Bill tabled in Parliament seeks, however, to "abolish the licensing of dish antennae which are used to receive television transmissions direct from satellites"

Senior post office administrator, Mr Dirk de Jong, said the amendment would effectively deregulate the use of satellite dishes to receive television signals

"We made inquiries in other countries and we found that is the trend abroad. Sometime in the future it will become the norm to have a small dish as the standard television antenna," he said — Reuter

TELECOMMUNICATIONS

FM 25/6/93

Networking pays off

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Competition continues to grow in the international telephone-call market. A third US company now offers cut-rate international service by giving SA subscribers access to cheaper US telephone networks. In reaction, Telkom has cut its international rates, launched four "home direct" services for SA travellers abroad and overseas visitors here, and plans to launch another 14 next month.

Following a deal this month with the listed publishing company Publico, Diners Club MD Hugh Peatling says the club is reselling a service from Sprint, one of the top three US carriers, and that 92 000 SA club members will be issued with a charge card.

"By dialling the Sprint access number for the country they are in, Diners Club members will be connected to a Sprint operator who will put them through to the Sprint switchboard in the US. From there, they will be connected to anywhere in the world." The call is billed to the member's card in rands at Sprint's US rates.

Businessman Jerome Swersky was in September the first to start a long-distance discount phone service. His company, WorldPhone, is the local agent of US-based Viatel, which allows users to make overseas calls at US rates. Viatel will soon bring online a European hub which, he says, will allow him to cut prices of calls to and from Europe even further.

He was followed by International Discount Telecommunications (IDT). Due to start here last October, IDT took the plunge only in February when it selected Publico subsidiary Discount Telephone Corp as its representative.

By routing calls through computerised centres in the US, both companies enable local customers to phone and fax most countries in the world for just under half the Telkom rate. "All that is needed is to phone an assigned number in the US, allow it to ring once (for which there is no charge) and replace the receiver. This triggers the return call and, as long as one stays on the line, calls can be made to anywhere in the world," says Publico chairman Jack Shapiro.

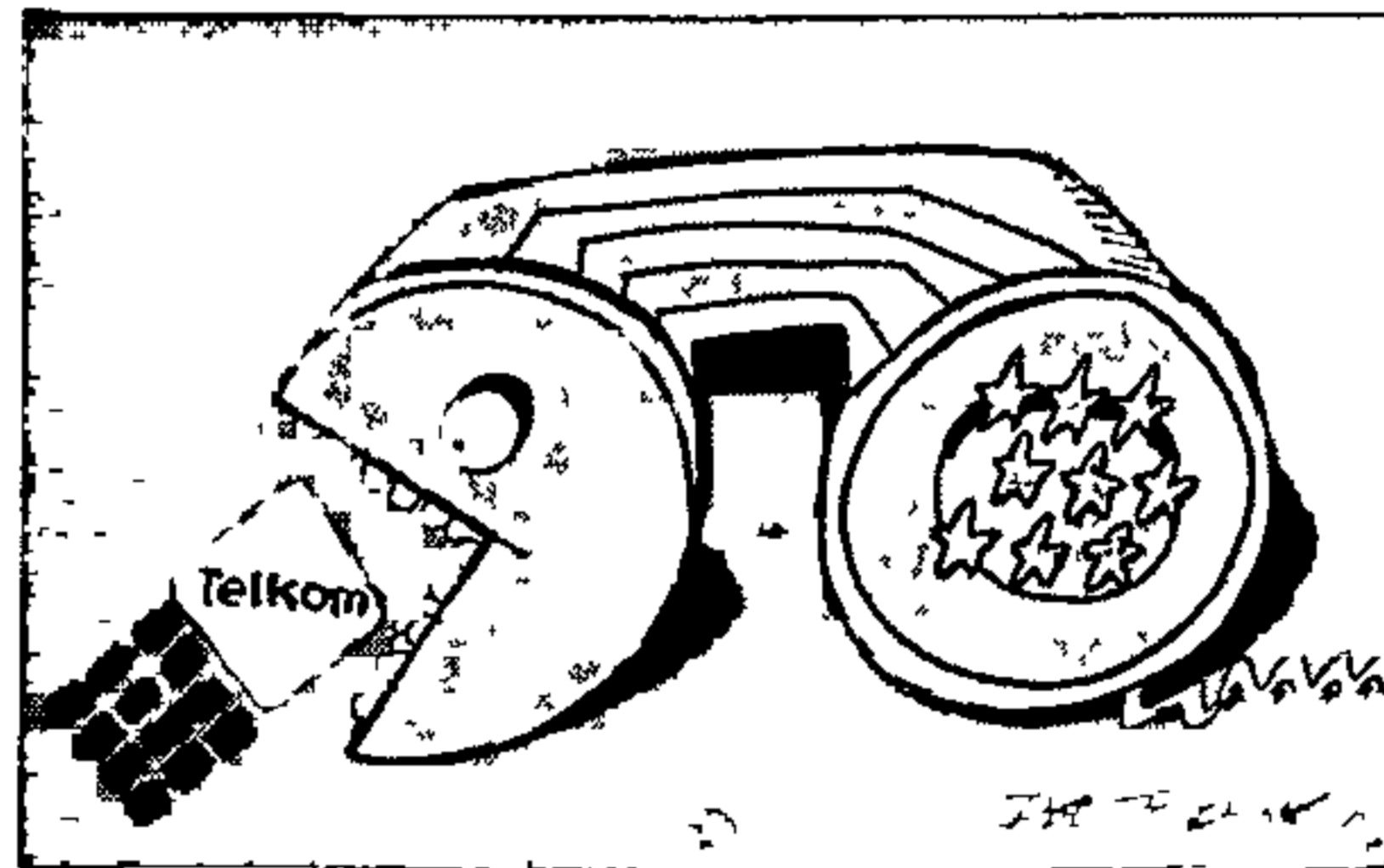
The legality of these automatic call-back services is in question. AT&T, the US's largest international phone carrier with 75% of the market, has complained that it is not being paid for the use of its network and has filed charges against Viatel (*Business & Technology* February 26).

But why was IDT not charged as well? IDT chief financial officer Jonathan Rand says that unlike Viatel, which is being charged with breaking a US government

licensing requirement, IDT is not required to carry the same licence.

"This is because Viatel buys time in bulk from major US carriers and then rebills its customers. This rebilling requires a specific licence from the Federal Communications Commission. IDT works with the major carriers but the carriers always bill IDT customers directly (so) IDT is not required to obtain any licensing from the US government."

Telkom reacted to the increased competition by cutting some of its long-distance rates on April 1. Despite those new prices, WorldPhone and Publico still dramatically undercut Telkom — by more than 40% for a 10-minute call to New York during peak



hours.

But while it cannot win the rates war, Telkom has not been left out of the international call scene altogether. It recently launched its "home direct" services in conjunction with British Telecom, Sprint and another major US carrier, MCI.

"SA Direct," for instance, allows South Africans in Britain to place reverse-charge calls home by calling an international operator in SA toll free, thus eliminating the need for cash and cutting exorbitant hotel levies. The customers pay for the call in rands along with their normal domestic bill.

Americans in SA can circumvent Telkom charges by using MCI's CallUSA service and Sprint Express. Britons here can use BT-Direct.

Telkom is negotiating similar deals with other American companies, UK's Mercury and carriers in Canada, Denmark, Hong Kong, Ireland, Netherlands, Singapore and Australia.

DAIRY BOARD

FM 25/6/93

Melting away

The Dairy Board's days of power and glory are finally over. Chairman Lucas van Vuuren's announcement last week that the board

would drastically reduce its functions and staff ends months of speculation in an industry that has been at war for the past five years. The announcement follows the recommendations made by an industry task group established to investigate the board's future status and functions.

The board will now directly administer its own affairs and personnel rather than rely on the Dairy Services Organisation. This means an effective staff cut from 99 in December to no more than 26. The primary function of the board, which will operate on an annual budget of about R9m, will be to provide statistics, marketing and other services that promote the industry.

This is clearly a far cry from the board's powerful regulatory role of the past. The task group specifically excludes any compulsory industry stabilisation function for the board.

The new dispensation is a victory for the smaller independent dairies and wholesale milk buyers who have challenged the board's power in recent years by refusing to pay its compulsory levies. The smaller dairies resented paying thousands of rands that wound up subsidising the larger manufacturers of long-life milk products — skim milk powder, cheese and butter.

The row reached boiling point last June when the Cape Supreme Court ruled that the levies were illegal. The board eventually dropped its appeal and replaced the 4,97c/l compulsory stabilisation levy with a nominal levy of 0,5c/l. In return, milk buyers agreed to drop all actions against the board and government paid off the board's R20m loan from the Land Bank. The agreement also required the formation of the task group to investigate the functions of a reconstituted board (*Business & Technology* April 2).

Dairy Services Organisation GM Edu Roux, however, confirms that the board could still embark on industry stabilisation. But he says this would have to be at the request of the industry. "The emphasis has clearly shifted from compulsory regulation to voluntary controls." On this score, the task group stresses that stabilisation must be funded by the sector requesting it.

Of course, board decisions will still carry the force of law, through the Marketing Act. Nevertheless, Homestead Dairies MD John Jacobs, who instituted and won last year's court case, doubts that the board will, in future, be used by any interest group. "We will simply challenge any statutory controls that don't have consensus."

Many still question the need for a board in any form. In recent months buyers and manufacturers have practised their own stabilisation successfully. NCD, the largest milk-buying co-operative, last year implemented a

Rumblings over the phone

By MONDLI MAKHANYA

25/6-11/93
THE telecommunications dispute intensified this week, with both the government and its opponents digging in their heels

Heated exchanges took place when Posts and Telecommunications Minister Piet Welgemoed refused to accede to demands by the Cellular Telephone Consultative Forum (CTCF) for a moratorium on the tender of cellular telephone network licences

There were even rumblings of possible court action emanating from the ranks of the CTCF, a coalition of black electronics companies, trade unions, civic associations and the African National Congress.

Bophuthatswana has also entered the fray, inviting tenders for its own Global System for Mobile Communications (GSM) network. The government is being accused of acting unilaterally and of handling the transition to GSM in an arrogant and haphazard manner.

It allowed Telkom, now a major stakeholder in one of the network operators, to start erecting mastheads long before the tender process began. While Telkom's

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Johann Adler explains this by saying that Telkom was at the time the only legal provider of telecommunications, it has done little to still the cries of "corruption" and "unfair advantage".

Welgemoed appointed Ters Oosthuizen as the independent regulator to adjudicate the tenders and then, after realising the position had no statutory backing, promoted Oosthuizen to postmaster general.

There has also been no mass education about the benefits of digital technology — hence the perception that cellular phones are "rich men's toys". Exacerbating this, most of the mastheads have been erected in white areas, belying the stated intention to penetrate rural areas and others previously not reached by wired phones.

Although the opposition groups have many legitimate grievances, they waited until the last minute to form an effective lobby to voice their objections.

This has enabled Welgemoed to claim that any delays will damage the country's foreign-investment image, since there are many large international corporations tendering.

The countdown to the launch of the cellular phone system has created intense financial rivalry — as well as political cross-winds, reports MICHAEL CHESTER.

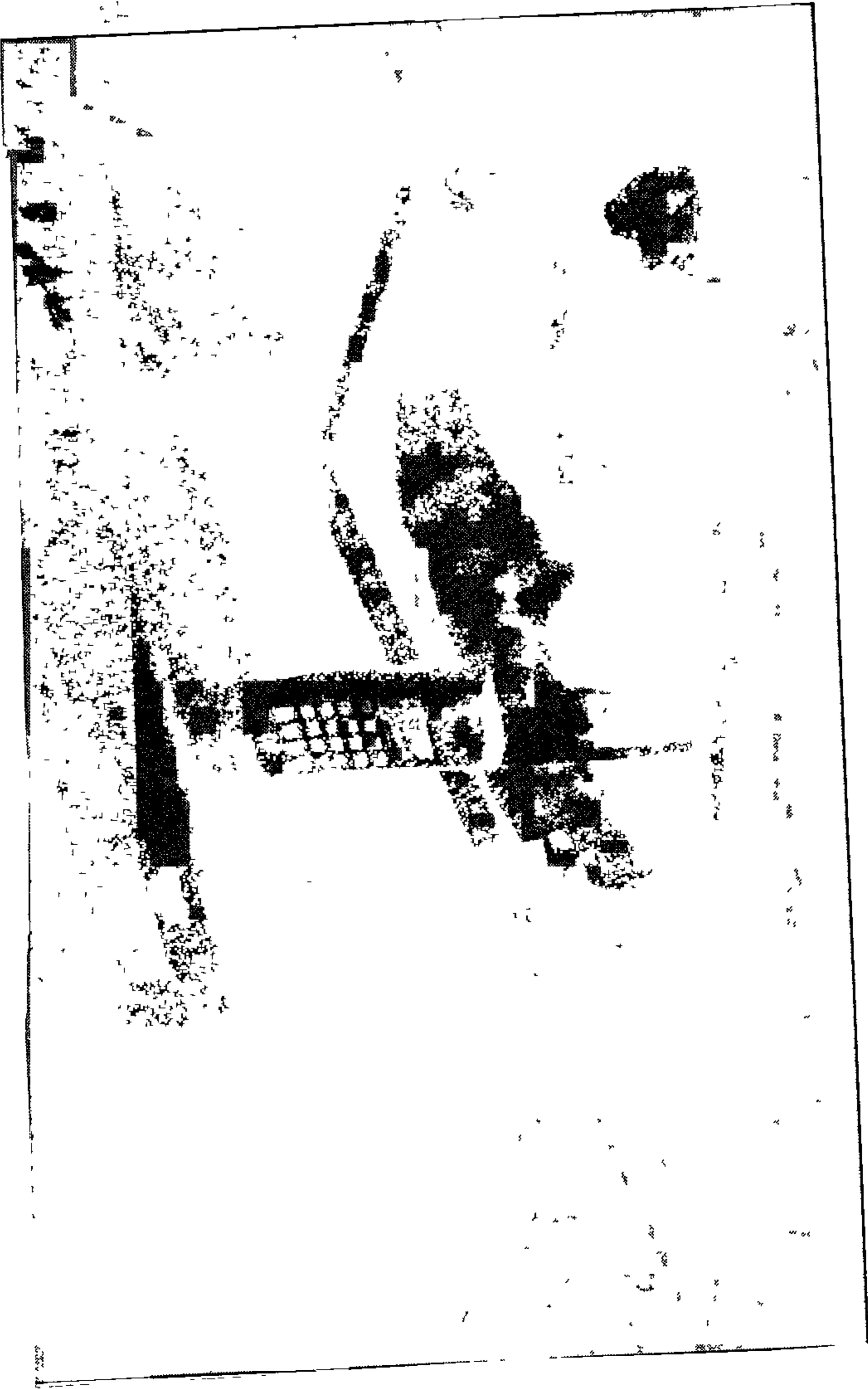
WHEN first mooted almost two years ago, the introduction of cellular telephones was billed as the chance for South Africa to leap into the future. We were told of mobile phones that could be carried around in handbags or jacket pockets as easily as moved from the kitchen to the garden patio.

Even on the way to the launch pad, however, the proposals have found the leap involves running a political and financial gauntlet.

Insiders forecast a battle royal in the tussle for a slice of contracts worth R1,2 billion.

Piet Welgemoed, Minister of Posts and Telecommunications, is determined to stick to a June 30 deadline for the submission of tenders.

The competition is sharp, with as many as 60 or more local and foreign companies bidding for a piece of the ac-



267 Seal 25/10/83

Weligmoed predicts the biggest single rush of international investment since the start of the sanctions era.

"All the contenders are playing their cards close to their chest," said one source. "Leakages of information could be worth millions. And everyone is terrified of being stung by political nettles."

The scramble for information about the size and formula of bids has been made more intense by a Cabinet decision two put two licences on offer to potential operators.

All that has been confirmed is that Telkom will hold no more than 50 per cent of one of the licences. The favoured speculation is a Telkom partnership with Vodacom of Britain holding 35 per cent and bringing in experience with running cellular phones in Britain, and the home-based Rembrandt group coming in with a 15-per cent stake to form a company named Vodacom.

That combination has already been approved at Cabinet level — subject to the details of a final business plan that will be examined when all tenders are under review.

Among the leaders in the battle for the second licence is M-Net, in a partnership with the multinational Cable and Wireless telecommunications company Grinaker Electronics is another strong contender. Another page is also in the running. Dozens of other bidders here and overseas have drawn a curtain across their plans.

The arrival of SunTel, a small black-owned Johannesburg company, in the competition has taken most contenders by surprise. But SunTel chairman L.H. Nape Maepa has told the Minister in a heated ex-

Outsight of the office . . . but not outreach. Cellular telephones open up endless possibilities for keeping in touch — at a price. They are expected to sell at up to R5 000 initially, but this should drop substantially. Picture: Joao Silva

On a hot line to controversy

SPR 25/6/93

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change of correspondence "SunTel is not managed by any ordinary kaffirs"

Maepa has made no secret of his suspicions that the tendering process has been tilted in favour of white businesses, with stumbling blocks to deter black participation — especially returning exiles who had honed new high-tech skills abroad.

He has added suspicions that if the new cellular phone system becomes an all-white operation, the technology could be used for phone-tapping skulduggery. "So," he has informed the Minister, "the cure is black control of this sector."

Weligmoed, dismissing the allegations as ludicrous, still visualises a timetable that will hold the deadline for tenders at June 30, meaning selection of contract awards by around August — and aim fixed on a start of operations by the two phone networks early next year.

But there are powerful political and business lobbies still demanding a delay. Much of the flak is coming from the ANC, which has branded cellular phones as elitist, promising to benefit only

the rich with pockets deep enough to afford to buy the hand-sets and use the system.

Elsa Kruger of the Department of Posts and Telecommunications replies with estimates that though the portable hand-sets could initially come to market at between R3 000 and R5 000, the prices would plummet once mass production was under way. Prices should rapidly fall to nearer R800 or even as low as R500.

The phones could be shared even in squatter camps and shanty-towns where it was virtually impossible to lay cable networks to connect conventional phone systems.

Criticism has also come from a new lobby — the Cellular Telephone Consultative Forum, claiming to represent the black business community, trade unions, civic organisations and "other interest groups."

It has demanded a moratorium on the cellular phone programme and attacked the Government decision to press ahead as "premature", and "another attempt to unilaterally restructure the . . . the tele-

communications sector in particular. We also note with dismay deficiencies in the tender specifications and a deliberate attempt at marginalising and isolating black business now and in future."

Weligmoed has hit back by accusing the CTCF of "opportunism" that threatened to destroy the chance of creating thousands of new job opportunities — between 5 000 and 10 000 — when work starts on the nationwide installation and operation of the new phone networks.

Nevertheless, insiders say the CTCF may not be without veiled political clout. They noted its demands had been delivered to the Minister in a faxed message from the offices of the Thebe Investment Corporation — the investment wing of the ANC.

"It is impossible to interpret the motives of many of the manoeuvres," said one insider. "Even so, the Government does seem in an uncharacteristic hurry about the introduction of the new phone system — though that may show anxiety to give the economy a new lift."

In Pretoria, the Government is braced for still more political gales and high-finance intrigue in the countdown to the June 30 cut-off for tenders from potential operators.

But the Government still has one card up its sleeve — a third licence that has not yet been put on the table. It has been locked in reserve, leaving room to bring in an additional operator if the initial two license-holders look in need of a bit more competition — or if a newcomer may be advisable for all sorts of reasons. □

Minister: No tests on masts

CT 25/6/93 Political Staff (257)

ENVIRONMENTAL tests on Telkom's controversial cellular telephone masts had not been "specifically" conducted, the Minister of Posts and Telecommunications, Dr Piet Welgemoed, admitted yesterday.

"In terms of radio regulations, it is a requirement that antenna systems comply with the requirements of the relevant local authority," he said.

Dr Welgemoed said in reply to a question by Mr Colin Eglin, (DP, Sea Point) that the masts ranged from five metres to 55 metres, with an average height of 35 metres.

He added that local authorities were notified of the intention to erect a mast in their area of authority and if no response was received within 30 days, it was assumed that the local authority had no objection to the envisaged erection of the mast.

His reply follows an outcry from Camps Bay residents over the mast in their area. Telkom has suspended further construction of masts.



Picture JOHN YELD, The Argus

GOING GREEN: Nurseryman Mr Robert Stodel with St Louis Primary School pupils, from left, Cwayita Mphola, 7, Luyanda Magwaca, 8, Nokubonga Mnuqua, 9, and Buyiswa Antoni, 8.

Saying it with trees

JOHN YELD, Environment Reporter

A PLEA from the youth of Cape Town for trees to be made freely available and sub-economic areas to be greened has been answered by well-known nurseryman Mr Robert Stodel

The plea was made in a "document of concern", drawn up by the more than 240 pupils who took part in the recent mini-Earth Summit on World Environment Day at the Waterfront

Mr Stodel read about the pupils' concerns in The Argus — and promptly responded by offering each of those at the "summit" five trees to plant in areas they considered most in need of greening

The first batch of almost 1 250 trees from his nursery was delivered to St Louis Primary School in Langa. Eight St Louis pupils had taken part in the Earth Day deliberations

Teaching video will give the right vibe

Education Reporter

AN innovative video aid which could prove of major help to teachers in increasingly culturally-diverse schools is to be screened on television tonight

The National Language Project's *Yo dutle, cosa wena kyk a?* will be shown on TSS at 9 pm

The video introduces techniques which promote respect for all languages and cultures, learning and integration in multilingual classrooms

According to the National Language Project (NLP), South Africa has experienced major changes that are bringing diverse cultures into closer contact with one another.

Increasingly, teachers find themselves faced with students of various ethnic and linguistic backgrounds. They have to reach out to individual pupils who find themselves isolated in the classroom

Teachers may feel inadequately equipped to meet all the language needs of their pupils

One of the aims of the Language Activity Class is to take pressure off teachers and allow them to use linguistic diversity as a teaching tool

The Language Activity Class introduced in the video allows pupils to learn, through participation, about language, identity and social relations

A guide booklet for teachers comes with the video

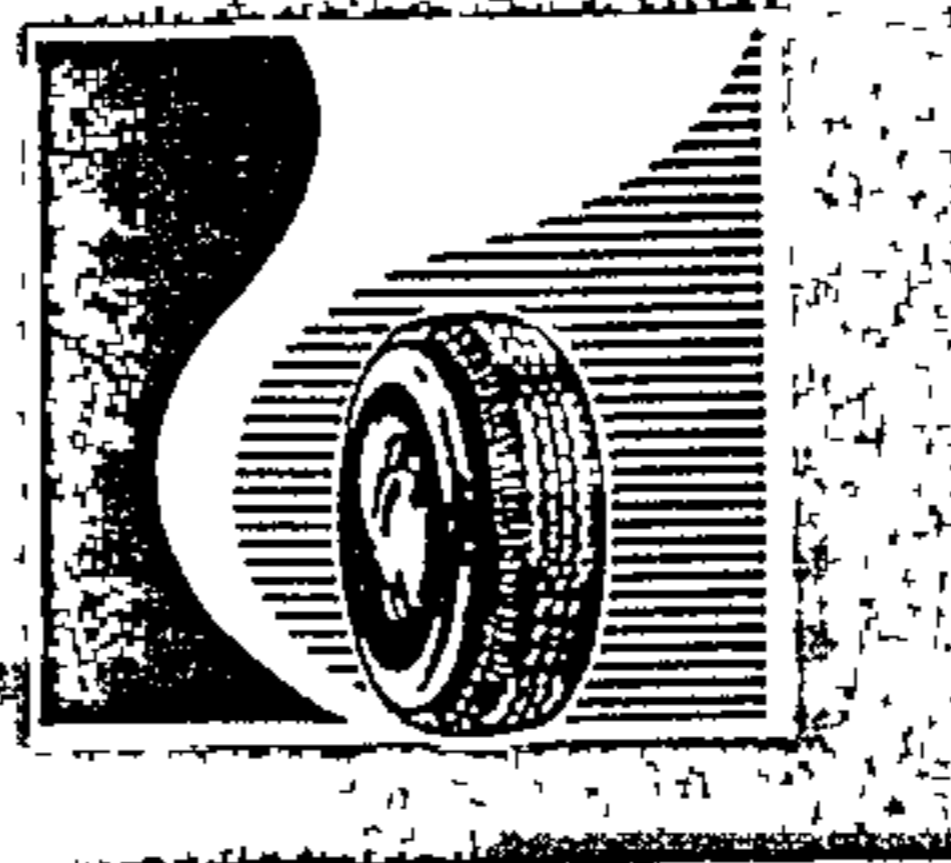
The concept of the Language Activity Class was introduced to SA by Professor Rama Kant Agnihotri of India

In the video he explains how to use the multilingual classroom to improve cognitive development and increase cultural tolerance

The video and accompanying material cost R50 for individuals and community organisations and R100 for institutions. They are available from the National Language Project, P O Box 378, Salt River 7924 or by contacting 47 2760

AT THE RIGHT PRICE

treads



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SOMERSET WEST	51 7004
STELLENBOSCH	7 0319
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EAGLE
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(267)
MAG 30/6/92

Tenders for multi-million rand cellular phone system

The Argus Correspondent

PRETORIA — The Postmaster-General's office will be a hive of activity today as companies rush to submit tenders for the multi-million rand cellular telephone network up for grabs

By early today no tenders had been submitted for the R100 million licence, but Postmaster-General Tertius Oosthuizen said a number were expected before the noon deadline

"The tenders will be ready, but no one will submit them before the deadline in case of a security leak," he said

Several South African companies, including M-Net and Grinaker Electronics, as well as a London company, Starnet, are expected to bid

The Telkom subsidiary formed to operate one cellular network, Vodacom, will also be submitting a tender, but is assured of one licence as long as it complies with conditions, Mr Oosthuizen said

Vodacom chief executive Mr Alan Knott-Craig said cellular phones could cost as little as R2 000 by 1995

BID Day 11/7/93
(267)

Race is on for cellular grid

MELANIE SERGEANT

FOUR consortiums, including one involving M-Net and Fabcos, have lined up in a bid to run SA's second new cellular phone network. The other licence will be granted to the Telkom-led consortium Vodacom

At the tender opening in Pretoria yesterday, the four emerged as:

- Anglovaal's Cellstar, with Telekom Finland and other investors including Finfund;
- Barlow Rand with Deutsche Bundespost's new cellular subsidiary Deutsche Telekom Mobile;
- Suntel; and
- A new company, Mobile Telephone Networks (MTN)

The MTN consortium consists of Cable & Wireless and M-Net, each with a 30% shareholding; the Foundation for African Business and Consumer Services (Fabcos) and National African Telecommunications (Naftel), with 30% between them, and state-owned Transnet's telecommunications division Transtel, with the balance.

At the tender opening, all consortiums except Suntel were represented, and all said they would offer digital Global Sys-

tem Mobile technology — the same technology Vodacom will use.

The tenderers each paid R50 000 to submit their documentation

Postmaster-General Ters Oosthuizen said that depending on the complexity of the tenders, the award would be announced as soon as possible. A decision would have to be made by the end of September.

Regarding the R100m licence cost, Deutsche Telekom Mobile's Joachim Vorlaender said: "We have put in various proposals because this cost, plus the cost of other fees payable annually, will have a direct impact on the service's cost."

One proposal could be that the R100m payment be spread over some years, or even the 15 years of the licence's duration.

The MTN consortium is clearly designed to allay fears that the proposed cellular service would become a "yuppie toy", as has been claimed by various organisations, including Suntel. MTN said in a statement:

□ To Page 2

BID Day 11/7/93
(267)

Cellular grid

From Page 1

"The deregulation of cellular phones provides an opportunity to black businesses and entrepreneurs to become involved in a meaningful way in this grassroots opportunity." It said 30% of MTN's equity would be placed with "previously disadvantaged, mainly black, shareholders"

Consortium member Naftel is an investment company formed by M-Net and Cable & Wireless to "spread ownership to the previously disadvantaged business community on a fair and equitable basis".

● Picture. Page 3

SA black
business ⁽²⁶⁷⁾
in cellular ^{11/7/93}
telephone
application

JOHANNESBURG — A consortium comprising black business organisations, M-Net, the UK's Cable and Wireless (C&W), Transnet and National African Telecommunications (Naftel) have submitted an application to operate a cellular telephone network, Mobile Telephone Networks (MTN). If successful, could create some 5 000 jobs. Of these 300 would be direct. Thirty percent of the equity will be placed with black shareholders including Naftel and Fabcos, 30% will be held by M-Net while a further 30% will be held by Cable and Wireless. The remaining 10% will be held by Transtel, a division of Transnet.

'087 service cost Telkom R77 million'

(267) CT 2/7/93

PRETORIA — The premium-rate 087 service cost Telkom about R77 million in bad debt and eroded its image to an all-time low, the company's managing director Mr Danie du Toit said in his review in Telkom's first-ever financial report

"Many man-years of effort were spent by Telkom employees in addressing queries and problems that would not otherwise have arisen"

Chairman Mr Jack Clarke also acknowledged that the service had tarnished Telkom's image

"It also brought with it fraud on an unprecedented scale and huge write-offs"

The 087 service was ended in December last year

But cowboys don't cry, according to Mr Clarke, and Telkom has done much subsequently to improve its image

Mr Du Toit said client perceptions were changing for the better and staff morale was improving rapidly.

Telkom's first financial results since commercialisation in 1991, showing only 1,68% overall growth for the 18-month period under review, were well below expectations, Mr Clarke said yesterday

— Own Correspondent, Sapa

Telkom's first report paints gloomy picture

CTZ/9/93 (267)

PRETORIA. — Telkom's financial results did not reach expectations for the 18 months ending in March this year and revenue was R463m below budget

This is Telkom's first financial report and covers the 18-month period from October, 1991, to March this year

Net income for the period amounted to R411m. Earnings per share were 10,6c. A 2,6c dividend per share was declared. The state is Telkom's only shareholder

Announcing the company's financial results at a press conference in Pretoria yesterday, Telkom chairman Jack Clarke painted a gloomy picture of Telkom's first 18 months as a commercial business

For the first time in recent history, the total number of telephone calls made declined. Clarke said there had been a drop of about 1,5% in the past 12 months

The overall growth rate dropped from an average of over six per cent for previous financial years to 1,68% for the period under review

"Our results were therefore below expectations and revenue was R463m below budget," he said.

Bad debts and write-offs were at an all-time high due to the prevailing poor economic conditions and the aftermath of the disastrous premium-rate 087 service

Write-offs increased by R139,6m

Telkom also made its final contribu-

tion of approximately R209m to the Post Office to finance their shortfall for the last six months of the 1991/92 fiscal year

Telkom also inherited a gross interest-bearing debt of R10,2bn from the old Department of Posts and Telecommunications, which resulted in a negative impact on its ability to compete

"The result of this is that 19c in every rand spent by our clients on telephone service is used to pay the interest on these loans"

During the past 12 months Telkom was forced to implement a policy to restrict capital expenditure to internally generated funds

"No additional borrowings were made, nonetheless we spent R1,8bn on capital programmes"

On a more positive note, Clarke said Telkom had managed to position itself for the future, despite the turbulent economic and political environment

Pro-active steps were taken to curtail manageable costs in the short term and lay the foundation for a more cost-efficient company

Considerable progress was also made in expanding and upgrading the infrastructure and new technologies were implemented

Clarke predicted that if the economic and political climate stabilised, Telkom could look forward to a growth in earnings and a significant improvement in customer satisfaction and financial performance in the next 12 month period. — Sapa

Fall in calls shakes Telkom

Bl Day 2/7/93

ADRIAN HADLAND

PRETORIA — Telkom failed to meet its budgeted revenue after a decrease in the number of telephone calls — for the first time in recent history. (267)

Chairman Jack Clarke said yesterday that results, the first since commercialisation in 1991, were well below expectations.

The 18-month period under review showed only 1,68% overall growth, while the 1,5% decrease in the total number of calls for 1992/93 resulted in revenue falling R463m below budget.

The company's performance, showing a turnover of R10,6bn and net income of R411m, had been significantly affected by poor economic conditions. Rising bankruptcies, declining numbers of calls, an "all-time high" in bad debts and write-offs totalling R139m all contributed to the

weak results.

Gross long-term debt of R10,2bn which was inherited from the Posts and Telecommunications Department, a final R209m contribution to the Post Office and a R1,5bn pension fund shortfall had exacerbated the company's position, Clarke said.

Telkom MD Danie du Toit said the debt burden, accounting for 21% of expenditure or R4,1bn for the period, would seriously impede Telkom's ability to provide the modern infrastructure essential to its competitiveness. Clarke told a news briefing, "This is particularly worrying since all over the industrialised world telecommunications companies are committing

□ To Page 2

Telkom

Bl Day 2/7/93

□ From Page 1

enormous amounts to the modernisation of networks." (267)

Fraud on an unprecedented scale and huge write-offs had characterised the premium rate (087) service "debacle", Clarke said, and 1 180 "so-called s'ease lines" had been terminated at considerable cost to Telkom. When the service was cut in December 1992, R77m had been accumulated in bad debt and Telkom's image had been eroded to an all-time low, Du Toit added.

However, programmes initiated recently suggested a significant improvement could be expected in 1993/94, Clarke said.

Aggressive inventory control, the containment of capital expenditure, improved

productivity (the period saw an 8,3% reduction in personnel), together with a number of projects aimed at boosting client satisfaction were among the company's objectives.

"We believe that with the programmes we have in place, subject to the economy not deteriorating any further, we will see a growth in earnings and a significant improvement in customer satisfaction and the financial performance of the company," Clarke said.

It was also announced that detailed billing services would be available for all consumers connected to SA's 900 digital exchanges from January 1 1994.

Soaetani 2/7/93

Telkom's dented image

THE premium-rate 087 service cost Telkom about R77 million in bad debt and eroded its image to an all-time low (267)

This was said by the company's managing director, Mr Danie du Toit, in his review in Telkom's first financial report

"Many man-years of effort were spent by Telkom employees in addressing queries and problems that would not otherwise have arisen"

In his review chairman Mr Jack Clarke also

acknowledged that the service had tarnished Telkom's image "It also brought with it fraud on an unprecedented scale and huge write-offs"

During the life of the 087 service, which was ended last December, Telkom terminated about 1 180 information provider services, most of them so-called "sleaze-lines".

Du Toit said client perceptions were changing for the better and staff morale was improving rapidly — Sapa

TELKOM

Tackling the backlog

Government-owned monopolies — Eskom, the Post Office and SA Airways before Flitestar arrived — always have trouble providing service to everyone who wants it. Telkom is no different. It consistently has a backlog of more than 100 000 applicants who want phones.

After almost two years of trying to act more like a business and less like a government agency, Telkom still has a backlog of 122 547, up from 109 508 in March 1990. Last week in Johannesburg, at its second client forum — part of the new, customer-friendly Telkom — the company may have made a start at defining and tackling the problem.

It turns out that much of the backlog is in black townships. In the Witwatersrand 16 000 of 21 000 on the waiting list are in black areas. In East Rand townships there are 10 000 people waiting for phones. Telkom says it's installing about 2 000 telephones a day on the Reef but, faced with fast-growing areas such as Midrand and myriad problems in hooking up the townships, the company can't keep up.

Regional GM Frank Vian says workers — regardless of race — are often unable to enter some townships. "Maintenance and installation work has come to a complete halt in certain areas." Even under police escort teams are often threatened and attacked. In

the past two months 19 employees on the Reef were injured.

Another major problem is vandalism and theft. Vian says cable theft in the first six months of this year cost Telkom R1,2m. Last year more than R3m was lost in cable theft and 112 fully equipped vehicles were hijacked, stolen or burned out. Another 90 were damaged in stonings. In the western Cape an average of 10 vehicles a week were damaged or destroyed in the five weeks following Chris Hani's assassination. This loss alone amounted to about R200 000.

On the Witwatersrand, R10m has been set aside for 13 infrastructure projects, but they can't be started.

"Part of the problem is that Telkom is still seen as part of the regime," says spokesman Gert Schoeman. "The other part of the problem is the criminal element." Here, Telkom plans to take a page from Eskom's book. "Through negotiation with community leaders, Eskom has been able to obtain cooperation for the protection of its people and equipment."

Eskom has had remarkable success in getting community support. For one thing, it tells subcontractors to hire local people in the townships. "We go to the community to find out what they really want, not what we perceive they want," says Shadrack Motsoane, an Eskom project manager. "The 'Thou shalt' approach doesn't work."

Schoeman adds "As a direct result of the client forum, we were approached by the Soweto Civic Association. It has pledged to talk to some 200 organisations in Soweto on our behalf."

Telkom is also working with the Witwatersrand branch of the National Peace Secretariat to contact all relevant players in the townships. Last month Telkom launched a nationwide programme to establish contact with major political stakeholders. By October, Telkom hopes that all its regions will have developed a professional and consistent rapport with important community leaders.

Says Vian "We realise we haven't reached the ideal, but meetings like these help us get our focus right." ■

A giant step for SA

FRANS ESTERHUYSE

Weekend Argus Political Correspondent

(267)

APR 3 17/93

SOUTH AFRICA'S new space satellite industry is set for a real take-off into world markets — and, the countdown could begin as soon as next week

The last major obstacle to full entry into the space business — economic sanctions and related restrictions — could be removed or at least come closer to removal after President De Klerk's and Mr Nelson Mandela's talks with President Bill Clinton in the United States this weekend

A big stride towards clearing the way for South Africa's fledgling space industry, centred in the Western Cape, was taken this week by the Denel industrial group's decision to stop its rocket programme and to channel available funds into its satellite development for which there is a world demand

Denel communication executive Mr Paul Holtzhausen told Weekend Argus yesterday there was a strong and growing world demand for affordable service satellites, used for recording conditions on the earth's surface

South Africa, with its newly-developed Greensat low-orbit satellite, was among the first in this field and had drawn great interest in world markets, as shown by enthusiastic responses when Greensat was exhibited

at the Paris air show last month

Mr Holtzhausen said "a whole series of negotiations" was now in progress as a result of responses at the Paris exhibition

Meanwhile, acting State President and Foreign Minister Mr Pik Botha said this week he believed Denel's decision to stop further rocket development had removed the most important obstacle to South Africa's membership of the important international control body, the Missile Technology Control Regime (MTCR)

This step also had additional advantages for South Africa in terms of international co-operation in space matters

Mr Botha said President De Klerk, during his visit to Washington this week, would discuss the question of future co-operation with the United States government in this regard

"The USA maintains strict sanctions against Denel and all of its affiliates. We trust that these sanctions, at least in respect of certain of Denel's affiliates, can soon be lifted," said Mr Botha

"This would mean these companies in the Denel group, which until now have not been able to have normal commercial relations with the US, would have access to new markets. It could be an important economic boost for Denel as well as for the South African economy"

Mr Botha told the Cabinet this week of Denel's decision. He said that, on balance, the decision would have many more advantages for South Africa than disadvantages

At first glance, the decision to terminate the launch vehicle (rocket) project was "disappointing" in that it might lead to a loss of job opportunities. However, there were important benefits that could flow from this decision

Mr Botha said it was a fact that "in the new era in which we now live", the whole question of the proliferation of weapons of mass destruction had become a matter of the highest priority throughout the world

The fact that South Africa had the capacity to produce a launch vehicle, had led to a suspicion that this country also had the capability to manufacture a missile

In spite of repeated assurances from Denel (formerly part of Armscor) that its rocket would be used exclusively for commercial and peaceful purposes, the mere fact that South Africa was involved in the development of a launch vehicle had resulted in South Africa's exclusion from important international control bodies like the MTCR

A Foreign Affairs spokesman told Weekend Argus indications were that without MTCR membership, South Africa would not be able to market any of its space industry products

Mr Holtzhausen said studies had shown South Africa's membership of MTCR could play an important role in international space relations

Denel could "give a unique new direction to the space industry" by providing low-orbit

satellites that could be launched and operated at low cost

South Africa's Greensat rocket was, in fact, the first of its kind in the world. It could be regarded as "the personal computer (PC) of the space industry"

The decision to discontinue rocket development had been taken "purely for business reasons"

Viability studies had shown that, compared to existing satellite launchers in the world, Denel's manufacture of launch rockets would not be the most economical option

Denel's board of directors decided, therefore, that after completing remaining tests, the rocket programme would "reach a logical cut-off point"

Mr Holtzhausen emphasised that this did not mean Denel's Overberg test range in the Western Cape and its small test facility at Hanglip would be closed down

The two test ranges with their capabilities also were used for the qualification and testing of various other products for the local and international markets

Mr Holtzhausen does not foresee any large-scale reduction of staff as a result of the new move. A small number of Denel staff members might be affected, he said, but their position would be considered "with great circumspection"

Where possible, attempts would be made to retain skills that could be used in Denel's future satellite business

High-debt Telkom finds change hard

S Times [Business] 4/1/93
(267)

By TERRY BETTY

TELKOM is struggling to contain debt while maintaining First World standards and trying to provide as many South Africans as possible with a telephone

Revenue for its first 18 months as a commercial concern was R463-million below budget — the result of a decline in the number of telephone calls made

Chairman Jack Clarke says the conversion of the former government department is incomplete

Turnover in the 18 months to March 31 was R10,6-billion. Operating income was R3,1-billion and earnings a share were 10,6c

Telkom paid a dividend of R102-million to the State, the only shareholder

A drain on the company is the debt it inherited after it was hived off from the Department of Posts and Telecommunications. Finance charges for the 18 months were R2-billion

Managing director Dame du Toit says Telkom inherited

a R1,5-billion actuarial shortfall on the pension fund which it has pledged to finance over 15 years. He aims to do this after 10 years

Gross long-term debt, most of which is in dollars, is R10,2-billion. Mr du Toit says the focus is not on repaying it, but on not increasing borrowings

Licence

"The interest on this is 12%. It is often worth our while to roll over debt and inject the funds into ventures that yield a higher return."

He believes that one such healthy venture is the cellular telephone system

Vodacom, which comprises Telkom, Rembrandt and UK-based Vodafone, will have to pay R100-million to the State for a licence. It will cost about R800-million to R1-billion to set up the infrastructure

Mr du Toit says Vodacom

will recoup this money within six years, or four if the infrastructure is leased by the other licensed cellular operator

Telkom, a 50% shareholder in Vodacom, will provide half of the money

Mr du Toit says that in the first year Telkom will have to inject about R210-million of capital into Vodacom. About R150-million will be in borrowed cash

SA will not be able to keep up with the rest of the world in technology because it is under social pressure to link all South Africans to telephones. Telkom does not have all the money needed

Mr du Toit warns that the corporate sector's subsidisation of residential telephone calls cannot continue at a high level

Telkom may be forced to make its international telephone calls more competitive. It faces increased pressure from foreign companies which are introducing cut-rate calls



JACK CLARKE: Switch from State department continues

US bid to delay tenders for cellular network fails

Biday 8/7/93
(267)

IN EFFORTS to enable US companies to tender for SA's cellular phone network, the US embassy made a last ditch attempt to delay the cellular phone tender date by months.

At least seven US companies, including cellular network operators, wanted the tender delayed until local and state sanctions in the US on SA were lifted.

A US embassy spokesman said yesterday the companies had approached the US commerce department to extend the deadline for bids by several months. The reason they could not bid within the set timeframe — tenders closed last week — was the sanctions issue. The spokesman said the embassy had been asked to intervene.

"The companies expected sanctions to be lifted last week, and a statement was needed before they could pursue their interests. If the date was extended, the companies believed the cellular licence would have been a good opportunity to invest in SA," he said.

The bid came as President F W de Klerk and ANC leader Nelson Mandela were in the US and while hopes were high that the ANC would call for the lifting of sanctions.

Reports by
MELANIE SERGEANT

Despite the US call, postmaster-general Ters Oosthuizen said late-comers could not be accommodated. He confirmed that formal approaches to extend the date had been made. But doing so would have raised the ire of companies which had worked hard to complete their tenders in time, he said.

Tenders received to run SA's second network were those from Mobile Telephone Networks (MTN), Anglovaal's Cellstar, with Telekom Finland and other investors including Finfund, and Barlow Rand with Deutsche Bundespost's cellular subsidiary Deutsche Telekom Mobile.

A letter was also received from Suntel, but Oosthuizen said nothing further had been submitted by Suntel, and a decision on its qualification to tender would be made shortly. Suntel was working with US companies in formulating its tender.

Investors in the MTN consortium comprise Cable & Wireless and M-Net, each with 30% shareholding, the Foundation for African Business and Consumer Services and National African Telecommunications with 30%, and the balance will be held by state-owned Transnet's telecommunications division, Transtel.

Oosthuizen said it was difficult to estimate the time needed to evaluate the tenders because of the voluminous documentation which included several alternatives.

"We specifically did not give a clear specification in the tender and asked companies to offer their best alternatives. This has left the choices wide open, making the tender more difficult to evaluate."

Oosthuizen is a member of a panel evaluating the tenders. He is also using an internal evaluation team at the Posts and Telecommunications Department, as well as external consultants from SA and abroad.

In the meantime, the other network operator, Vodacom, has announced its board of directors. Businessman Reuel Khoza is one of four directors nominated by 50% Vodacom shareholder Telkom. The others are Jack Clarke, who will be Vodacom and Telkom chairman, Telkom MD Danie du Toit and Telkom senior GM operations Ben Bets.

UK-based Vodafone, which holds a 35% share in Vodacom, has nominated three directors: Vodafone Group executive director John Peett, Vodac MD David Henning and Vodac MD Julian Horn-Smith.

Rembrandt, which holds 15%, is represented by investment director Dilie Malherbe.

FORMATION TECHNOLOGY

Telkom to scrutinise new videophones

THE success of videophones in SA rests on their being licensed by Telkom and getting the SABS stamp of approval. *Biday*

Launched this week, the GEC-Marconi machines being marketed by Eurosat Africa are currently with Telkom for approval, says Eurosat MD Sid Trickett *81-1193*

"They are already licensed by British Telecom, and samples have been submitted to Telkom. One hundred units have been imported, so potential distributors can evaluate them *(267)*

"We have tested the phone for three months on the SA phone network and it works well."

If Telkom or the SABS wanted changes made at source, this could harm the viability of the phones in SA, because changes could make the phones too costly, he said. In addition, the factory might not be prepared to make changes, because production was geared for much larger markets in the US and UK.

However, Trickett was confident Telkom would be happy with the product, because it had potential to generate large revenues.

"People will talk for hours on the phone, because they can see one another. You can also conduct meetings, and show products on the screen for assessment, for example."

As things stand, he says the phones will cost between R2 500 and R2 900.

Trickett says the phones work best on more advanced PABXs, and there can be problems with outdated PABXs.

Asked whether the limited bandwidth on SA's analogue phone lines could lead to poor picture quality and blurring if there is movement on the screens, Trickett says the phones work better on digital lines, but can produce problems if lines are bad, or connections poor.

In the latter case, the videophone can move into "slow mode, or the frame will be frozen".

POST OFFICE FM 9/7/93

Gulping red ink (267)

There aren't many surprises in the Post Office's first financial statement since commercialisation on October 1 1991. During the first 18 months, taxpayers subsidised R709m of its R928m in losses, according to figures released this week.

Senior GM for finance and technology Albert Michau says that overall, he thought the figures "turned out quite well" considering that without commercialisation, government would now be subsidising the Post Office at an estimated rate of R700m for just one year.

"Why aren't we issuing a glossy annual report and making a big splash? As long as we're subsidised, we want to maintain a low-key profile. Until we break into profitability, we have nothing to shout about."

The Post Office's first report since its split from Telkom, for the 18 months to March 31, shows a R928m loss on R1,7bn turnover. By comparison, Telkom posted a net profit of R411m on R10,6bn turnover.

The tide of red ink certainly is not unexpected. The Post Office's losses are legendary. But postal rates went up 30% on average on April 1, which will raise income by R146m this financial year. Michau says this year's loss will not be as high as estimated (R498m). He adds that he has no doubt the Post Office will break even by the end of the 1996 financial year, even linking future rate increases to inflation. Meanwhile, government subsidises the shortfall.

A big obstacle facing the auditors — Coopers & Lybrand and Ernst & Young, who were paid nearly R4m — was determining the opening balance sheet figures. "It was quite a problem," Michau says. "It took 18 months to sort it out." Before commercialisation, Telkom and the Post Office came under one budget that was administered by the Department of Posts & Telecommunications. One problem, for instance, was that fixed assets were accounted for by totals

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BUSINESS & TECHNOLOGY

FM 9/7/93
rather than individually. Now, in keeping with the Companies Act, they are compiling fixed-asset registers (267)

Nevertheless, the two units retain certain links. Because the Post Office Savings Bank funnelled so much money into capital-intensive telecommunications projects before the breakup, it was decided that Telkom should repay the Post Office R1,3bn — R100m every six months.

The pension fund deficit runs to an estimated R595m and is being funded out of operating income at R92m a year. The Post Office also paid R118m for retirement packages in December. To avoid retrenchments among the 26 000-plus staff, it offered older employees early retirement and 1 000 accepted.

Another albatross is the Post Office Savings Bank. Founded in 1910, it has 8m accounts but only 3,5m are active. In the 18-month period, total deposits fell from R1,7bn to R1,4bn. Officials chalk up the decrease to changes since commercialisation that eliminated tax concessions for account holders. In addition, interest rates were lowered to 11% in September and service charges were instituted in October. "We're not competitive now, but we're going to put that right," Michau says. "I believe we can turn it around."

He also feels that way about the whole Post Office. "We're moving in the right direction." He points out that the organisation is cutting expenses, offering more services (many more post offices are now open during the lunch hour), doing more aggressive marketing and keeping its corporate clients despite the recession.

If all this works, Postman Pat will certainly start smiling again and so will his long-suffering customers.

Maureen Sullivan

TELKOM

FM 9/7/93

267

Running into a debt dead-end

Turning a State bureaucracy into a successful business is a complicated process. In the nearly two years since its split from the Department of Posts & Telecommunications, Telkom has learnt just how complicated it can be. The obstacles facing Telkom have been endless: increasing competition, the 087 debacle, a serious drop in business caused by the prolonged recession, escalating losses from theft, violence and vandalism. But the biggest problem is its huge debt burden, debt service equals 21% of expenditure, giving it little leeway to upgrade its technology and extend its network.

In figures released last week, Telkom did show a small net profit for the 18 months ending March 31 — R411m on a turnover of R10,6bn. This allowed it to pay its sole shareholder, government, a R102,7m dividend, making Telkom only the second of government's commercialising companies — Denel is the first — to pay a dividend.

Nevertheless, chairman Jack Clarke is worried about the company's long-term competitiveness. With its high-debt load, Telkom was able to invest only 23% of turnover during the period. "This is too low for a hi-tech, high-obsolescence industry. If we want to be competitive, we need to invest heavily in infrastructure. At the moment we don't have this kind of flexibility."

Added to its R10,2bn in long-term debt is a shortfall of R1,5bn in its pension fund, which is funded out of income over 15 years.

At the same time that debt has grown, cash flow has slowed, thanks to the economy. The total number of calls over the 12 months to April declined by 1,5%, compared with the previous 12 months, the first time that's happened in years. "Our results were, therefore, below expectations and revenue was R465m below budget," Clarke says. "Bad debts and write-offs were at an all-time high due to poor economic conditions and the aftermath of the premium-rate (087) service."

MD Danie du Toit says that Telkom's heavy debt burden is restricting its investment in the latest technology, telecommunications companies elsewhere around the world are committing vast sums to modernising their networks by, for example, installing fibre-optic systems that can carry multimedia — voice messages, text, video and graphics all at once.

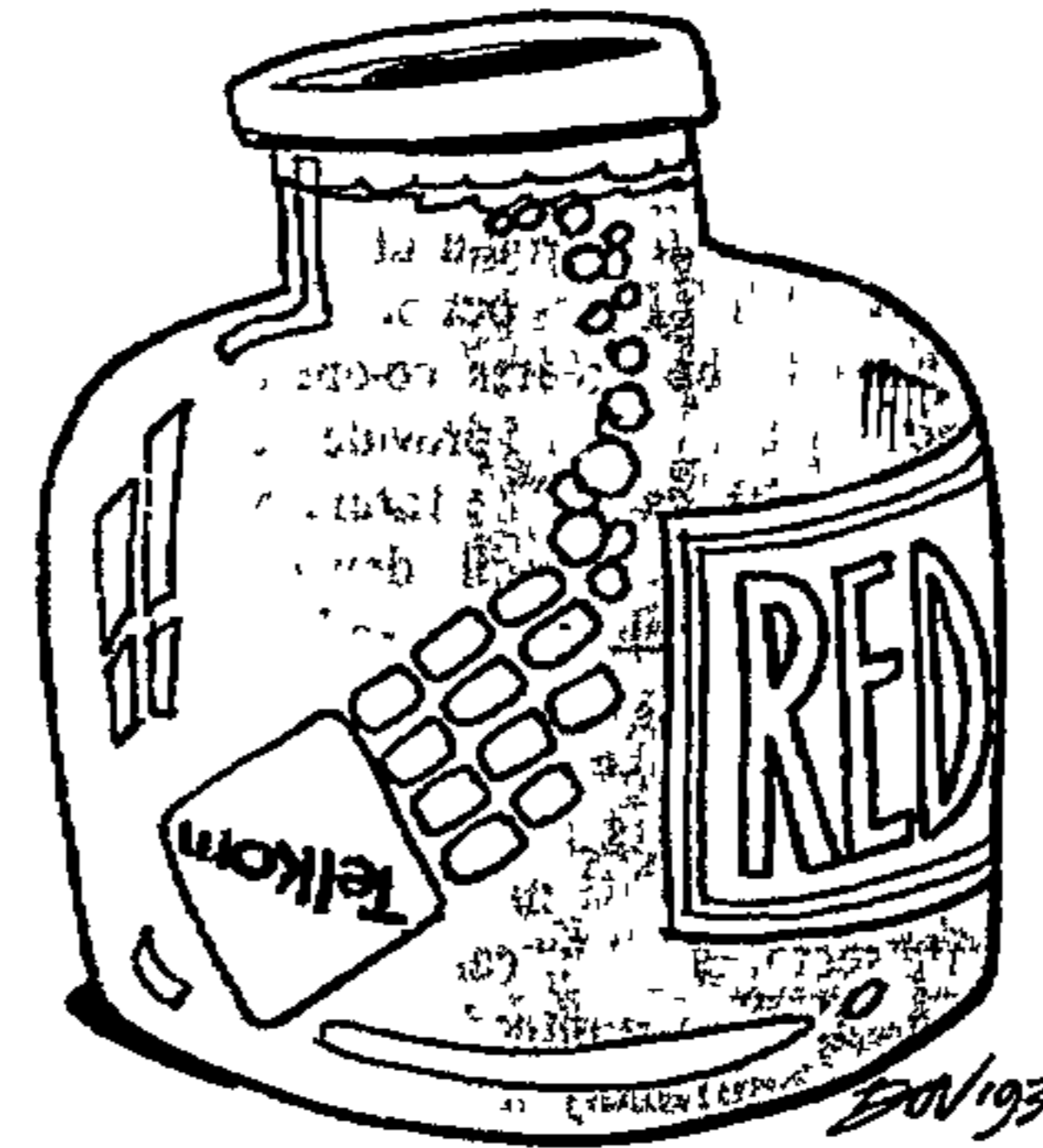
But Telkom not only serves a business market that demands world-class facilities, it also must cater for a retail market that includes millions of people who simply want access to a phone. Reconciling the demands of the two markets is not easy.

In a nutshell, Telkom needs to spend huge amounts of money, ~~but~~ on the most sophisti-

cated technology and on basic phone lines in the townships. But with its debt load, it can't borrow much more money. And with the ANC dead set against privatisation, raising money through a JSE listing is out of the question.

Other State-owned telephone companies around the world have raised money by selling off 30% or 40% shares to one of the telecommunications giants, such as AT&T or MCI. But ANC opposition would also rule this out.

One compromise that the ANC might eventually approve would be to privatise Telkom's long-distance and business services, while keeping the basic residential services in government hands. The US did something along these lines in 1984, when it deregulated the lucrative long-distance and corporate services and kept local services strictly regulated.



Free Market Foundation executive director Leon Louw says the answer is to allow competition at all levels. "It is not the job of government to provide phones. Competitors would be able to get all the services to the people at a reasonable cost." He underlines this point by saying local entrepreneurs had wanted to provide cellular phones to the PWV townships some 10 years ago, but could not get government permission.

Louw believes that Telkom should raise more money by selling assets and services, reducing expenses and finding new ways to increase revenues.

The company already has started a programme to improve its finances. A new policy restricts capital expenditure to internally generated funds. While no additional borrowings were made in the 12 months to April, it nevertheless spent R1,8bn on capital programmes.

In addition, staff has been reduced from 67 667 to 61 991 by attrition since commer-

cialisation. There will be another 8% staff reduction in the next 18 months.

Clarke says "a combination of deregulation and new technology certainly will bring more competition to the industry and Telkom must prepare itself to be a winner in what is becoming a global industry." But in this battle, commercialisation has probably taken Telkom about as far as it can. It will be up to the next government to decide whether Telkom should try to win this battle, or merely sit on the sidelines.

Marina Bidoh

BUSINESS

SLOWLY the Telkom dinosaur is evolving. Fifteen months after commercialisation, the telecommunications parastatal is still trying to change from a pampered child to a profitable business.

It has not been easy. The company last week reported unimpressive results, showing only 1,6 percent growth and a R411-million net income after tax. Telephone use declined by half a percent.

Erasmus has been a victim, both of circumstance and the inertia of a parastatal. Financial director Stoffel Erasmus quite rightly blames the recession for many of Telkom's woes. The past three years have seen a large number of business failures, robbing the company of much corporate custom and raising bad debts. Corporations have also tightened telephone use, as have private consumers, who received an average five percent wage increase last year, below the double digit inflation rate.

Another factor, Erasmus points out, has been the huge bank merger that resulted in the creation of ABSA. The computer network rationalisation that followed this merger of five big users of Telkom infrastructure took its toll.

But Telkom also took an unwise decision last year by raising tariffs by five percent during the very recession it attributes its troubles to. The tariff

Telkom still on hold

W/News 2/17-1577193

The recession coupled with the

087 debacle and an unwise

price increase can be blamed

for Telkom's poor showing. But

the company is slowly coming

to grips with its new role.

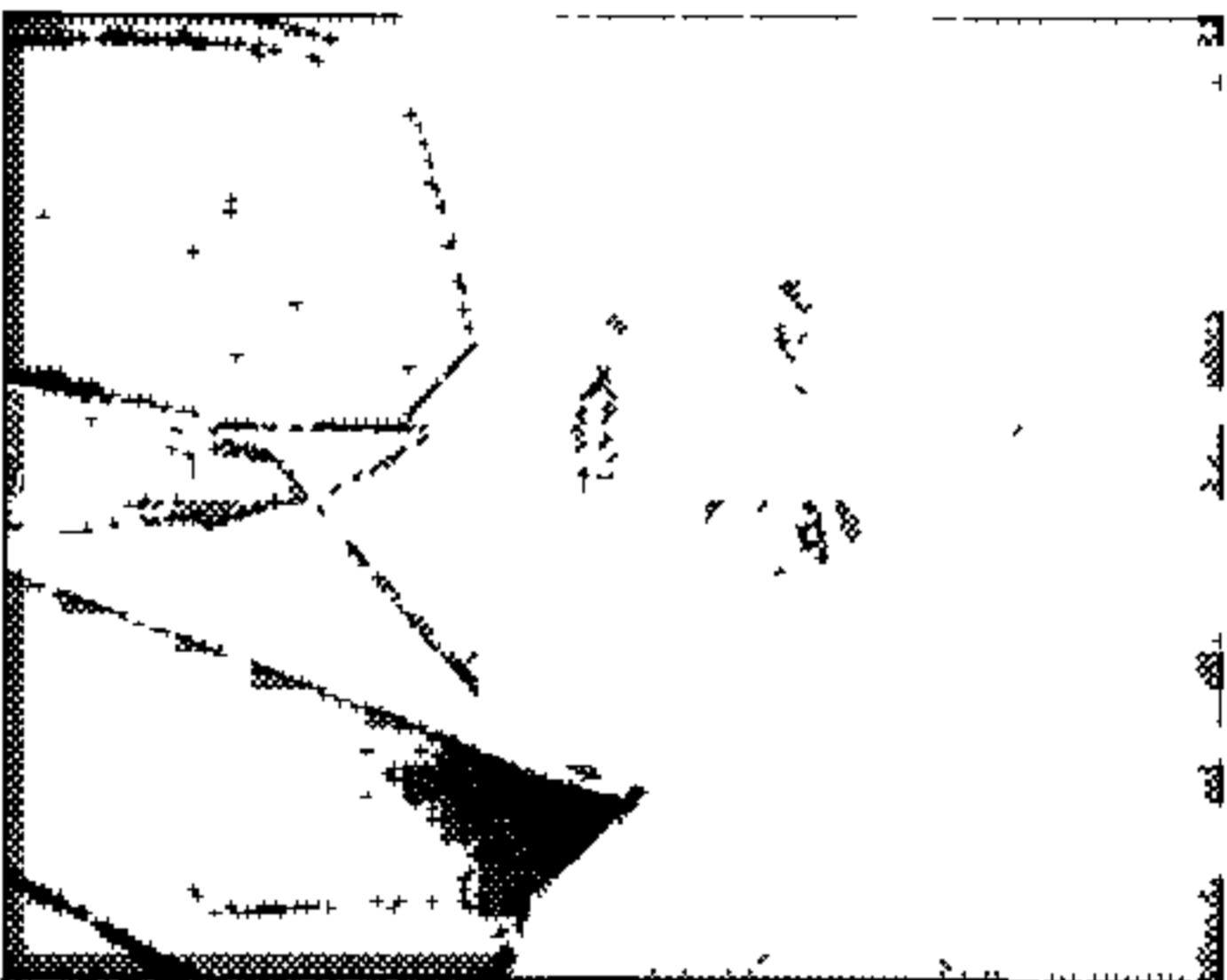
By MONDLI MAKHANYA

increase was also exacerbated by the introduction of 10 percent Value Added Tax on telephone calls in November 1991.

"Simple economics should have taught them that telephone use is still pretty much price elastic in this country," says a consumer activist.

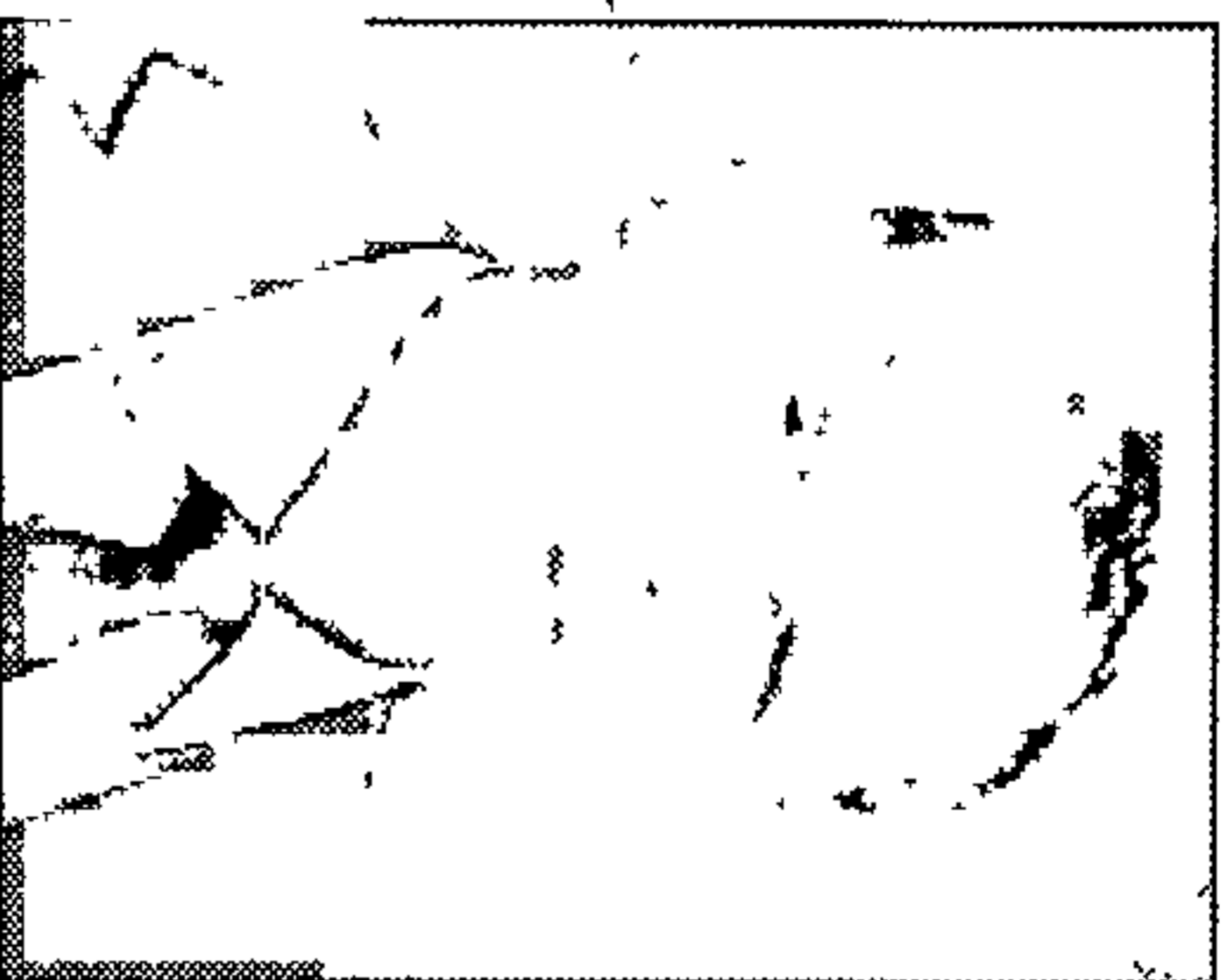
Then there was last year's 087 debacle, which managing director Danie du Toit admits sent Telkom's image to an all time low. The R77-million bad debt was only second to this image dent in the already widely despised monopoly.

The abuse of the 087 lines led to many businesses barring their lines for all calls, where a zero had to be dialled, forcing a cutback in calls made.



Managing director Danie du Toit

Nurturing Telkom has been a tough job indeed for people like Erasmus, an auditor and private businessman and one of the many outsiders recruited to add business flair to the corporation, and former public affairs manager Johann Adler, who brought firefighting experience from Armcor — another state corporation with image



Financial director Stoffel Erasmus

problems.

But things are slowly changing. Concepts such as social investment and affirmative action are seeping into the vocabulary. Three credible black businesspeople now sit on the board. A black female chartered accountant has been appointed and there has been a measured number of black

appointees on the financial side. "It's still difficult to find black engineers. The science and engineering fields have not been popular choices in the black community," says Adler. Programmes have been instituted to change employees' attitudes to customer orientation, something still badly lacking in Telkom.

Telkom's move into cellular telephony, with its 50 percent stake in network operator Vodacom, has not been good for industrial relations. The Post and Telecommunications Workers Union has taken the corporation to task for non-consultation on an issue that affects the employment of a large portion of its members who build infrastructure.

"I empathise with them, but the country cannot spend money digging ditches when there is so much else that needs investment," retorts Erasmus.

Privatisation, however, is not a priority. One reason is fear of taking unilateral decisions before Telkom is taken over by new bosses after next year's election. Another major factor is the fact that the commercialisation process has still not been completed. Telkom inherited R10,2-billion in debt before commercialisation, which it is still paying off, making it difficult to interest potential shareholders in paying the company's worth.

After-hours fee to stay

Staff Reporter

267

CT 22/7/93

TELKOM has refused to budge on a R250 after-hours fee for the repair of telephones following complaints

Telkom said the decision to levy a charge was taken after pressure was exerted on the company by individuals and businesses who did not qualify for the free repair service

"Telkom decided that clients like doctors who in the past enjoyed a free emergency repair service would also

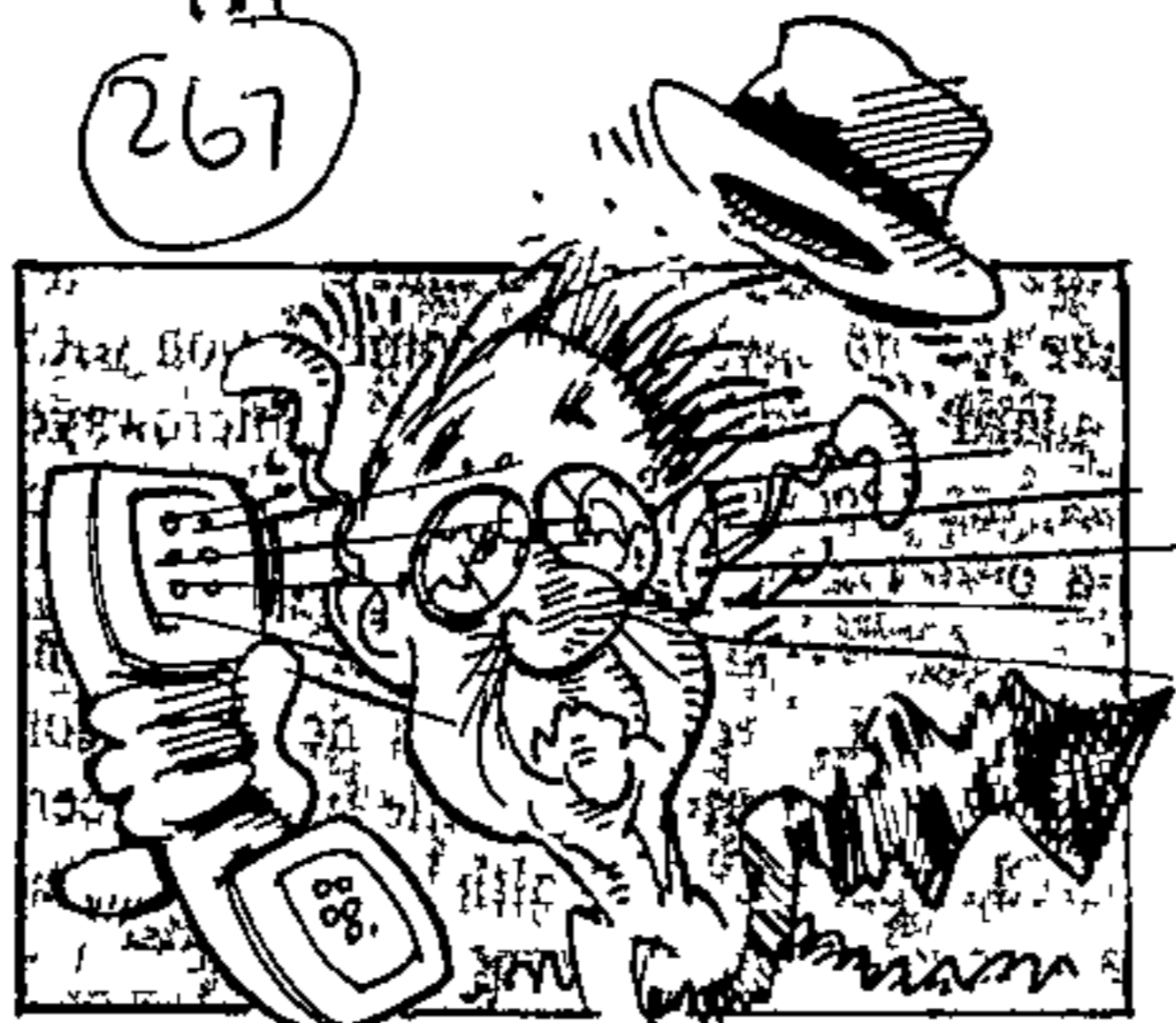
be charged. No exceptions are made"

It was not possible to provide a free after-hours repair service without increasing rentals

The R250 charge was "cost related" to pay for the salaries of the personnel required to work after hours and it would be unfair to charge only certain clients for the service

Clients do not have to pay for major after-hours repairs involving breakdowns in entire exchange areas

(267)



23/7/93

represents less than 3% of the 22m cellular phones in operation worldwide, GSM could emerge as a *de facto* cellular standard because 36 countries — with the notable exception of Japan and the USA — are committed to establishing GSM networks

Barlow Rand's Gerrit Oosthuizen says that the number of GSM subscribers is constantly increasing and by the end of 1997 there will be more digital users in Europe than analogue users — some 8,2m compared with 7,6m analogue users. He expects a similar trend in other countries.

The major advantages over analogue systems include better voice quality, improved security of calls and better utilisation of the scarce frequency spectrum — up to eight phones can share a frequency channel (analogue systems normally only accommodate a single call). By 1996, this is expected to double to 16 calls a channel. The greater capacity and frequency efficiency paves the way for progress in the integration of fax and computer-data transmission.

GSM offers users an extensive range of PABX-like features. Users have even been promised "roaming" capabilities, which will allow them to use their phones in all countries using GSM. However, widespread roaming is not yet available because of astronomical software costs, says Plessey MD John Temple.

While all the bells and whistles that go with GSM are a definite attraction for First-World consumers, the greater part of the SA population has little use for them. Also, with handset prices expected to come in at over R4 000 and local calls probably costing five times more than at present, it's clear the vast majority of people will have difficulty affording GSM. Even if, with increasing economies of scale, the handset prices dropped to the same level as low-end analogue phones (around R700 apiece), this would still be out of the price range of many South Africans.

The network licence contenders have detailed their plans for catering to the mass market in their tender applications. But for fear of negatively influencing the selection panel, all they are saying at this stage is that they will divorce cellular phone ownership from access and that tariffs will be structured so that affluent users will subsidise poorer ones.

But there are dissenting voices who maintain that because of the huge infrastructure

CELLULAR PHONES

(267)

Competing technologies

FM 23/7/93

By this time next year, at least two cellular phone networks will have been installed in SA under government's new dispensation.

One has already opted to use the Global System for Mobile Communications (GSM) cellular phone system. But while it is based on modern digital technology and is superior in performance and functionality to the older analogue networks, GSM should not necessarily be seen as the panacea to all cellular phone problems. FM 23/7/93.

Vodacom — a company comprising Telkom, Rembrandt and the UK's Vodafone — has already received its licence and will start implementing SA's first GSM cellular network as soon as the postmaster-general has licensed the second operator from among the three tenders before him. In all probability, the second operator will also go the GSM route.

The three tenders are from Barlow Rand with Deutsche Telekom Mobile; Anglovaal's Cellstar with Telekom Finland and other investors, and Mobile Telephone Networks — a consortium comprising M-Net, Cable & Wireless, the Foundation for African Business & Consumer Services, National African Telecommunications and Transnet's telecommunications arm Transtel. All contenders except the Cellstar consortium have confirmed they will implement GSM if they win the tender.

It seems that Cellstar may have submitted two alternatives — GSM and the older analogue, Nordic Mobile Telephone system. In April, Cellstar GM Ian Fairman told the FM he feared government was biased towards digital technology, in particular GSM. It seems likely that Cellstar, which previously pushed the Nordic system as the most appropriate solution for SA, is covering its back.

While GSM has been under development for the past 10 years, it was only ready for implementation last year. Currently there are some 600 000 GSM subscribers, of which 400 000 are in Germany. Though this

BUSINESS & TECHNOLOGY

FM 23/7/93

costs (estimated at R800m a network), GSM is not always viable, especially in remote rural areas. They maintain that cheaper analogue technology, used in combination with standard fixed-wire phones, microwave links, radio paging and mobile radio, would be a better solution.

(267)

Despite its short commercial lifespan, GSM has suffered unwanted notoriety for "electronic pollution." While it has been cleared of posing any health hazards, such as brain cancer or interference with pacemakers, there have been claims that GSM can interfere with car electronic devices, including those that control air bags and ABS brakes.

Recent work at Australia's National Acoustics Laboratory revealed that emissions from powerful GSM phones can affect hearing aids from 35 m away and that even the best hearing aids are rendered useless within 1,5 m of the phones. To overcome these problems the European Telecommunications Standards Institute is in the process of establishing better standards of immunity for hearing devices.

Mobile Telephone Networks project manager Tim Lowry says any problems with electronic interference can be overcome and that reports are often exaggerated. However, it will be important that any equipment sold in SA adheres to international safety standards.

An emerging technology called Code Division Multiple Access (CDMA) could overcome electronic interference problems. It also promises several hundred calls a frequency channel, a massive jump from the current eight a channel. "We are not at the end of the line of technological advancement. This may include the integration of the yet unproven CDMA technology in GSM at a later date," says Lowry.

Post Office 'inefficiency' under fire

(267)

BRUCE CAMERON
Business Staff

POST OFFICE inefficiency was seriously disrupting business in Cape Town, the local Chamber of Commerce said this week

Claims by the Post Office that it had got the postal service back on track have been strongly rejected by the chamber, which said it was being inundated with complaints from members

Mr Albert Schuitmaker, the chamber's acting executive director, said the inefficient services were now costing companies money. It was difficult, however, to put a value on the losses

The money loss was incurred in late deliveries of payments, which resulted either in loss of interest or in firms having to maintain higher overdrafts with consequent higher interest costs

Mail deliveries have been in disarray since the Post Office changed its sorting facility to Goodwood

Letters being mailed in central Cape Town alone were taking more than a week to be delivered to addresses, which, in some cases, were a mere five minutes walk away, while out-of-town deliveries have taken weeks in some cases

Mr Schuitmaker said a major problem was that notices of

business meetings being sent out were being delivered late

As a result, people sometimes were only informed at very short notice or even, in some cases, only after a meeting had taken place

An example was a meeting this week of the Chamber of Commerce, at which it was found that some members had received notification only on the day of the meeting

He said there had been a number of meetings with the Post Office, but "there has been no improvement"

Further meetings with the Post Office were being planned.

ARC 24/7/93
Cape Town regional general manager of the Post Office, Mr Leon Dippenaar, said there were still "big" problems causing delays of about seven days in local mail

But, the problems were at the boxes in the central Cape Town post office, and not at the new Goodwood Cape Mail centre. The main cause was lack of staff because of demands by Goodwood staff

He said employees were working overtime and he felt delays were now down to about seven days. He hoped the problems would be resolved within three weeks, when a three-day delivery date could be expected

Assurance on post at home

Staff Reporter ²⁶¹

THE Post Office will continue its street deliveries — at a fee — even though 500 000 postboxes will be placed annually at community centres to give everyone a postal address

Speaking at the opening of the new mail-sorting centre in Goodwood, Post Office board chairman Mr Donald Masson said the Post Office is currently delivering mail at about 3.5 million addresses, including postbox and street deliveries CT 30/7/93

1 scheme ● Telecommunications discussed

Sowetan 20/7/93
Cosatu money

THE finance committee of the Congress of South African Trade Unions meets in Johannesburg today. *(267)*

Sowetan 20/7/93
NUM strike meetings

THE National Union of Mineworkers will hold a series of meetings and rallies at various mines from today until Sunday to get a mandate regarding the balloting for strike action next week. *(267)*

Sowetan 20/7/93
Cosatu campaign

COSATU will also be holding a series of rallies and meetings throughout the country as part of its worker voter education campaign. *(267)*

Sowetan 20/7/93

A regulator is what South Africa needs

By Mzwandile Jacks

THE need for a regulator — to take a closer look at the relationship between the people and service — and the promotion of fair competition are necessary for South African telecommunication services to play a leading role in the international market.

This was said by speakers at a telecommunications symposium in Sandton. Mr Derek Hyde, of the United Kingdom's office of Telecommunications, said the regulator should not be under

severe control of the government and there should be a promotion of fair competition between the regulator and the State. *(267)*

Mr Mike van den Berg, chairman of the South African Value Added Network Services, said access to telecommunication services was vital for the South African economy. *7*

Mr Isaac Chaza, representative of the University of Zimbabwe Distance Education Board of Management, gave an account of the economic situation in Zimbabwe from pre to post-independence.

BUSINESS

Call for SA to Sowetan COPY 2/8/93 British

By Mzwandile Jacks

A REGULATOR is needed to take a closer look at relationships and service in the telecommunication industry (267)

This call was made by numerous speakers at the telecommunications symposium held at the First Bank Training Centre in Sandton.

Mr Derek Hyde, of the United Kingdom's Telecommunications office, said the regulator should be independent of government control and his main focus should be to facilitate fair competition in the industry.

He said the regulator needed a "strong team of specialists to help with necessary skills in figures and the calculation of tariffs".

Mr Mike van den Berg, chairman of the South African Value Added Network Services, said access to telecommunication services was vital for the South African economy.

"Global competitiveness and telecommunications should be taken as a national asset," said Van den Berg.

Speaking at the same conference, Zimbabwean academic, Mr Isaac Chaza, gave an account of the economic situation in Zimbabwe before and after independence.

He said the application of affirmative action in Zimbabwe was mainly the development of skills and the recruitment of international experts to improve people's skills.

The symposium was attended by academics from as far afield as the United Kingdom, Zambia and Australia.

Allegation of massive Telkom fraud denied

BIDAY 3/18/93
STEPHANE BOTHMA

TELKOM has denied allegations of massive fraud, intransigence and mismanagement within the company in connection with the ill-starred 087 premium service.

Responding to newspaper reports, Telkom said yesterday it had terminated the 087 service because clients expected to be protected against abuse

"The termination of the 087 service was primarily as a result of research carried out among Telkom's clients which indicated that 81% were no longer in favour of the service," Telkom public relations said.

Telkom had continuously maintained an open approach with the industry and had on numerous occasions invited the Premium Rate Association of SA to make recommendations on improving the service to allow continuation of operations

However, it said, none of the recommendations solved Telkom's clients' problems.

Claims that the losses incurred by Telkom through the 087 lines had exceeded R200m and nearly crippled the telephone monopoly were also denied.

"Telkom was at no stage of its existence anywhere close to bankruptcy. With a turnover of R10 621m and a net income of R411,2m after tax and extraordinary items, there is no way that Telkom could be considered

nearly crippled," Telkom said.

The total amount written off by Telkom over its first 18 months was R139,6m, which amounted to 1,3% of turnover. (267)

It was estimated that R77m of this amount could be ascribed to 087 write-offs incurred by clients unable to settle their telephone accounts, Telkom said.

The remaining R62,6m was made up of thefts, including copper wire and cables, vehicles and other bad debt.

"To put Telkom's actual loss owing to the 087 service into perspective, it must be kept in mind that Telkom's income from the 087 service increased its turnover by R82,4m."

At the time, Telkom was aware of certain cases of fraud by some service providers.

Immediately after detection of any misuse, immediate steps were taken.

"Besides internal investigations, Telkom also appointed a private investigation company and an amount of R5,5m was recovered as a result of these investigations," Telkom said.

Referring to internal misconduct, Telkom said 27 individual employees were disciplined and 18 of them dismissed after being caught abusing Telkom exchange equipment by making unmetered 087 calls.

Fm 6/8/93



Shope-Mafole access to a phone should be seen as a basic human right

an independent body to address key issues raised by the ANC Telecommunications Policy Conference last year, the three-day symposium was the most representative meeting of its kind

More than 100 delegates were addressed by 17 local and 12 international experts, including prominent representatives of industry, labour, civic organisations and academic institutions

CDITP director Lyndall Shope-Mafole says "We wanted to begin a process of democratisation and we wanted the proposals to represent all groups in SA. We also wanted to benefit from the experience of a number of countries"

She believes access to telecommunication services is a basic human right and vital to freedom of speech and democracy. More than half of all people in SA are prevented from taking part in the economy by being denied such access, she claims

ANC information systems head and CDITP board member Andile Ngcaba says the symposium was a breakthrough because all the relevant players took part in formulating the recommendations "It was the most important telecommunications event in SA's history," he says

There is no national telecommunications policy. Stressing the need to move away from unilateral policy-making, the proposers recommended that a "credible, legitimate national telecommunications forum" be formed. They also demand an independent regulatory body

Vincent Mosco, communications professor at Carleton University in Ottawa, Canada, said some regulation is inevitable "We live in a complex social world that leaves us no choice but to regulate, whether through State bodies or private enterprise"

He said not everybody is automatically guaranteed access to a telephone as a result of economic development. Neither the US nor Canada achieved high rates of subscrip-

tion — now above 90% in both — just because of economic growth. Government intervention was needed

Mosco's representative warned that, because of broadcasting's political nature, SA could end up with two regulatory bodies — one for broadcasting, the other for telecommunications. "This would be a mistake because there is a lot of overlap"

It was also recommended that affirmative action be implemented, national telecommunication needs be prioritised and that increased competitiveness of SA industry be ensured. Ngcaba said the needs of business must be balanced with those of the community and government must support the recommendations (267)

London City University telecommunications and broadcasting policy lecturer Jill Hills criticised Telkom for telephone penetration below that of other industrialised countries, including Bulgaria and the Czech Republic. "In SA, only 2% of 75% of people have telephones"

She said Telkom employs only one black engineer and gives no figures on quality of service, adding Britain also suffered poor service before a regulator — the Office of Telecommunications (OfTel) — was formed 10 years ago

Government's cellular phone initiative also came under fire, with several speakers saying that any licences granted could be revoked under a new dispensation because government was acting unilaterally

The ANC, trade unions and a group of black businesses co-ordinated by Thebe Investment want a moratorium on the issuing of licences. Despite this, government plans to go ahead

Vodacom — a company consisting of Telkom, the UK's Vodafone and the Rembrandt Group — will get the first licence. Three consortiums, consisting of local and international companies, are vying for the second. The licences will be valid for 15 years and an estimated R800m will be invested by each network operator to set up infrastructure

Postmaster-General Ters Oosthuizen, who was given the job of regulator by Posts & Telecommunications Minister Piet Welgemoed in April, says he will give his recommendations to Welgemoed by the end of this month

Media and Broadcasting Consultants representative Willie Currie says there is no legitimate authority on policy decisions and so it would be foolhardy for government to proceed as if it was business as usual. It seems that, until the transitional executive council elects an independent regulator, the controversy will continue

Oosthuizen, who attended the symposium but did not help formulate recommendations, says he does not take his orders from the forum "I take my orders from my principal, Welgemoed"

Shope-Mafole says the CDITP cannot revoke the cellular phone licences but might create a sub-committee to discuss the issuing of the licences

TELECOMMUNICATIONS
Fm 6/8/93
Hot-wire policy

Telecommunications is not watched as closely in SA as broadcasting, which has become highly politicised because of its potential for spreading propaganda. Political and non-technical aspects of telecommunications are not widely appreciated, but some interest groups have realised its importance for socio-economic growth (267)

Fearing it would receive scant attention in political discussions, they organised a symposium which was held last week and where 13 policy recommendations were formulated. These will be forwarded to the multiparty negotiations technical committee responsible for drafting the Bill to establish a broadcasting commission and independent telecommunications authority

Organised by the Centre for the Development of Information & Telecommunications Policy (CDITP), which was formed as

Postal and Telkom workers win better deal

268 Wm 6-12/8/93

A cost-saving deal, similar to those on the mines, has been arranged in the telecommunications sector, writes **Ferial Haffajee**

PATH-BREAKING wage deal allowing for a generous savings benefit scheme has been concluded in the telecommunications and postal sector.

In the same week, an unsuspected settlement has been brokered in the metal and engineering industries, where workers will receive a seven percent increase — with exemptions in areas where employers are particularly hard-pressed.

The deal between the Post and Telecommunications Workers' Association (Potwa) with Telkom and the South African Post Office (Sapos) is similar to cost-savings deals which were initially shaped on the mines.

The scheme provides for a R30 pre-tax bonus — up to a maximum of

R450 — for lower-level workers for every R5-million saved in staff expenses. Payments will be made between November and December, subject to favourable financial results in September 1993.

The agreement between Potwa, Sapos and Telkom also allows for workers to cash in five days' annual leave every year.

The new minimum wage in the industry is R1 120 a month, up from R1 020 a month — an increase of 11.7 percent. All other workers will receive an increase of 5.8 percent.

Sapos' final settlement is slightly up on its initial offer of 5.4 percent, while Telkom's first offer has not been changed by wage negotiations.

But the significance of the settlement lies in the non-wage demands which the union has won.

These include the savings bonus scheme, the cash payment in lieu of leave and agreement by both Telkom and Sapos to discuss an agency shop agreement — a type of closed shop —

at the next negotiation council meeting.

While Sapos and Telkom have been trying to separate the two sets of negotiations in line with the privatisation of the two companies, Potwa has held that it is one sector and refused to bargain separately.

In a cost-cutting measure, the two companies will scrap travelling allowances (like fixed transport, second and third bus and train trips and transport of employees with company cars) from September 1. Instead, employees at A and B gradings will receive a salary notch increase in lieu of the benefit.

As with the Potwa deal, the more significant aspect of Numsa's wage settlement in the metal and engineering industries are non-wage concessions.

These include innovative schemes like the salary continuation agreement where disabled workers will receive 75 percent of their salaries to be funded by a 0.6 percent increase

in employee and employer contributions to the industry's pension and provident funds.

Other aspects of the deal are the reduction of job grades from 13 to five by July 1996 and the narrowing of the wage gap between artisan and other rates of pay by next year. The daily subsistence allowance will be increased by between 9,1 and 15 percent.

It remains a recession-tainted settlement, though, with one of the key breakthroughs a commitment by employers to grant trade unions access to company information when retrenchments are being negotiated.

Natal, Cape, Midlands and Border region employers may apply to implement increases of less than seven percent, while Free State and Northern Cape employers whose businesses are dependent on the ailing mining industry may apply to implement the increase from January next year.

The increases of other employees will be back-dated to July 1.

ANC at odds with network operators

Sowetan 12/8/93

A MAJOR dispute is emerging between the African National Congress and prospective cellular network operators

The disagreement stems from last month's ANC statement that an ANC government would revoke all cellular

network licences if the bidding process was not halted until the transitional executive council had been established.

(267)
"South Africa can simply not afford to halt the process for a further year or two. We are on the threshold

of providing millions of people who have never had meaningful access before with a cellular phone service," says Allan Knott-Craig, chief executive of Vodacom — one of the companies lobbying to tender for the cellular network

Record crowd at peace rally

JOHANNESBURG — More than 40 000 people, including ANC president Mr Nelson Mandela, crammed into Wanderers cricket stadium yesterday for what was billed as South Africa's biggest-ever peace rally.

Organised by church leaders, the rally was also attended by Correctional Services Minister Mr Adriaan Vlok, Manpower Minister Mr Leon Wessels and a sprinkling of leaders from a number of political parties.

About 10 000 Capetonians also marched for peace and reconciliation in the city centre yesterday. In Johannesburg, the mainly Christian audience, led by American gospel singer Carman, sang gospel songs and committed themselves to peace. Speakers blamed "Satan" for ram-

pan political violence and claimed that the Christian message would be enough to achieve peace.

The mood of peace contrasted sharply with continuing tension in East Rand townships, where 400 people have been killed since the beginning of July, including another seven on Saturday night.

Phola Park squatter camp was particularly tense as angry groups wielding battle-axes, fighting sticks and stones put to flight independent investigators probing claims by an alleged police spy that police are fomenting violence in the area.

In Durban, hundreds of people attended a "peace in our land" rally — Sapa

● Catholics march for peace — Page 2

Post by road is beating airmail

PRETORIA. — The Post Office says internal airmail letters are taking longer to reach their destinations than those delivered by road.

As a result, the domestic airmail service for standard letters has been discontinued — except as a special service for which extra is charged. The Post Office says air deliveries have been delayed because of the limited availability of aircraft and routes.

Senior postal business general manager Mr Willem Joubert confirmed that this meant a "large percentage" of airmail letters were taking longer to reach domestic addresses than surface letters. With the recent reorganisation of the delivery network, a tighter rein could be kept on the departure and arrival times of trucks.

Targets for delivery were now two days for addresses in the same city or town, four days for those in the same province or for letters sent between provincial centres, and five days between towns in different provinces.

Mastermind behind gold dive claim

INTERNATIONAL INVESTOR Mr George Soros has sold his gold holdings he initially bought to ignite the recent surge in the gold price, the Sunday Times, London, claimed yesterday.

After speculation that the big selling — which knocked the gold price \$40 down from its recent peak — had come from the Bank of France, rebuilding foreign exchange reserves used up in the battle to prop up the franc, market sources now believe it was Mr Soros.

The newspaper estimates two to three million ounces of gold have been dumped. ● Soros "made \$100m" — Page 8

ANC camps report soon

The findings of the Motsuenyane Commission into ANC detention camps would be released "as soon as they were available", ANC spokesman Ronnie Mamoepa said yesterday. **Star 17/8/93**

The commission, the third ANC probe into alleged human rights abuses in its prison camps, has already come under fire from the German-based International Society for Human Rights, which said its objectivity had to be doubted.

The Star has learnt that the report has been submitted to ANC president Nelson Mandela — Staff Reporters

Psychiatrists' alleged killer appears in court

The man alleged to have bludgeoned two Westkopies psychiatrists to death with a pick-axe handle has appeared in the Pretoria Regional Court.

No charges were, however, put to Paul Cornelius Griesel (25) of Bellavista, Johannesburg, yesterday and he was not asked to plead.

Magistrate W Gibbs postponed the case to August 27 to enable Griesel to obtain legal representation.

Griesel was arrested on Friday afternoon after allegedly killing Dr Leonardo Rech (45) and Rech's friend, Dr

Rodney Olivier (27), on Wednesday at Rech's Tamarisk townhouse in Frederick Street, Eldoraigne, Pretoria.

It is further alleged Griesel stole a Fiat Uno, a television set and an M-Net decoder from Rech's home.

Rech's body was found in a cupboard on Thursday.

Residents of the complex heard Olivier's screams as he was being attacked outside Rech's home at about 10 pm on Wednesday.

Olivier died on Thursday evening as a result of his head injuries — Pretoria Correspondent.

Airmail service phased out as trucks are faster

The domestic airmail service for standard letters has effectively been phased out over the past three years, a Post Office spokesman confirmed yesterday.

However, she said the greater reliance on road deliveries in recent years had resulted in an improved service.

Whereas in the past, letters sent by air had sometimes resulted in delays, these had now been eliminated using road deliveries. **Star 17/8/93**

The Post Office said that since the privatisation of the delivery service, a closer watch had been kept on the

departure and arrival of trucks. This had resulted in a more efficient surface mail service.

The spokesman said letters sent by air were sometimes delayed because of the limited availability of aircraft.

A letter should now take two days to be delivered to an address in the same city, four days between provincial centres and five days between towns in different provinces.

People could continue sending standardised letters by airmail, but these would cost more than double the standard rate — Staff Reporter.



THE POST OFFICE

On the road again

Fm 20/8/93

The Post Office is studying the possibility of introducing two levels of service for the delivery of standard letters. The current 45c rate would be considered "slow mail" or second-class. A new first-class service, which has yet to be named, would be more expensive.

"It would fill the gap between existing normal mail service and Speed Services," which were introduced in June to compete with overnight couriers, such as DHL, says the Post Office's Juliana Nel. DHL charges R35-R40 to send a letter overnight from Johannesburg to Cape Town, door to door. A similar Speed Service delivery would cost about R28, R7,95 for post office-to-post office delivery.

She says Post Office officials have been overseas to see how two-tier systems work in other countries. Britain, for instance, has two classes: 24p (R1,20) for first and 18p (90c) for second. Royal Mail officials say 98% of first-class post is delivered the following day because it gets priority over second-class post, which takes about three or four days. The distinction is muted, however, because most people opt for first class.

Meanwhile, the Post Office is advising everyone not to waste the extra 60c to post domestic mail by air. Senior GM Willie Joubert says such articles will not necessarily reach their destination quicker than a normal standard letter and he advises customers to post "at the economical rate of 45c."

Over the past two to three years, the Post Office has been phasing in the use of private contractors to truck the mail by road. Joubert says the control over departure and arrival times of trucks has led to a large percentage of letters reaching their destination earlier than those sent by air.

Adds Nel: "We had a lot of problems with rail. A train would get shunted off to a siding in the platteland and the mail could sit there for a week. And if a flight was fully booked, the first thing they threw off was the mail, which then had to wait for the next flight. With the private road contractors we have a lot more control."

She says transporting by road also means dropping off and picking up the post in towns along the route. For instance, instead of flying Beaufort West's post to Cape Town and then trucking it back from there, the bags are delivered to Beaufort West when

the truck passes through town.

Johannesburg customers who want to expedite their international airmail can take their letters and small parcels directly to the post office at Jan Smuts airport. For an extra R1,05 per item, letters posted before 5 pm on weekdays and before 1 pm on Saturdays and Sundays are sent out with that night's flights. The service is quicker because it circumvents the main Johannesburg sorting facility.

Another advantage to the Jan Smuts post office is its extended hours — 7 am-9 pm weekdays, 7 am-8 pm Saturdays and 8 am-8 pm Sundays.

The Post Office has also contracted to test its domestic delivery times and those results are expected in the first quarter of next year (*Business & Technology* April 2). The standards that have been set for normal letters are two days in the same city or town; four days in a province or between certain main centres, and five days between towns in different provinces.

MD Henne Diedericks acknowledges that these standards are not onerous. "I'm the first to admit that they are nothing to write home about." He says the Post Office will raise the standards once it's clear that the old ones can be met with ease.

In addition to the delivery survey, the Post Office's marketing department has hired Markdata, a division of the HSRC specialising in market research, to determine whether there is an improvement in the Post Office's image as it moves further along with

commercialisation. The first study was conducted in February and the second poll is taking place this month.

The first poll of 2 000 people (mainly whites and Asians) found that the Post Office does have an image problem — 28% thought that Telkom runs the postal service (For the uninformed, Telkom handles only telecommunications.) Only 43% could say without a doubt that it was the Post Office that handles postal services. In addition, 37% thought the Post Office was a private company (it has not been privatised, though its new mandate is to operate along business lines).

The good news for the marketing department is that 64% thought the Post Office was dependable and reliable, though only 53% think it is dynamic and business-orientated and that it is improving its services. A majority of people (63%) think delivery of letters is

speedy and 65% say service is friendly, but only 51% find that the Post Office is a pleasant place to do business.

The survey also showed that 68% believe there are convenient business hours. Now, more than 500 of the 1 700 offices are open at lunch time, up from about 100 at the beginning of last year. The Post Office says it considers opening branches during the lunch hour on a case-by-case basis as customers ask for it.

Maureen Sullivan

CELLULAR PHONES

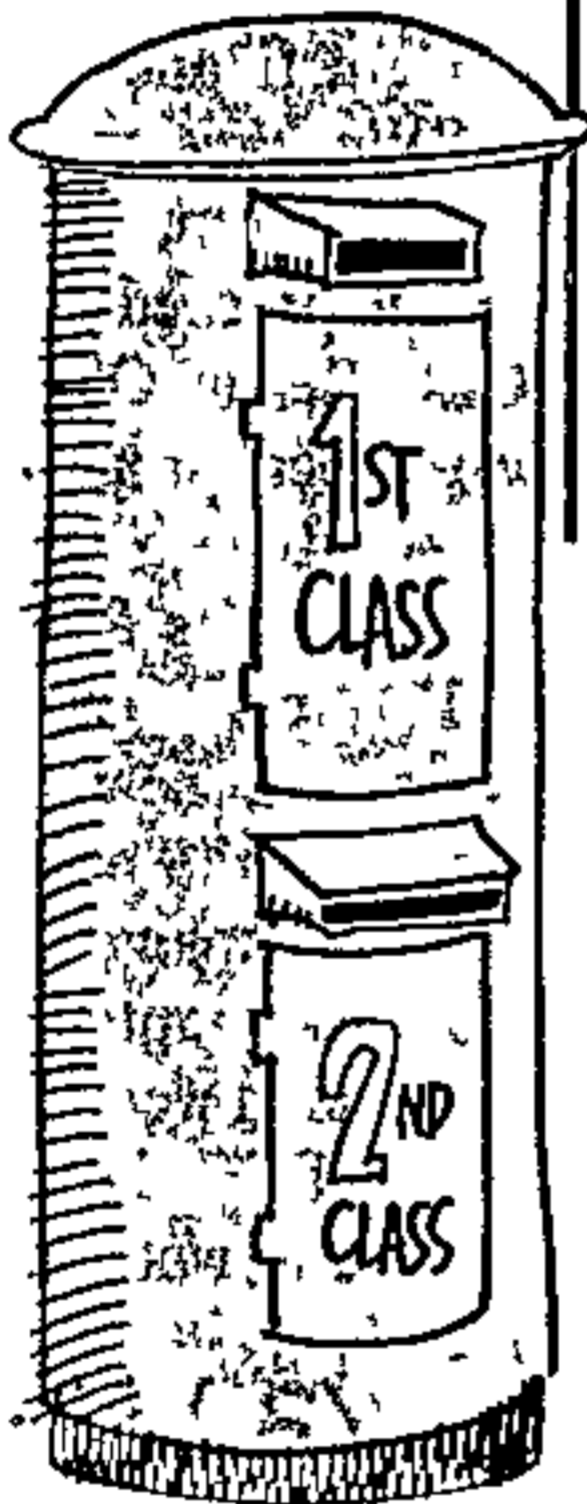
Calling the people

Government is forging ahead with plans to award two cellular-network licences next month. But critics say government is jumping the gun and an ANC government could revoke them. Whether the ANC makes good on the threat may depend on how successful the network operators are in providing telephone service to the masses and proving that cellular phones are not just a white yuppie toy.

There is a huge gap between blacks and whites when it comes to telephone service. For blacks, telephone penetration is just 2,4%, compared with 25% for whites, measured by the number of access lines in service per 100 people. The figures, from the Coopers & Lybrand report on telecommunications last August, also show that overall telephone penetration was under 8%, well below the 40% and higher levels typical in industrialised countries. If the two cellular networks succeed where Telkom has failed, and are able to boost penetration to black townships and rural settlements, the next government might be loath to take away their licences.

The cellular companies say halting the selection process now to accommodate the ANC or revoking the licences later will mean that blacks will have to wait longer for telephone service and that the creation of thousands of jobs will be postponed. "The prospective operators have already attracted some of the top expertise in the world, as well as millions of rand in foreign investment," says Vodacom CE Alan Knott-Craig. "If the process was derailed now, it would be well nigh impossible to postpone that substantial investment."

Vodacom, a joint venture comprising Telkom, the UK's Vodafone and the Rembrandt Group, will receive one of the licences, subject to government's approval of its business plan. Three consortia, consisting of local and international companies, are vying for the second licence. Each licence-holder is ex-



Post Office Star 24/8/93 pay rise

267

The minimum monthly salary for Post Office employees has been increased to R1-120, and Telkom workers have won a R1 145 increase in wage.

This was announced by the Post and Telecommunication Workers Association. Sapa

~~(367)~~ ~~(267)~~

Communication Guide on way

(267)
MAG 28/8/93

Business Staff

A HANDBOOK on networking and telecommunications in Southern Africa, the *Handbook on Communications Technology*, is scheduled for publication in November and its publishers claim it will become the standard industry reference work

BMI-TechKnowledge (BMI-T) is compiling the handbook, which is a new venture for the company and a synthesis of knowledge gathered over 10 years as the largest information technology, telecommunications and electronics market and industry research company in Southern Africa

BMI-T managing director Denis Smit said networks and telecommunications would play "a pivotal role in the future development of sub-Saharan Africa, promoting free interchange of information and giving the region access to the world's information sources"

Mr Smit added "The handbook will facilitate this process by giving public officials and entrepreneurs up-to-date information to aid decision-making"

In more than 500 pages, the

■ A handbook on telecommunications in Southern Africa is due in November

handbook provides

- A technical reference section
 - Country-by-country demographic and telecommunications industry statistics
 - Details of major regional communications organisations
 - Information about possible business partners
 - A product and services directory
- Some of the topics covered in the technical reference section include

- Telecommunications
- Multi-access radio systems
- Rural and urban cellular phones
- Mobile radio communications, trucking and satellite systems
- Pay phones, card phones, agency and community phones
- Optical fibre and digital microwave transmission systems
- Frequency planning and spectrum management systems

● Vehicle and fleet management systems

- Networking
- LAN technologies
- Network installation and support devices
- Corporate networking using LAN, WAN, MAN and VSAT systems
- Network integration services

● Structured cabling products

- Network server products
- Network software systems
- Software applications

The analysis covers South Africa, the self-governing territories, the TBVC states, Botswana, Lesotho, Swaziland, Namibia, Kenya, Malawi, Nigeria, Zimbabwe and Zambia

Other countries, ranging from Angola to Zaire, are covered in overview. The telecommunications and network sectors in each country are analysed

For example, discussions of policy issues affecting the communications industry in a given country are supplemented by guidelines on the granting of licences to service providers, and all major corporate and public networks are comprehensively surveyed

The country-by-country

who's who section helps to identify potential business partners. A directory listing of companies, vendors and consultants in each country provides a reference to the industry, and there is an A to Z of telecoms operators in each region, listing contact details of key officials

Other features include

- Articles by industry specialists on, for example, corporate networking, rural technology projects, SATCC activities, regional co-operation, regional projects and the funding and sources of funding and telecommunications infrastructure development

● Information on all regional communications organisations. These include the SADC, SATCC, ARTC, PATU, RASCOM, PANAFTEL and SATA. This section includes details about the telecommunications-related meetings, conferences and workshops in the region

The handbook is said to provide outstanding opportunities for service providers and vendors to market their services and products throughout the subcontinent

A variety of sponsoring and advertising options is available

TELKOM, South Africa's commercialised telephone monopoly, was brought to the brink of bankruptcy last year because of massive fraud inside and outside the company over 087 phone numbers.

(267)

In a bid to avert the crisis, Telkom hired private investigators, some of whom allegedly tapped phones of suspect 087-line operators.

When this failed to stop the fraud, Telkom blamed consumers and 087 operators, cut the service in November last year and called off its investigators.

Telkom spokesmen this week conceded there had been major problems with the 087 system, including fraud and corruption, but denied knowledge of phone-tappings

Few prosecutions followed, though the fraud and corruption left Telkom with bad debts of more than R77-million plus R136-million in write-offs

The extent of the 087 corruption emerged for the first time this week when sources involved in investigating the rip-off on behalf of Telkom and the 087 industry gave the Sunday Times documents and played tapes of the wire-taps

The sources provide a picture of administrative chaos within Telkom. However, senior officials continued to blame consumers for 087 rip-offs while aware that fraud and incompetence within Telkom were major culprits

Telkom apparently ignored suggestions from the 087 Operators' Association on ways to combat the corruption

For example, the association warned Telkom that its cash-flow situation would get out of hand if it paid operators 30 to 60 days before subscribers paid it. Telkom did not heed the advice

Bogus

The premium-rated system enabled private companies to offer various services, from cooking hints to sex advice, to phone subscribers at a prescribed fee. The money raised was split between Telkom and the private companies.

The investigations by Telkom disclosed a number of fraudulent activities, many requiring accomplices within Telkom.

The most extensive fraud was made possible by Telkom's own accounting procedures. Telkom would allocate an 087 premium service to an operator, who in turn would subcontract lines to information providers such as racing tipsters, celebrities and others

Telkom would pay the service operator at the end of each month, and the operator would reimburse the information-providers according to the number of calls on their lines.

However, unscrupulous information-providers formed bogus companies to acquire lines. They connected the lines to computers which dialled the information number

perpetually 24 hours a day. After 30 days Telkom paid the service operator but the bogus subscriber would not be billed for between 60 and 90 days.

By then the information provider would have re

□ To Page 2

□ To Page 2

ceived two or three payments amounting to several thousand rands — and he and his bogus company would disappear

Two other ruses often used involved Telkom accomplices

Telkom technicians and engineers would plug into private consumers' lines and dial into competitions

As a result the consumers' accounts rocketed.

A technician was found at Jeppe Street post office using 13 lines to help him win a substantial sum.

The other ploy was for

2948193
The Sunday Times has, however, listened to some of the tapes of wire-tappings involving 087 operators which were obtained by a Telkom investigator.

Members of the Premium Rates Association of South Africa, said this week Telkom had failed to inform it, or anyone else, that corruption and fraud was so rife the corporation feared it could go bankrupt within months. Telkom claimed the information had been given to the association.

The association denied this, charging that

● Telkom failed to heed

2111111111
information-providers to use Telkom employees to bypass metering and they would split the profits.

When the extent of the fraud became known, Telkom hired investigators Two, who asked to remain anonymous, said some investigators bugged telephones of suspect operators

(267)
Telkom senior general manager, communications, Johan Adler, denied this week that any bugging had taken place, saying it was "illegal". His deputy managing director Ben Bets also denied knowledge of phone tappings

warnings about unscrupulous overseas operators,

● Telkom rarely used a system which detected "power-dialing" (constant computer-directed redialing).

● The system to cut calls off after 10 minutes was faulty and some calls remained "hung" for up to 18 hours.

● Telkom retained a R272 licence fee instead of the R50 000 proposed to keep out "fly-by-nights".

This week former service providers called for an open inquiry into the 087 industry and Telkom's mismanagement

BY CHARLENE SMITH

SITING

2918193

Criminals steal Telkom

Cellular telephone proposals ring impractical

By 3/18/93

JAY NAIDOO

(267)

AFTER a two-month delay, Posts and Telecommunications Minister Piet Welgemoed has agreed to meet Cosatu to discuss the proposed licensing of a cellular telephone system. Tenders are to be adjudicated in the next week, so it is urgent Cosatu's objections be resolved.

The process has been virtually secret, with little or no consultation, and constitutes unilateral reconstruction in contravention of undertakings given by government to the National Economic Forum.

Utilising major infrastructural programmes to full advantage for economic and industrial development requires coherent strategies based on full consultation.

Cosatu does not oppose the Global System for Mobile Communication (GSM). We say instead that if it is to be introduced, it should be part of a coherent strategy for a universal, affordable, high-quality telephone system.

Government claims its plan is based on a report commissioned from the London office of Coopers & Lybrand in 1991. Although one of its key features is the call for heavy reinforcements at Telkom, Coopers failed to consult Cosatu and its affiliates. The report was then handed to government, which published it on September 24 1992 for comment by October 28 1992.

Almost immediately, Cosatu af-



WELGEMOED

filates began raising objections through the standing committee for electronics. These objections, which have been repeated and extended, have been ignored. Government says Cosatu had the opportunity to comment and did not. That is hypocrisy. How could Cosatu, with little expertise, be expected to pick up and comment on a report on telecommunications strategy within a month?

The report calls for two digital cellular telephone systems to be licensed, but allows for no competition with Telkom on voice telephony. The report suggests a White Paper be prepared to set out a strategy for telecommunications. If government did prepare a White Paper, it has been kept secret. If Telkom has a comprehensive strategy, we have not seen it.

Because of this, the motivation for the two licences is unclear. It appears to be based on Telkom's high debt-to-equity ratio, which Coopers believes limits Telkom's ability to expand its penetration.

Any strategy to expand services should identify the problem: the need for a universal, affordable service of high quality, with value-added features for business.

Having identified the problem, a strategy should be developed to solve it. This does not exist.

The alternatives for funding should be part of such a strategy. Coopers has not exhausted all possibilities, which could include further equity funding, higher tariffs on selected services, higher efficiency and other possibilities.

The National Electricity Forum,

for instance, is looking into an electrification fund which Cosatu believes should be expanded into an infrastructure reconstruction fund. This could tap foreign aid and private sector, risk-averse investment for electricity, telephones and water.

The report does not seriously consider industrial development possibilities. Almost all GSM equipment, except for the masts and a few components for the base stations, would be sourced abroad. We estimate the cost for half-a-million mobile connections (in urban areas) to be about R4bn. This will have a significant effect on the balance of payments without achieving significant technology transfer.

There is no provision in the tender documents regarding foreign contractors to source some components within SA — a normal requirement internationally. It is only now because we are pressing that government's agencies are scrambling around for such possible projects.

There is also no plan for stimulating our growth industries. Industries such as SA's cable producers or telephone equipment manufacturers are competitive and, with an adequate domestic market, could become significant exporters.

The cellular system is being puntled as the best way to penetrate rural areas and communities. It is useful to look at some facts.

Germany used cellular phones as a temporary system in the East, replacing it as soon as possible with fixed fibre optic lines; and

The cost of a GSM connection is high — eight times that of a wire or optical fibre connection. With two separate infrastructures, the cost rises sixteen times. This is too expensive for SA. GSM was clearly intended only to provide a mobile, expensive system for business in urban areas.

Companies are talking about fixed cellular payphones in urban and rural areas. Poor people today cannot buy food, they definitely cannot afford the very expensive service GSM will provide.

Finally, no thought has been given to employment consequences or the optimising of resources.

If Eskom is electrifying areas, why not string fibre optic lines on their poles or vice versa? There is also no plan to use existing Eskom, Transnet and SADF systems.

Cosatu therefore calls for the tender process to be suspended immediately. A proper consultative process should be convened to develop a strategy for a universal, affordable telephone system — with GSM cellular phones as a possible component of such a system.

Naidoo is Cosatu general secretary.

PUBLIC SECTOR - TELECOMMUNICATIONS - GENERAL

1994

Cellular phones face line shortages

MELANIE SERGEANT

AS THE switch-on date for cellular phones looms, a shortage of phone lines — and possibly even of phones — is envisaged **BIDON**

For switch-on in April/May, network operators Mobile Telephone Networks and Vodacom can each allocate only 10 000 numbers, and some service providers and dealers are capitalising on the expected shortage by encouraging users to pay R300 to "secure a number" **7/1194**

One operator says the limit on numbers is causing distortions in the market, and the practice of "securing a number through payment" should be carefully evaluated by the public

Vodacom's service providers, for example, will only sign their official contracts next week. "The public should study licences or contracts of dealers and service providers before parting with any cash," he says

Users are being advised by Vodacom that there is no need to pay to secure numbers

One source says booking fees are a method used by service providers to tie users into buying equipment and services from them in the future

Autopage Cellular MD Larry Berry says users are able to book lines without payment. "We will be allocated blocks of numbers by the network operators, which we in turn can allocate to users. We will ask users to confirm their reservations closer to switch-on." **(267)**

It is understood that interconnect fees, which link Telkom and the cellular operators, will be finalised within the next fortnight. One rate for calls being bandied about is R1,30 a minute, although operators are hoping it will be lower.

One operator says "The fact that calls are charged on a flat rate basis, regardless of how the caller moves between areas, raises some problems. If rates are pegged too low, they would undercut Telkom's mid- and long-distance call rates."

If rates are not to undercut Telkom, then they would be around R1,30, he says. Special call rate deals are expected to come into effect only by October/November. There will be different tariffs for business and pri-

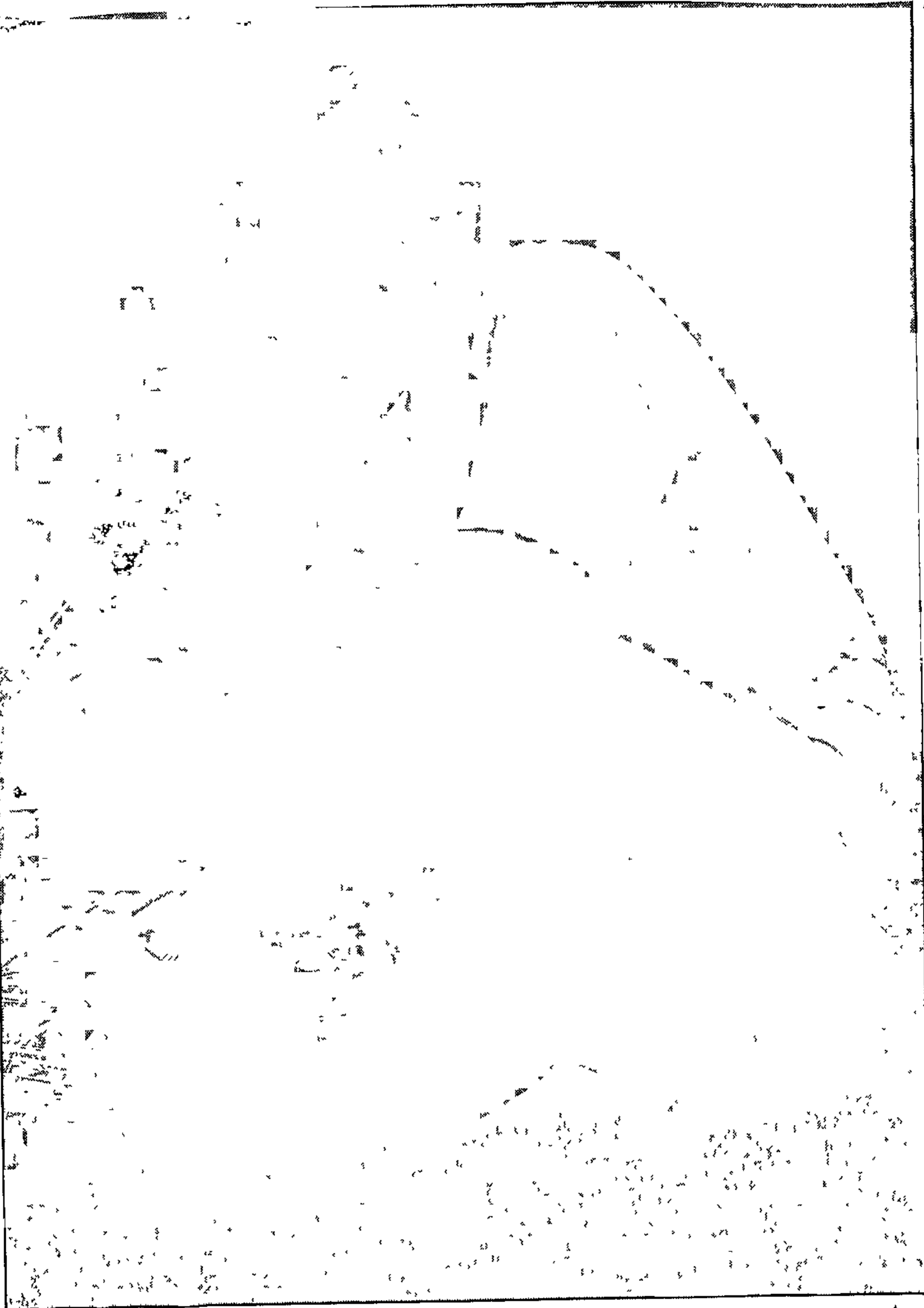
vate users, with the former being lower than the latter.

One Natal-based phone dealer points out that calls to cellular phones from fixed-wire phones will be charged at the cellular phone rate, and says many people are unaware of this. A service provider says this is a worldwide practice, and must be enforced in SA to ensure revenues for players in the cellular industry. "If this was not done, income would be halved, with cellular users requesting fixed wire users to call them back to save money," he says.

Vodacom CEO Alan Knott-Craig says. "The 10 000 number limit for operators is causing restrictions, demand will easily outstrip supply"

He says Vodacom will publish tariffs and useage maps for cellular phone users. This will assist any people who may be misled into thinking phones can be used anywhere and everywhere.

Knott-Craig advises users to check the bona fides of suppliers and of instruments. There is a wide range of second generation phones coming on stream in March/April this year



VOICE OF THE VOLK: Radio Pretoria announcer and programme manager Johannes van der Walt will continue broadcasting, with or without a licence. ● Photograph: MYKEL NICOLAU

PO 'will act against right-wing radio'

CAPE TOWN — The Department of Posts and Telecommunications has said it will take action against right-wing radio stations which are operating illegally

Radio Koppies in the Free State has been on the air for about a month and Radio Vryheid is being set up near Bloemfontein

Radio Pretoria continued broadcasts this week in spite of its tem-

porary licence having expired Senior general manager of Posts and Telecommunications Boet van Loggerenberg said yesterday the department did not have the technology to jam radio broadcasts of illegal radio stations

Neil du Bois, spokesman for the Department of Home Affairs, which issues licences for radio stations to operate, confirmed that neither the Koppies nor Vryheid stations had

applied for a licence and were therefore broadcasting unlawfully.

However, he said Home Affairs could not close down illegal stations, as this fell under the jurisdiction of the Department of Posts and Telecommunications

Van Loggerenberg said the department had become aware of the illegal radio stations only when the matter had been reported in the media on Thursday — Sapa

Star 15/11/94

(267)

Telkom seeks links with Africa

PRETORIA — Telkom will host a three-day conference in Pretoria from tomorrow aimed at strengthening telecommunication links with African countries. (267) ARG 17/1/94

Rhynie Greeff, Telkom's senior general manager, marketing, said Telkom regarded the development of Africa's telecommunication infrastructure as essential to socio-economic development.

He said South Africa could contribute greatly to the reconstruction and

development of the telecommunication industry on the continent.

Some of the African countries invited to attend were Angola, Botswana, Burundi, Kenya, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Uganda, Zimbabwe and Zambia.

Delegates from the TBVC states were also invited.

Telkom chairman Jack Clarke will open the conference. — Sapa.

BUSINESS

LLOYD COUTTS

Telkom adopts a cautious outlook

BIDAY 19/1/94

TELKOM will have to increase productivity and efficiency to generate additional profit against a background of tough economic conditions and a high interest burden, according to a Telkom brochure, Telkom Hello.

Telkom said that in commercialising its operations, it had inherited a gross interest-bearing debt of R10,2bn and a debt-to-equity ratio of 2,14:1, affecting its ability to commit funds to capital expenditure.

Income on telecommunications in the corporate sector had decreased and insolvencies had had a negative impact on Telkom. This trend would not abate until the economy showed signs of recovery.

While many economists

investment capital would pour into SA, Telkom was far more cautious.

"Telkom... believes that meaningful investments will take time as authorities such as the IMF, the World Bank and the African Development Bank assess development carefully before lending money to developing countries.

"Telkom needs to commit even more cash each year to improving the country's telecommunications infrastructure without increasing debt burdens," the brochure said.

Turnover in the 18 months after the company had been delinked from the Post and Telecommunications Department in 1991 believed growth was immi-

nent and were hopeful that was R10,6bn, while operating expenses were just short of R9,9bn. (267)

Employees were paid R4,1bn (37% of income), R2,4bn (22%) was reinvested and R2,1bn (19%) was paid in finance charges. A total of R0,7bn (6%) was distributed in taxation and as payment towards the SA Post Office's losses.

Authorised share capital had increased from 1-million shares valued at R1 each to 5-billion at R1. Just under 3,9-billion shares were issued to government — the sole shareholder — and Telkom paid a dividend of R102,8m, or 1% of turnover, in its first 18 months.

The brochure said Telkom's greatest challenge

had been to change its clients' perceptions of the company.

It was trying to place a telephone within easy reach of every community.

"Within the next seven to 10 years, using innovative products and technologies, Telkom intends to fulfil the needs of a wide cross-section of the population, from small businesses and individuals to major multinational corporations," the brochure said.

Telkom would try to become an equal opportunity company. A steering committee to monitor an affirmative action programme had been established with representatives of management, the staff association and the unions.

st" out his- ion to dly ent on- suc- ere onal

total first world nation by 2020. It is important to optimise growth...



R20bn needed to provide phones throughout SA

TELKOM has estimated that more than R20bn is needed for adequate infrastructure to provide telephones throughout SA, says MD Dane du Toit

Du Toit told the African Horizon conference in Pretoria yesterday that 65% of Telkom's revenue came from 10% of SA's population. There was a huge disparity between the distribution of telephones in black and white communities, which had to be addressed urgently.

Telecommunications was the most obvious method of uplifting the community, said Du Toit.

"Effectively, the R20bn would be needed to eliminate discrepancies in the

ROBYN CHALMERS

distribution of telephones in black and white communities. Telkom does not have these resources immediately, which means it will have to take place over a period of time. (267)

National Telecommunications Forum chairman Lyndall Shope-Mafole said one of the most pressing matters on the forum's agenda was to formulate a general telecommunications policy

"Access to telecommunications should be regarded as a right similar to the right people have to education, food and shelter. There must be an overall strategy for the development and operation of various methods of telecommunication," she said.

Shope-Mafole, who was elected to chair the forum when it was formed in No-

vember last year, said there was a lot of pressure to deregulate the industry and open it up to competition. The forum was considering the issue, she said.

SA had 3,2-million telephones. Seventy percent of white households had telephones, while less than 1% of households in black communities, rural areas and townships had phones.

CSIR spokesman Christoff Pauw said econometric studies showed that increasing the telephone penetration from one per 100 people to two per 100 people over a 10-year period, would cause an increase in GDP of 3,5%.

African Institute of Technology director Pinky Moholi said the policy priorities that needed addressing were rapid establishment of infrastructure, access to affordable service and a wide geographic coverage.

Post office stamping out mistakes

DI CAELERS

Weekend Argus Reporter

THE SA Post Office is determined to stamp out errors in the government's post bill.

From April 1, all government departments will pay the same rates as private individuals for any articles they pop into the post box.

The official word from a post office spokesman is that the new management system for government mail "is largely aimed at providing both the post office and government institutions with a correct account of postage and service fees payable".

Under the previous system, in

operation since 1969, a count of all government mail was held for two months every three years. Statistics were processed, an average was reached and the department or institution was charged accordingly.

The department was billed in 12 equal monthly instalments and the amount was valid for three years, except for adjustments when postage prices went up

According to the spokesman, the problems included:

- The practical count was labour intensive and occupied many working hours;
- The processing of statistics was sometimes only finalised

more than a year after the count;

■ No provision was made for seasonal fluctuations;

■ There was suspicion that institutions withheld mail during counting periods, and

■ The count usually took place during the quieter winter months.

In short, there was no certainty that the statistics were correct.

The new system will also mean that members of the public will have to buy stamps for mail sent to government departments, previously posted free, unless the department uses the Business Reply Service.

Prices slashed in war over cellular phones

267
WM 28/1-3/2/94

In the countdown to switch-on date, cellular phone retailers vying for a share of the market are offering consumers prices and packages that are unlikely to be repeated. By **Mondli waka Makhanya**

IF you're the type of person who suddenly feels the need to phone home in the middle of a traffic jam to check if the chicken's been taken out of the freezer, rush out and get yourself a cellular phone while prices are down

In the war to secure market share ahead of the Global System for Mobile Communication's June switch-on date, service providers and retailers are offering special offers on the phones that are unlikely to be repeated

And consumers and businesses are snapping them up. Office Mart reported sales in excess of 1 000 units within days of starting its sale. The cheapest, most basic unit on the market — the Nokia — costs about R2 000, more advanced ones trade for up to double this amount. And the mass production expected in the months to come is unlikely to herald further price cuts, according to Game Discount Stores managing director Dan Barrett.

Game, like several other retailers,

has linked up with major service provider Teljoy, it will sell Teljoy's units and serve as a bill payment outlet

Major retailers are offering consumers cut-throat prices and packages. A common feature of special offers is a certain amount of free air-time as well as a guarantee to buy back the instrument should the customer want to upgrade to a more sophisticated model when these become available

For the first time, there will be itemised billing. Major service providers are also linking up with banks to facilitate payment of bills

The cellular phone industry will roll into motion in a month's time when the two network providers — Vodacom and Mobile Telephone Network (MTN) — test the service among 2 000 select clients, most likely businesses involved in technological fields

Then, on April 1, another 20 000 customers — 10 000 per network — will come on line. It will only be on June 1, when the system is officially launched, that network operators and service providers will be permitted to sign on customers as they wish

It is for this market that the players are currently waging battle. While Vodacom and MTN are vying for market share, it is further downstream, among the service providers, that competition is most intense. Companies like Teljoy and

Autopage will be in direct contact with system users — doing the connections, charging monthly rentals and billing users — hence the rush to tie up major retailers to sell their wares

"It's going to be a very competitive atmosphere," said Teljoy managing director Theo Rutstein

Tariffs will be set by the network providers, who will constantly try and outdo each other. According to the Postmaster General's office manager, Kokkie Kok, these tariffs will have to be approved by the office

It is expected that calls will cost around R1 a minute for businesses and individuals who own their own sets, monthly rental is estimated at R100

A family plan will allow employees to use employers' phones by means of a SIM card — like a credit card — at a rental of R20 a month and with a slightly higher cost for calls. Then there will be community services — directed at townships — which will be run by small entrepreneurs in much the same way as Mr Phone outlets. Members of a scheme will prepay for SIM cards, and calls will be charged at the regular Telkom rate — currently 40 cents

The service providers are then going to have to compete on the packages they offer customers and will adjust these tariffs accordingly.

But, for the consumer, the time to buy a phone is now

Fm 14/1/94



New boys on the band

267

Hot on the heels of the much publicised cellular telephone networks now under construction, three new mobile communication networks are planned. The first of the new radio trunking networks will go on the air next month. Within three years of operation, radio trunking is expected to handle calls from about 35 000 users countrywide.

Last year, the Department of Posts & Telecommunications picked three network operators — Fleetcall (a joint venture by Grinaker Electronics, Altech and Transnet), Q-Trunk (which is partly owned by QD Electronics and other unnamed partners) and Commerical Communications subsidiary CarFone Natal. So far the authority to proceed with construction has been granted only to Q-Trunk and Fleetcall because CarFone Natal has not put up a financial performance bond.

Fleetcall plans to go live in the PWV area on February 1, while Q-Trunk MD Roelf Kloppers says it will start up in Cape Town by mid-year. In their national roll-out plans, both intend to extend their services to all the major metropolitan areas over the next five years. By 1999, all the national roads between these areas will be covered. CarFone Natal is the most modest, planning to operate in the Maritzburg-Durban region only.

The two national operators are expected to invest around R40m each in setting up their

networks. Fleetcall marketing manager Anton Joubert predicts that the radio trunking market will be worth R150m over the next three years in equipment and service charges.

Like the cellular industry, the radio trunking network operators will work through service providers, which will take care of sales, installations and billing. Fleetcall has already appointed nine service providers —

Radiospoor, Alcom Systems, Autopage, Trans RSA, National One, TSP, Emcom Communications, Grinaker Electronic Systems and Marshall International Sales. Kloppers says that Q-trunk will announce its service providers next month.

Radio trunking was developed because the radio spectrum is becoming increasingly congested. Described as the "Cinderella of cellular telephony," it offers substantial improvements on the existing two-way radio system, which is limited in capacity and coverage and does not offer the capability of linking into the fixed-line public telephone network. Radio trunking accommodates up to 120 radio channels per national operator compared to the conventional two-way radio service, which mostly offers the user only a single channel. It is expected that a vast percentage of the existing users of 870 000 two-way radios will convert to trunking.

Unlike the more sophisticated GSM cellular system now being installed, trunking has not been designed for general telephone use while on the move. It is aimed at organisations that need to communicate short messages with vehicles on the road, such as long-distance hauliers, courier companies, security organisations, and police and ambulance services.

Radio trunking can be compared with a company's PABX system. If a caller wants to contact the driver of a vehicle, he just pushes a button or dials a two- or three-digit extension number.

The duration of the call is normally limited to between one and two minutes and if the vehicle moves out of a "radio cell," the connection is lost. However, this is not a

problem because trunking is designed for conveying a specific message to a specific person. Most calls last fewer than 30 seconds and because the radio cells can extend to 100 km in diameter, it is rare that the connection is broken.

"The reason for restricting the duration of a call," says Radiospoor Communications trunking division marketing manager Karl Campbell "is that it allows more users to

Keeping in touch on the road

AIMED AT

Organisations with large fleets (utilities, police and ambulance services, hauliers, courier companies). Calls last a maximum of 1-2 minutes and are generally made only to other radios in the same group.

COST

R2 500 for the radio, R150/month for service

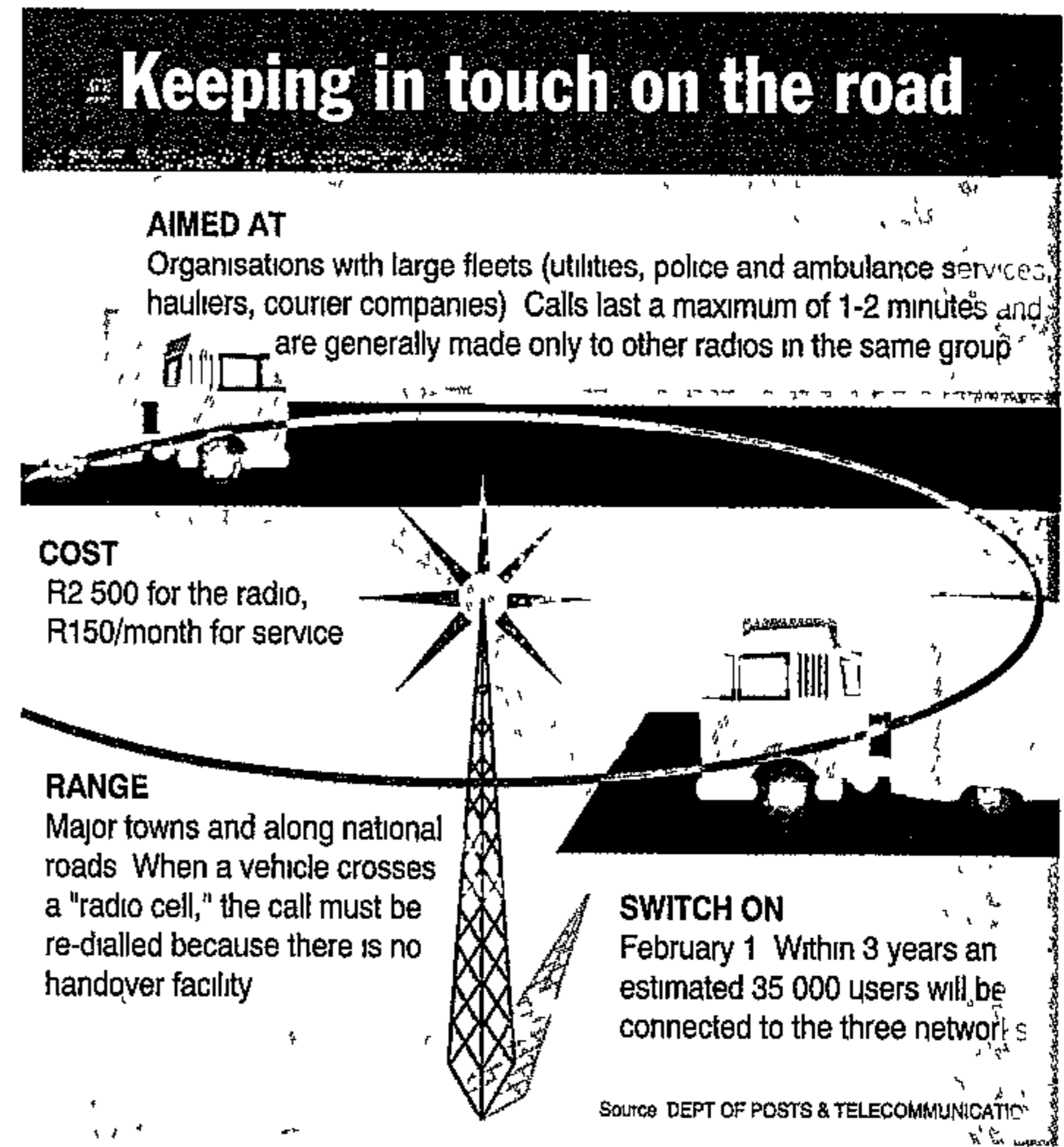
RANGE

Major towns and along national roads. When a vehicle crosses a "radio cell," the call must be re-dialled because there is no handover facility.

SWITCH ON

February 1. Within 3 years an estimated 35 000 users will be connected to the three networks.

SOURCE: DEPT OF POSTS & TELECOMMUNICATIONS



TECHNOBYTES

□ **On January 2** — two days past its deadline — Telkom started implementing itemised billing. The service began with 13 West Rand digital exchanges. Telkom says it will "ensure that the system is functioning correctly in all respects" before it is phased in elsewhere. "Therefore, it is not possible to provide a time schedule for any of these exchanges." The bills will include international and national call details but local call details will be made available only on request. Unlike the US, where free itemised billing is taken for granted, here customers will have to pay for the privilege. The detailed bills will cost R2 a page. Each page contains 72 entries.

□ **First National Bank** subsidiary First-call is accepted as a service provider by both of the two cellular telephone network operators, Vodacom and Mobile Telephone Networks. FNB is the only financial institution to have been signed up as a service provider.

share the infrastructure, resulting in a more cost-effective service."

While cellular phones will offer users many more features, not everyone needs cellular's flexibility. For them trunking will be a cheaper option. Users will pay R2 500 for a radio and a flat fee of about R150 a month for 180 minutes of airtime.

Radiospoor, which is a service provider for both cellular and trunking, says fleet owners could save an estimated R89m a year by using trunking instead of cellular phones. Campbell bases this comparison on 40 000 cellular and trunking users each spending three hours a month making calls.

While the cellular industry has not yet announced its tariffs, Radiospoor estimates that a business cellular user is likely to pay charges of R1 a minute in addition to R120 a month subscriptions. (Infrequent users, typically home users, are likely to pay a R60 per month service fee and call charges of R2 per minute.)

Cellular phones are expected to cost upwards of R2 000.

Martina Bidoll

P.T.O. →



ADSPEND

Dialling up a boom

Ad executives expect 1994 to be the industry's best year in close to a decade. On top of the economic upturn, a number of factors are coming together to provide a boost in adspend which some believe will be as high as 20% in real terms.

Most admen, though, predict real growth will be in the 5%-7% range, on top of media inflation. BSB/Bates predicts media inflation will be a shockingly high 17%, mainly because of increases in TV rates. Print media are expected to average a 14% increase —

is new business to the industry.

Among the winners are:

□ Hunt Lascaris TBWA has gained new business worth R35m a year in the past six months, including the massive MTN cellular telephone network and the constitution accounts,

□ The Jupiter Drawing Room picked up R12m in billings in a hectic week before Christmas. The agency gained the DP, a short-lived but high-spending account which will spend around R6m before election day

various forms, from a long-lasting credit card to a limited-use card allowing a fixed number of calls.

At the same time, the 14 service providers will market network services and their brands of hardware. Most of them are tied to only one network, though Autopage and Radiospoor will service both.

In total, R100m could easily be spent on advertising this year, with a big slice coming from the two networks. Agencies that will benefit from this new business include Hunt Lascaris (MTN and Nashua), The White House (Vodacom), Lindsay Smithers (M-Tel), Jupiter Drawing Room (Radiospoor), Young & Rubicam (Teljoy), and Partnership (Autopage).

With users still to make their decisions, the fight will be fast and furious in the opening stages. By next year, when most of the initial demand has been met, annual advertising could fall to R40m.

"There will be a huge battle in the first few months," says Lascaris. "You have to win people over early. We are working flat out right now."

Vodacom has already started advertising but MTN is holding back for an intense burst starting closer to the June launch date of the networks. Cellular phones will be available from March.

"The main thrust will be from the retailers and service providers," says White House MD Gerrie Heyneke. "What the networks have to do is win share of mind and share of heart." Initially, Vodacom has been advertising for awareness and consumer education.

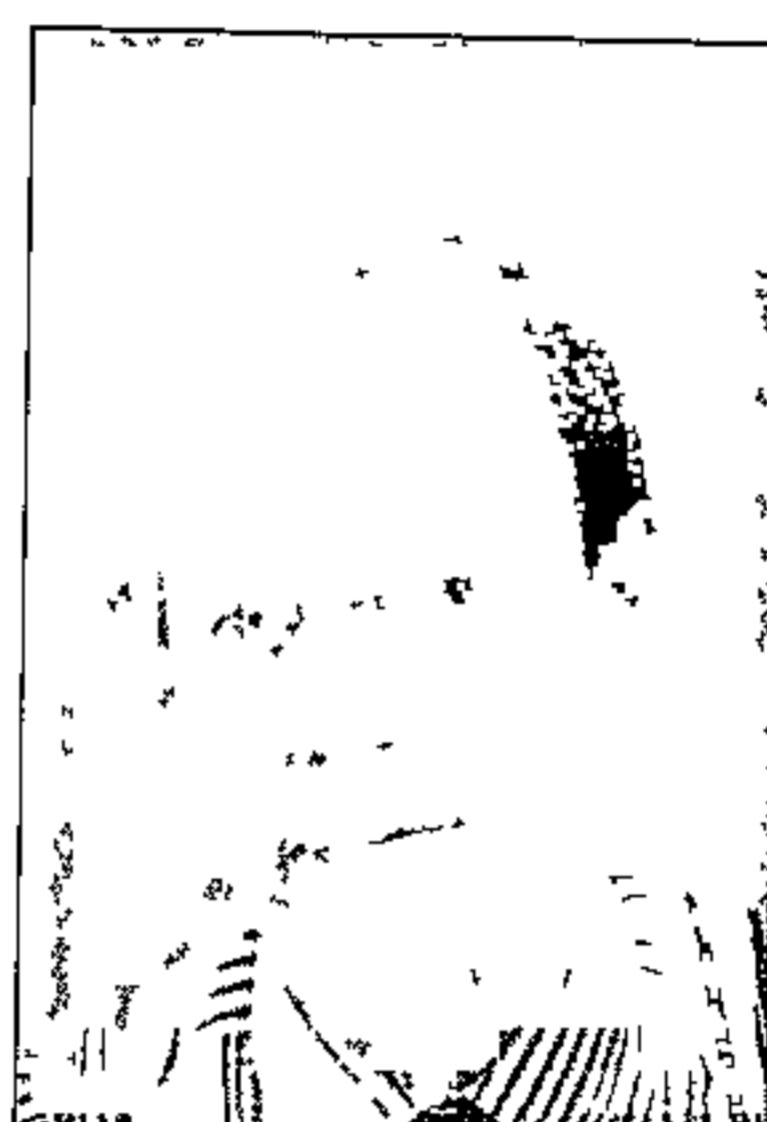
Return of the prodigal?

Is BBDO considering a return to the SA market? Sources who should know in the local ad industry say it is, a move which may be timed for the return of one of its major international clients, Pepsi Cola. Negotiations have been conducted with a leading SA agency.

However, a denial was forthcoming from BBDO's European headquarters in Paris. The assistant to Salim Samman, BBDO's European head, says, "Currently, we are not going to be in the SA market."

In the early Eighties, BBDO was SA's biggest ad agency, but it went into liquidation in 1988. Multinational advertisers which use BBDO and which have interests in SA include Apple Computer, CPC International, Eveready, Gillette, Johnson & Johnson, Nestlé, Pizza Hut, Polaroid, Philips and Unilever.

Tony Koenderman



Schwartz, Lascaris, Warsop feeling bullish about 1994

much closer to the general inflation rate of 9%.

Among advertising growth points are:

- The cellular phone launch, which could inject R70m-R100m into adspend this year;
- Returning or newly investing multinational advertisers,
- The general election, worth possibly another R100m in advertising,
- The cola wars, especially if, as expected, Pepsi re-enters the market.

In general, says SBBW MD Elliot Schwartz, the mood has turned positive. "There has been more foreign interest than people anticipated. In a small market like this, it's amazing how quickly underlying sentiment can turn a market. People are becoming more bullish about the year and the election uncertainties are becoming less uncertain."

Hunt Lascaris MD Reg Lascaris warns, however, that returning multinationals will provide a searching test for local marketers. "SA companies may be recession-fit but not all of them are marketing-fit," he says. "They are not used to spending big money to protect brands. When companies such as Procter & Gamble come in, they will bring a lot of clout."

For agencies, it's a time of high excitement as a dizzying round of account movements takes place. Though there is a fair amount of account switching, which means one agency's gain is another's loss, much of it

on April 27, Radiospoor, one of the service providers for the cellular networks, Josse Feldman toys, and Pizza Hut, which has embarked on a new strategy.

"We are thinking of opening an office in Cape Town," says MD Graham Warsop. "We need at least R6m in billings there to justify it, but we believe there is a big opportunity".

□ The White House, which has won the Vodacom cellular network account;

□ Partnership has gained Nestlé business, Autopage and L'Oreal;

□ D'Arcy Masius Benton & Bowles won the international half of the SAA account, to add to the domestic account it already held,

□ SBBW won the rest of the OK account. It was already handling about R7m of billings but another R50m-or-so was being handled inhouse. Other gains by SBBW since November were Consol Glass, Pillsbury and additional Bayer business.

□ Lindsay Smithers won Smart Centre and Simba,

□ BSB/Bates will be handling an international marketing campaign for Satour.

The battle between the two cellular phone networks will be at its most intense in June, when they go live. The Telkom-led Vodacom and MTN (in which M-Net has a 25% stake) will battle to persuade cellular phone subscribers to ask for their cards — though the cards will be bought from service providers and retailers. The cards will come in

Phones' countertrade bonus

ROBYN CHALMERS

THE SA economy stands to benefit from multimillion-rand export orders under a countertrade deal involving the Cable & Wireless (C & W) group's cellular telephone tender.

C & W, which has a 25% stake in cellular licensee Mobile Telephone Networks (MTN), signed a countertrade agreement to offset the effect of cellular network equipment imports on SA's balance of payments.

The first contracts in terms of the deal were recently awarded to Powertech subsidiary Aberdare International and ATC. The contracts, worth R80m, involved the supply of telecommunications cable to C & W subsidiary Hong Kong Telecom.

MTN MD John Craggs said the contracts were the first of many which would be awarded to SA organisations by international companies. The pace of export orders was expected to increase after SA's cellular

switch-on on June 1.

Another feature of the deal struck between the ANC, government, MTN and Vodacom was that the two licensees should provide cellular telephone services to underserved areas.

MTN had agreed to provide 500 payphones in townships by June 1, and 7 000 more within the next five years. Craggs said MTN had suggested a common roll-out programme to increase the provision of services.

Studies in the UK and US showed that one-man businesses benefited the most from cellular telephones, but people in underprivileged areas also benefited significantly.

Industry sources predicted that between 80 000 and 100 000 people would buy or rent cellular phones in the first year, and more than 300 000 by year five.

Business Report

Business cellular charges 'cheaper'

CT 3/2/94
Own Correspondent (267)

JOHANNESBURG — Cellular phone users will be paying far less for their calls than expected. In the eagerly awaited tariffs from network operator Vodacom, business users will pay 99c/minute for local and mid-distance calls in peak times compared to the R1,30 which was widely expected.

And with 25c of each call going to service providers, there is still room for manoeuvre. It is likely that costs will be further discounted and bulk discounts could be offered to large corporate clients.

While Vodacom's rates are still subject to approval by the regulator within about three weeks, they are not expected to change.

Because operators Vodacom and MTN must pay 21c/minute for each call entering the Telkom infrastructure, it is not possible to undercut Telkom on local tariffs, but long distance calls will be highly competitive and often cheaper. Overseas calls will cost the same as Telkom's.

For example, a peak time call from Cape Town to Johannesburg will cost 163,2c/minute through Telkom, and 150c/minute through Vodacom while weekend rates could cost half if it is made through Vodacom's network rather than on Telkom's.

These initial tariffs apply to business users, and the home user tariffs will be issued by June. They are likely to be much lower than charges made for businesses. Both operators will be charging the same rates during the testing months of April and May, and undercutting is likely to start with the general switch-on date in June.

Special low rates have already been allocated for community phone services, while domestic users are expected to be offered attractive rates by year-end for specific calls.

Cellular telephone charges unveiled

Star 3/2/94

■ STAFF REPORTER

Cellular phone network operator Vodacom has released provisional business rates for cellular phone calls and services

Standard business rates during peak hours will be 99c a minute excluding VAT. This rate drops to 60c plus VAT between 8 pm and 7 am on weekdays. Calls made between midnight on Friday and 7 am on Monday will also be charged at 60c a minute plus VAT.

These rates are subject to approval by the telecommunications regulator and apply only to business tariffs. Domestic tariffs are likely to feature higher call charges

and lower monthly rentals (267)

Vodacom subscribers will also need to pay a one-off connection fee of R75 plus VAT, as well as a monthly subscription fee of R122 plus VAT.

Telkom subscribers who call cellular users will be charged at the cellular rate. Cellular phones will be identified by their 082 prefixes.

Cellular phones are especially economical over long and medium distances. Users living in the 01 dialling code region can call any other 01 number at the standard rate. A Johannesburg to Cape Town cellular phone call will cost R1,50 at peak times, as opposed to Telkom's R1,63.

Competition for cellular phones hots up

CELLULAR phone providers are initiating highly innovative deals as competition intensifies in the run-up to the June 1 switch-on for SA's new cellular phone network. *Sunday*

The latest deal to be launched is between Pick 'n Pay, Teljoy and cellular licensee Vodacom. *412194*

Pick 'n Pay spokesman Martin Rosen said from June, 22 000 phones worth more than R56m would be given to a number of black entrepreneurs. They would earn commission on calls made from the phones

Rosen said Teljoy had been ap-

ROBYN CHALMERS

pointed Pick 'n Pay's exclusive service provider to supply air time for the phones Pick 'n Pay would sell phone cards at R20 a unit, which consumers could use to buy air time.

"Typically, these phones could be located in railway stations, taxi ranks, garages, spaza shops and private homes. The use of phone cards prevents the possibility of exploitation by telephone custodians."

In a separate development, OfficeMart and Teljoy said they would

meet any service provider's price challenge, in terms of either air time or phone units.

OfficeMart and Teljoy recently announced they were launching Nokia cellular phones ahead of other service providers at R1 999, and would also offer service two months before the official switch-on. *(267)*

Game Discount World has also linked up with Teljoy. Game MD Dan Barrett said the organisation was offering 50 minutes of free air time to anyone signing a Teljoy service contract before the end of February

THE SOWETAN AND CELLULAR PHONES

Fm 4/2/94

Is this any way to empower blacks?

A long-simmering dispute in the ANC over black empowerment has broken out into the open after last week's announcement that a group of black investors is acquiring a majority share in the *Sowetan* newspaper.

The ANC has no objections to blacks controlling SA's largest-selling daily newspaper — especially since four of the five investors are ANC supporters — but some officials at Shell House are upset over what the investors gave up. The group, which is led by Dr Nthato Motlana, got 52,5% of the *Sowetan* from the Argus Group by trading 6% in one of the two cellular telephone networks now under construction — just three months after the ANC concluded a long series of tense negotiations with the networks, government and Cosatu aimed at increasing blacks' share of the networks.

Says ANC information services head Andile Ngcaba. "This is painful after all we did for black economic empowerment. We can't recognise this deal." But he adds "We are still discussing the issue."

Indeed, Ngcaba has been locked in meetings over the issue with other top ANC officials for much of the past two weeks. The discussions are a reprise of the long sessions held last October that finally forced the two networks — Mobile Telephone Networks and Vodacom — to sell a larger percentage of their shares to blacks and the State under threat of mass action and cancellation of their licences.

In the talks, M-Net and the UK's Cable & Wireless — the largest shareholders in Mobile Telephone Networks — each agreed to give up 5% of the network. But Motlana's group was also forced to give up a 5% share, highlighting the gulf between his market-orientated investors and the socialist outlook of Ngcaba and others in the ANC and Cosatu who believe that cellular phones should be run as a State utility.

In the end, the shares pried loose were earmarked for a Cosatu-aligned pension fund (5%) that has still not been named and Transtel, the telecommunications subsidiary of State-owned Transnet (10%).

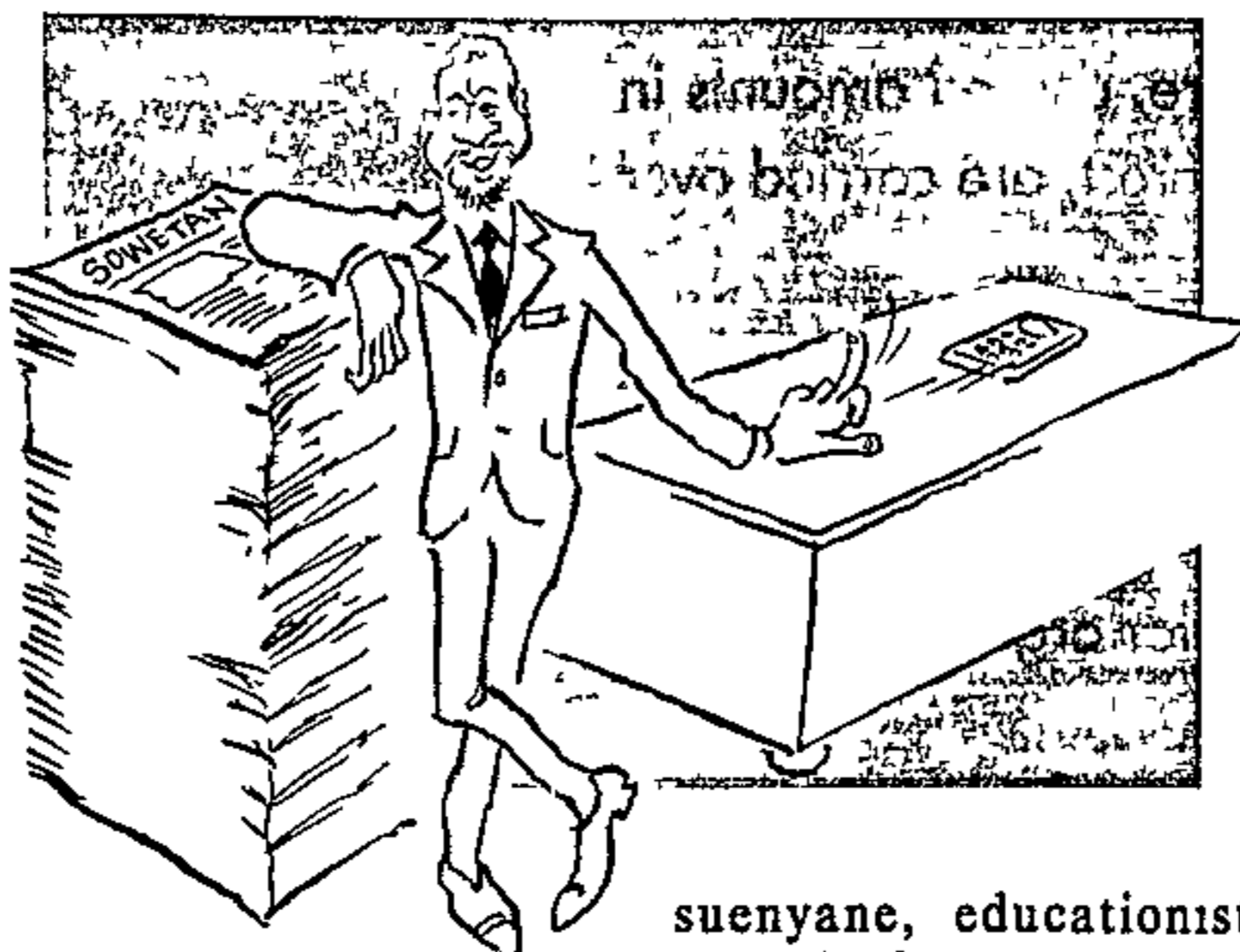
For its part, Cosatu says it believes that the pension fund is a way to get equity to the man in the street rather than to rich businessmen.

At the time, Transtel executive manager Alf Shulze said: "The push did not come from us. The push came from the ANC. They wanted a bigger stake for government. They felt Transtel would be a vehicle for

more State ownership" (*Business* October 29). (243) (207)

Ngcaba now claims that under the agreement, Transtel has the right of first refusal to buy additional shares if one of the other shareholders reneges on the deal or does not stick to the agreement. He says Motlana's *Sowetan* deal violates the agreement and that the ANC is looking at taking legal action. Motlana, however, denies breaking any part of the agreement, saying all he has done is taken on a new partner (Argus).

The controversy underlines the problems in artificially empowering blacks. The next government could mandate that blacks must own a share of a new venture, but there's nothing to stop the black investors from turning around and selling their share to white investors. In this case, Motlana's group — which includes businessman Enos Mabuza, former Nafcoc head Sam Mot-



suenyane, educationist Franklin Sonn and Black Chain supermarkets

founder and PAC supporter Paul Gama — gave up 6% of Mobile Telephone Networks but still keeps 14%. Argus now holds almost 12% of the network, including the share it holds through its 23% stake in M-Net (*Business* January 28).

Motlana, a GP in Soweto since 1957 and a close friend and the personal physician of Nelson Mandela, has had some difficulty raising the money to purchase his Prosper Africa Group's cellular network share. The amount of money that the shareholders in Mobile Telephone Networks must put up has not been made public, but each network is expected to need around R1bn to set up countrywide, with half the funds being spent upfront and half the payments spread out over several years after test operations begin next month. That means Motlana's group may have to put up as much as R70m now, even after the swap with Argus. A spokesman for Multichoice, M-Net's sister company, says "We feel comfortable that Prosper Africa will get the money together."

Though Motlana admits that "there were some problems with funding from the Industrial Development Corp," he says. "Funding has finally been arranged. The *Sowetan* deal is through and we just have to tie up a few loose ends."

But why is he relinquishing a share in tomorrow's technology, cellular telephony, in favour of yesterday's, the print media?

Motlana says the cellular networks will not make money for at least two years, while the *Sowetan* (with an estimated value of R62m) produces profits now. And he says the *Sowetan* investment is just the first step towards an independent black-led communications group that will extend to print and electronic media such as radio and TV.

He believes that it will be easier to sell shares in Prosper Africa to blacks now that it owns the *Sowetan*. "It strengthens our portfolio and balances our investment. By balancing it with cellular, we have a huge growth potential." By selling Prosper Africa shares to blacks, he will be able to "spread equity to the man in the street." *Marina Bidoll*

OLYMPICS — 1

Big boost for the Cape

Winning Nocs's backing to bid for the 2004 Olympic Games was a triumph for Cape Town. But the real challenge now is to convince the new government that it won't be left with a huge financial hangover if the International Olympic Committee awards the Games to SA.

In its effort to win government endorsement and a commitment to underwrite the Games — a prerequisite for making the bid to the IOC — Cape Town's bid committee will argue that while the cost is undeniably huge, the benefits can more than compensate. On operating costs, the committee predicts a profit of R96m based on a computer software model similar to the one Sydney used for its winning bid for the 2000 Games.

Cliff McMillan, Cape Town's feasibility-study team leader and SA chairman of consulting engineers Ove Arup, says operating costs are estimated at R2,8bn, which will be covered by projected revenue of R3,7bn, made up mainly of corporate sponsorships and the sale of TV rights. About R840m of the projected R936m operating surplus will go towards capital costs, leaving an operating surplus of R96m.

Though about 60% of the infrastructure necessary to support the Games must be in place by the time Cape Town makes its bid to the IOC in 1997, additional capital spending of about R2,1bn will go ahead only if the city

P T O →



PLEASE BE PATIENT. Vodacom's Joan Joffe foresees great demand

Cellular-phone suppliers draw their battle lines

By TERRY BETTY

THE race is on among yuppies and companies to buy cellular phones ahead of the April 1 switch-on. More than 1 000 people bought handsets from OfficeMart in its first week of sales.

Vodacom, a cellular network owner and operator, released a recommended tariff list this week. Competitor MTN has yet to do so.

The two sub-contract to 16 service providers on a franchise-type system. The service providers sell directly to firms and through dealers to the public.

Teljoy and Vodac are the first service providers to publish monthly charges.

The rest are expected to follow suit shortly. Most are discussing their pricing this weekend.

Vodacom has set the maximum rates its providers can charge for calls and monthly service.

After buying a handset, the user will pay a R85.50 connection fee and R139.08 monthly fee.

Calls will cost R1.13 a minute in peak periods (7am to 8pm weekdays) and 68c for the rest of the day. Long-distance calls will cost R1.71 a minute in the 13-hour peak period. The prices include VAT, which businesses may reclaim.

M-Tel, a wholesaler for MTN, Vodacom's competitor, has yet to set its prices. It advertised on Friday that potential customers should not commit themselves immediately because a better deal could be in the offing.

Pick 'n Pay non-food division merchandise director Aubrey Zelinsky says his company is likely to sell handsets at below the cur-

rent market price.

But OfficeMart managing director Dave Armstrong says such companies are trying to buy time because "they do not yet have their ducks in a row".

Whether the war of words will translate into cheaper monthly and unit costs remains to be seen.

Companies can afford to sell the handsets at or below cost because the real money is made from monthly charges.

Industry insiders believe there will be little price cutting there.

"We are here to make money, not leave it on the table," says one.

The target market is companies wanting cellular phones for executives, sales people and technicians, says Teljoy executive chairman Theo Ruitstein.

"We are talking to the top 500 companies."

Recently appointed Vodacom general manager of sales and marketing Joan Joffe says the company plans at least 60 000 link-ups this year, increasing to a conservative 250 000 in five years.

The market is expected to take about six months to a year to "bed down". Mrs Joffe says that is when a price war will break out in earnest.

"The pent-up demand for the product is so great that the price is not important now."

"Overseas experience shows the competition is the greatest in discounting handsets, not monthly costs."



CELLULAR PHONES

Em 11/2/94

Tariff could limit appeal

(267)

Cellular phone operator Vodacom late last week announced recommended maximum rates its service providers can charge businesses. It seems the phones will not be cheap

After paying for a cellular phone — R2 000-R4 000, depending on features, power and weight — business users can expect an R85,50 connection fee and a monthly rental of R139,08.

The proposed standard call charges are R1,13/minute in peak periods (7 am-8 pm weekdays), R1,71/minute for long-distance calls in peak times and 68c/minute off-peak irrespective of distance. Reports of cheaper rates are misleading because the quotes exclude Vat.

Vodacom's proposed rates are almost five times more expensive than Telkom's local fixed-wire calls (23c/minute). The company says the fees are high because of the 24c/minute interconnect charges it must pay to get a cellular call through to Telkom's fixed wire network. It's estimated that 90% of the calls will use Telkom's network.

But the tariffs have been structured so that cellular calls are cheaper over long distances.

Users in a region with an 01 dialling code will be able to call any 01 number at the standard rate. This means a cellular call from Johannesburg to Messina will cost R1,13/minute compared with Telkom's R1,16/minute.

Still, as any businessman knows, most calls are made locally. Only a fraction of Johannesburg users will want to call Messina. Within the PWV, fixed-wire calls made in peak times will remain much cheaper than using Vodacom. For instance, Vodacom's proposed tariffs for calls between Johannesburg and Pretoria are two-and-a-half times more expensive than Telkom's 44c/minute.

Vodacom suggests that users in the 03 telephone region pay the R1,13/minute rate for all calls to 03 and 05 numbers. The same applies to all calls between 02 and 04 numbers (in the western and eastern Cape).

Long-distance callers — for instance Cape-Johanneburg — will benefit. In the peaks, Telkom charges R1,86/minute compared with Vodacom's R1,71/minute. Off-peak savings will be even better. On a Saturday morning, Vodacom's charges drop to 86c/minute while Telkom demands R1,86/minute.

Vodacom CE Alan Knott-Craig says community and domestic rates will be announced later. "We expect the domestic tariff to feature higher call charges and a lower monthly rental because the user would make fewer calls than a businessman." He says Vodacom will subsidise the community service; so this will be cheaper.

Service providers will design different rate packages for the various users. Businesses will probably be able to negotiate fees.

Robin Frew, executive chairman of non-exclusive service provider Radiospoor, says: "We would like to see Vodacom's business charges much lower." He says the high charges will limit the market.

His concerns are echoed by others in the field who predict a tariff price war by June, when the cellular services will be launched officially.

Mobile Telephone Networks (MTN), the second cellular phone operator, is expected to announce its proposed rates by the end of the week. Like Vodacom's, they will be subject to approval by the telecommunications regulator.

RESERVATION SYSTEMS

The global village

The Galileo global computer reservation system, which will replace SA Airways' Saafari, has been installed in nearly all local travel agencies. Yet car rental firms and hotels have been slow to offer services on the system.

Budget Rent-A-Car MD Tony Langley says "What we thought would be an international reservation system is in effect only an airline reservation system. This is because the cost of entry is too high for most local companies." With service providers (airline, hotel and car rental companies) paying US\$3-\$4 for each booking transaction and the rand/dollar exchange rate weakening, the system is pricey for many. "Most car rental companies and hotels still deal with travel agents by phone and fax, often through a toll-free line," says Langley.

Galileo Southern Africa head Buddie Cerone disagrees the system has not taken off here. He says local providers include the

main international and local air carriers, Southern Sun, Sun International and Protea hotel groups, Budget and Avis car hire.

City Lodge, independent hotels, Imperial/Hertz and smaller car rental firms are not on the system.

Owned by a consortium of North American and European airlines, Galileo is marketed in 47 countries and distributed locally by Galileo Southern Africa, an SAA division. About \$1bn has been spent developing the system since 1987. The mainframe centre is in Denver, Colorado. Galileo now has a world market share of almost 30% (measured by number of locations).

Until two years ago, local travel agents used Saafari. With travel markets opening up, though, the agents needed a more sophisticated means of booking with hotels, airlines and car hire firms worldwide. As a result, SAA acquired the distribution rights for Galileo and began to offer Saafari and Galileo. A move is under way to remove Saafari from screens within nine months.

Travel agents like Galileo because, unlike service providers, they do not pay for each transaction. Productivity incentives are offered so that the more agents use the system, the cheaper it becomes and where booking targets are met, the system is free.

Service providers have been discouraged by punitive dollar-based transaction costs. But many see the benefits of being represented on such a global system. "Galileo already dominates the travel agency market. It makes sense to go this route," says Stephen Griessel, MD of timeshare group RCI Southern Africa.

He adds that RCI is seeking an agreement whereby local service providers will be charged in rands. "We must make it economical for them to join. This has to happen if we are to win the 2004 Olympic bid for Cape Town."

Bookings can be made through the system for more than 400 airlines. It has 149 direct-

access airline links supporting various functions, including last-seat availability, secured booking and seat maps. It also tells the booking agent what events are on in western Europe and the US, provides instant rates and booking information for almost 27 500 hotels and 50 car rental firms.

Flitestar marketing & sales manager Philippa Sparrow says, "I don't know how any company can justify not being on the system. We would lose a lot of business if we were not on it."

Marina Bidoh



Booking Galileo cost deters SA business

PTO 7

Standard turns to cellular phones

MELANIE SERGEANT

THE latest entrant to the cellular phone industry is Standard Bank, which has forged an alliance with service provider M-Tel ^{B/day}

Rather than "going the whole hog" and becoming a service provider as FNB had done, Standard had opted to negotiate special rates and discounted subscriber fees for selected clients of the bank. ^{11/2/94}

The service would be offered to PrestigePlan, MedElite, ProElite and AchieverPlan customers by end-March. Customers would be given notice of the coming service, so they could secure a phone ahead of the commercial switch-on date in June.

The bank hoped to secure phones at low prices for clients, as well as negotiate discounts on connection and monthly subscription fees and also on call rates. ⁽²⁶⁷⁾

M-Tel CEO Peter McBride said Standard Bank was the first of several significant marketing alliances with which M-Tel was involved. A subsidiary of M-Net/MultiChoice (which also has a 25% share in the MTN network), M-Tel had already invested R25m in the service provider business in terms of computer equipment for billing and other client facilities

S. Times (Buss)

Cellular phones' prices cut

THE first salvo has been fired in a price war between cellular-phone network rivals Vodacom and MTN.

Vodacom was first to announce its prices last week MTN followed days later — and Vodacom lowered its prices

Price lists give the monthly subscription charges and the cost a minute of using a cellular telephone. Vodacom's price drop was announced after its representatives held talks with Postmaster-General Ters Oosthuizen.

Vodacom's long-distance peak rate has been cut by a third to 99c a minute from R1,50. MTN's is R1

Vodacom's off-peak rate has dropped from 60c to 49c a minute. MTN charges 50c.

MTN charges international calls at the Telkom rate plus R1. Vodacom charges only the Telkom rate.

Both charge the same connection fee.

Vodacom's monthly subscription charge is R3 cheaper than MTN's

By TERRY BETTY

R125 All prices exclude VAT

A Vodacom spokesman says MTN is advertising a free service in March, but it will be unable to provide it by then.

MTN sales director John Nelson says this is not true.

"People think we do not have any infrastructure in place. But our network is slightly harder to spot because we do not have the unsightly towers that Vodacom uses. Ours are on top of buildings."

Vodacom chief executive Alan Knott-Craig says his firm will "go as many rounds as required" to give users the best price.

Mr Nelson asks why Vodacom announced its tariffs, only to cut them half a week later.

Mr Oosthuizen says. "These tariffs are for the testing period only where operators are committed to

similar tariffs. The competition will be far more fierce when commercial operations start on June 1."

MTN will use some of Vodacom's infrastructure until October. Vodacom had the technical advantage of being assured of being granted a licence. 13/2/94

A Vodacom spokesman says most of the infrastructure is in place, with Johannesburg, Durban and Cape Town being the first to be linked. (267)

The second phase, likely to be within the next three years, will cover major highways. People will be able to use their phones while travelling.

A Vodacom spokesman says it is frequently asked whether people will be able to use their cellular phones in Plettenberg Bay.

"Yes, they will. But only in the second phase."

Maps detailing service provision will be released in the coming week.



Mr POSTNET MAN ... Chris Dunn, who will be covering the Post Office's turf Picture: JOHN HOGG

Things are looking up, says Keys

FINANCE Minister Derek Keys, speaking at a ceremony in Durban on Friday, predicted a bright future for South Africa's economy.

Officially opening a R450-million extension to the jointly owned BP-Shell refinery, Mr Keys said inflation had been running at 5,8% over the past eight months and that this was primarily due to "the business community sharpening its pencils"

"The only way to survive is to become extremely competitive," he told some of the country's leading businessmen and several foreign diplomats.

The said South Africa had

Private concern for postal matters

THE state-owned post and telecommunications service will soon face competition from private post offices

PostNet plans to open about 300 post offices throughout South Africa. The franchised operator will provide private postboxes, postal, parcel, telephone answering and domestic and international courier services as well as gift wrapping, printing, copying, faxing, voice mailboxes, rubber stamps and postal supplies.

Other offerings from PostNet include office supplies, furniture shipping and crating, greeting cards, secretarial services, word processing, graphic design, laser printouts and database design, depending on the area.

Long queues and delays at post offices will become a thing of the past and customers from distant areas will be able to phone to estab-

lish whether mail has arrived.

Post boxes will be accessible 24 hours a day and all credit cards will be accepted. 1312194

PostNet is part of PostNet International, which is based in the US and Europe, with 700 centres throughout the world.

PostNet franchise director Chris Dunn says discussions have taken place with the Department of Posts and Telecommunications, courier services such as TNT and United Parcel Services and Tencor, which, among other activities, is a national distributor.

The Post Office itself will soon be commercialised, says Mr Dunn, and has indicated that door-to-door postal services will be discontinued. This will cause a demand for post boxes.

The Post Office also plans to increase the number of offices from 1 200 to 1 700 and to close uneconomic services. (267)

It is way behind trends abroad. For example, Britain has 5 000 post offices for a population of 58-million; SA has only 1 200 for 38-million people.

PostNet franchises will be offered on an area basis or to individuals. Area franchisees will pay 8% of turnover to PostNet, including 2% to the advertising fund

A franchisee will be able to offer individual franchises to others in the area and will be paid 2,5% of their turnover. Financial commitments have not been settled.

Individual franchisees will pay R40 000 to PostNet and will require an estimated R200 000 for additional capital expenditure, including working capital.



TELKOM

Fm 18/2/94

Trying to help the election

To help monitor and administer April's general election, Telkom is investing more than R310m in telecommunications equipment.

Its task is not easy. Past elections were held in cities and towns, half of this year's estimated 9 000 voting stations will be in rural areas, with little or no telecommunication infrastructure, and scant information about what is needed. Worse, Telkom cannot enter some strife-torn areas.

"We will be stretched to our outmost limits and require co-operation from other participating bodies," says Telkom senior manager Hennie Mulder. "Telkom has contacted the Independent Electoral Commission (IEC), all major political parties and observer missions but no clear requirements have been received from any of the major players."

The Home Affairs Department has identified about 6 000 sites where polling stations are likely to be. "It was made clear from the start that these are speculative addresses, which have to be approved by the IEC," says Mulder. "But time is crucial and, if Telkom is not given accurate details soon, it will end up deploying infrastructure in the wrong areas."

Telkom plans a minimum of five phones for voting stations in urban areas and at least one in remote rural areas, adding up to 60 000. "We did not budget for this capital expenditure but, because of demand, we had to reconsider our priorities," says Mulder. "We plan to leave around 5 000 telephones for use by rural communities as part of our community services programme, and write them off against operating costs."

It is unlikely that Telkom will be able to supply services at every voting station because of the late provision of voting station addresses. "About half of the voting addresses will be situated in areas where little or no telecommunication infrastructure exists. It is for these areas that early planning and specific requirements is essential," says Mulder. He adds that Telkom will use radio and microwave technologies (and to a lesser extent the VSAT satellite system) for rural telecommunications.

There are still further problems. They include the unknown requirements of participants in the elections; availability of manpower, equipment and inaccessible terrain, and safe entry into unrest areas.

Mulder says Telkom is renewing its nationwide campaign to educate the communities on the necessity of communication. Seeing the success Eskom has had in getting community support and protection of its people and equipment, Telkom embarked on a similar community programme late in 1992. However, maintenance and installation have

come to a complete halt in problem spots like the East Rand townships because Telkom teams are threatened and attacked. Vandalism and theft (particularly of copper cables) remain a huge problem.

Despite these setbacks Telkom is forging ahead with plans to offer hi-tech telecommunications facilities (which include microwave links, the SAT-2 submarine optic-fibre cable and satellite uplinks) to the many foreign media and election observers expected in SA.

To cater for TV and radio broadcasts, Telkom has come to an agreement with the SABC — it will offer 10 international TV broadcast circuits via its international satellite facilities and 60 TV contribution and



distribution feeds from and to venues countrywide. These will terminate in the SABC's International Broadcast Centre in Auckland Park, Johannesburg (*Infotech* December 17).

What is motivating Telkom to expend so much effort and capital? "We had to reconsider our priorities," says Mulder. "The elections and other future major events, like the World Cup Rugby, will result in a tremendous boost in telecommunications traffic. At the same time, we are able to boost our community services programme by 5 000 phones in remote rural areas."

There is, too, the matter of national pride. The election is billed to be the largest planned media event for 1994 and, with the world's attention focused on SA, Telkom naturally wants to project a professional and competent image. ■

CELLULAR PHONES (267) Fm 18/2/94 The value of competition

The cellular price war has begun. Network operator Vodacom, the first to announce its recommended maximum retail prices for cel-

lular calls (*Infotech*, February 4), cut its tariffs dramatically last Friday, only hours after competitor Mobile Telephone Networks (MTN) released its tariffs. Competition, though limited to only two network operators, seems to be working already and is expected to be far fiercer when full commercial operation starts on June 1. Fm

Both Vodacom and MTN are clever marketers, quoting their tariffs excluding Vat. While the operators do make a point of mentioning this, MTN omitted to do so in its first press advertisements last Friday. "This was a mistake. Somebody slipped up and we did not pick it up in the rush of things," says MTN sales director John Nelson 18/2/94

The recommended charges (inclusive of Vat) now stand as follows. Vodacom's long-distance peak rate has been cut to R1,13/minute from R1,71/minute, MTN's is R1,14. Vodacom's off-peak rate has dropped from 68c/minute to 56c/minute, MTN charges 57c/minute. MTN charges international calls at the Telkom rate plus R1,14 per minute, Vodacom says it intends to charge only the Telkom rates. Both charge the same connection fee of R85,50, but Vodacom's monthly subscription charge is slightly cheaper — R139,08, compared to MTN's R142,50. According to the agreement with Telkom, call charges and monthly rental must be free to the 4 000 test users during March and international calls will only be possible from April (267)

Be warned, though — these are only temporary rates. Expect new rates for the commercial switch-on in June. Both operators' rates will remain subject to the approval of the telecommunications regulator. Users should note there may be some disruptions on both networks during the test phase. The operators also have a number of service providers, which will structure a variety of price packages to suit different user needs.

Meanwhile, Vodacom has announced it will cover the PWV area, as well as the greater metropolitan areas of Cape Town, Durban and Port Elizabeth from March 31. MTN chief operating officer John Craggs says that MTN will cover much the same areas in terms of the roaming agreement. This agreement came about because Vodacom (half-owned by Telkom) had the technical advantage of being assured of a licence several months before MTN.

Vodacom CE Alan Knott-Craig says, "In the second phase of network rollout, which should be completed within the next three to five years, all the national roads linking the major cities will be covered."

Cellular phone users will be able to phone virtually any number in the world within the network coverage areas. ■

'Phone frenzy could harm us all!'

THE South African cellular telephone industry could repeat the 50 percent failure rate experienced by British service providers if the threatened price war becomes a reality

This is the opinion of Justin Taylor, executive director of cellular telephones at Radiospoor Communications.

"Since cellular was launched in Britain in the mid-1980s, 40 of the original 80 service providers have either gone insolvent or been sold out

"If the local industry becomes involved in a price war - as has been suggested - we could see

up to eight of the 17 local service providers go out of business. In order to gain market share, service providers may entice consumers with unrealistically low unit prices, an inexpensive monthly fee structure and possibly even a low cost of calls," Taylor claimed. (267)

Although price cutting was good for the consumer in the short-term, he warned that the quality of service could drop quite dramatically

"This would result in consumer frustration - which would be aimed at the industry as a whole - and it could even cause the demise of many ser-

vice providers"

He said. "Some service providers are also misleading the public by guaranteeing that an impossibly high number of users will be linked up in the first two months.

"Between March 1 and March 31, each of the 17 service providers can link up only 235 clients (4 000 for the industry in total)

From April 1 to May 31 an additional 941 clients could be guaranteed a line by each service provider (another 16 000 customers) Only after June 1 will the service providers be in a position to offer a cellular service to an unlimited number of people," Taylor added.

He warned those who are desperate for a phone before June 1 to make sure that their chosen service provider could actually guarantee them a line

"If a company is promising to link up more users than their quota can accommodate, look for another company," he said.

Taylor said that in the interest of a healthy industry players had to act responsibly by keeping to their word, ensuring their prices were "realistic" and offering a high level of service.

He said prices for a cellular telephone could drop by up to 25 percent within nine months

Postbank chief outlines new approach

PRETORIA — The next government was likely to encourage personal savings and could provide special incentives, Postbank GM Abel Tlhabanelo said yesterday.

Speaking at the unveiling of the Post Office Savings Bank's new corporate image, name (Postbank) and strategy, Tlhabanelo said more attractive incentives were required to boost personal savings levels.

"The saving rate in SA has declined in recent years and personal savings as a proportion of personal disposable income now stands at a low of

ADRIAN HADLAND

about 2% " BISCAY

In other parts of the world, specific benefits were granted by governments to encourage personal savings.

"A new government can be expected to be more sympathetic towards saving and specifically to Postbank"

It had been decided to rename Postbank and give it its own identity as it had operated as a business entity within the Post Office for some time, Tlhabanelo said 2212194

The Post Office had begun establishing offices in underdeveloped areas as it was "expected that the need for a low-cost banking system will increase in a new political and socioeconomic dispensation in SA".

The Post Office now had about 1 600 branches (267)

He said Postbank would focus on community development and was investigating ways to recycle community savings by making them available for community projects while maintaining an acceptable return on funds and risk exposure.

First cellular phones are switched on

ROBYN CHALMERS

SA's first cellular telephone users were connected yesterday when licence holders Vodacom and Mobile Telephone Networks (MTN) began testing

MTN CE John Craggs said the organisation had achieved its network construction goals and was ready for the simultaneous launch of the system with Vodacom in June

The awarding of the MTN cellular network licence last year was delayed by several months, causing fears that the company would be unable to meet the June 1 switch-on date.

At an official launch yesterday, MTN had a prototype of the GSM payphone on display

"This is an important breakthrough for the cellular telephony world market and export orders for countries throughout the GSM worldwide network are lined up," said Craggs

He said MTN expected to begin installing the payphones in townships by June. "Thereafter, the roll-out will be initiated in more than 300 townships and settlements throughout MTN's coverage area

The provision of cellular telephone services by the two licensees to underprivileged areas was part of a deal negotiated between the ANC, government, MTN and Vodacom.

Vodacom CE Alan Knott-Craig said 2 000 test users had been connected yesterday and a further 8 000 users would come on line in April

The number of lines available would be unlimited after the official commercial launch in June

Exports from bumper crop could earn R2bn

GERALD REILLY

PRETORIA — The 6-million-ton surplus expected from this year's 12,8-million ton maize crop — the country's second biggest on record — could earn SA well in excess of R2bn, according to Nampo sources.

The forecast was made following the publication by the National Crop Estimates Committee's first summer crop report. This season's expected maize crop compares well with 1980/81, when a final figure of 14,498-million tons was recorded, and is expected to be 25% better than last year's 8,893-million tons, reports Sapa.

However, Nampo sources warned that the large crop could mean that producers would have to accept lower prices and foot the bill for big export losses

Sources said a price-fixing tussle between the new government and producers was also unavoidable

Nampo has recommended a policy under which producers can choose to sell to the Maize Board or market their crop directly to the trade

Producers fear that an ANC government, in keeping with its policy of affordable basic food prices and under pressure from trade unions and consumer organisations, will set the lowest possible price. Maize farmers fear that the domestic price will be set as much as R120 a ton lower than the current R470 a ton.

Although the domestic price is certain to be lowered, the big crops grown on many farms — with exceptional yields of up to 4,5 tons a hectare — mean that large num-

bers of farmers will be substantially better off than in recent years

SA Agricultural Union economist Koos du Toit estimated that, depending on the extent of the general economic recovery, agriculture could contribute at least 6,5% in the 1994/95 financial year.

The National Crops Estimate Committee also forecast that the harvest of sorghum, groundbeans, sunflower seeds, soya beans and dry beans would all be substantially larger than in 1992/93

However, the committee noted that the final wheat estimate of 195 800 tons on January 20 remained unchanged. Wheat farmers had cultivated 1 064 000ha during the season

Meanwhile, Sapa reports that Wheat Board chairman Andries Beyers told delegates at a winter-grain producers' conference in Douglas yesterday that the wheat industry had reached a crossroads

Quantitative import control of wheat could be replaced with tariff protection and aspects of single-channel marketing would become less feasible, Beyers said

Producers would have to take decisions not only because of the new agricultural and marketing policy directions, but also because of the recent signing of a new multilateral trade agreement

Should statutory control still be possible in future, it would have to happen according to rules that would be laid down by a new government.

PORT OWEN M

... gives you security



Cellular networks

Sowetan 3/13/94

By Mzimkulu Malunga

ACCESS TO CELLULAR telephones must not be put beyond the reach of the black community, says black-owned cellular network service provider Afritel Cellular Systems, one of the seven service providers appointed by Vodacom — a consortium cellular network of companies led by Telkom. Afritel plans to start rendering the service early next month.

(267)
The officials are confident of achieving a market share of 6 000 subscribers within two months of starting operations. Afritel also plans to increase its client base to 10 000 by the end of this year with the number of subscribers increasing by 15 percent monthly thereafter.

As part of its campaign to claim a sizeable share of the market, Afritel will establish offices in South Africa's four leading commercial towns. Each regional office will in turn appoint dealers in their area of operation.

Afritel identifies the black community as its first target with the corporate world running second. The leading players in Afritel include Mr Saki Macozoma and an African American entrepreneur and chairman of the Unity Broadcast Network, Mr Eugene Jackson.

Telkom faces international competition

BRUCE CAMERON (267)
Business Editor

AACT 5/43/94

TELKOM, already being roughed up with a bit of free enterprise in the cellular telephone market, is also seeing its profits in international calls under attack

United States-based international telecommunications giant US Cable is offering to cut the cost of overseas calls by up to 60 percent by taking advantage of cheaper rates in other countries

On average the price-saving is

about 50 percent, depending on the destination of the call.

The system called TelePassport uses computerised switching equipment to route each call around the world by selecting the best tariffs available.

The calls are all directed through a computer system in the US

Calls can be made from anywhere to anywhere in the world where there are telephones

The savings for people who pay VAT are higher than companies

which do not pay VAT.

Savings on a call, excluding VAT, to the US is 17,8 percent, to Britain 27,8 percent and to Germany 46,69 percent.

With a monthly account of more than R85 a month there are no subscriber or sign-on fees.

Features of the system include credit limits, low credit warnings, security PINS and immediate access to a credit balance set by the subscriber

For further information contact ☎ 689 5745.

Telkom seeks protection in townships

Business Day 3/3/94

JOHANNES NGCOBO

A MULTIPARTY youth summit aimed at giving Telkom unhindered access to the townships to prepare phones for the elections will be held on March 12

Youths from Inkatha, the ANC, DP, NP, the Pan Africanist Students Organisations, the Congress of South African Students (Cosas) and church groups were expected to attend

Cosas Transvaal president Steven Kekane said for information to flow freely during the election days people needed telephones

He said Telkom had suggested that about 14 000 telephone booths would have to be installed

The booths would require service from Telkom staff and they should not be harassed

"High on the agenda would be the role

of the youth in assisting Telkom to fulfill its obligations of installing telephone booths and infrastructure in our townships for the elections and beyond," said Kekana

A focal point would be how youths could protect Telkom employees in the townships and how best they could stop car hijackings

Telkom Witwatersrand communication manager Gert Schoeman said Telkom was expected to install 9 000 telephone lines for the election

The lines would be used by journalists, political parties and administration staff

If such lines were to be in operation by April 27 the first phase of the project needed to start immediately

and that would depend on the co-operation of township residents

He said the summit would also deal with the demand for telephones in rural areas.

KATHRYN STRACHAN reports that about 400 homes in the Doornkop and Dobsonville Gardens areas of Soweto are without telephone services after nearly 3 000m of cable was stolen on Tuesday night

It could take up to Saturday to have the service restored, said spokesman Fanus Bothma

He said the theft of telephone cable cost Telkom millions of rands a year "It causes a lot of havoc to us and our clients," he said

The cables had alarm systems, but the thieves had usually left the scene by the time police arrived



Apex Property Fund
("Apex")



Main Street Property Fund
("Mainpro")

Unit trust schemes in property shares in terms of the Unit Trusts Control Act (No. 54 of 1981), as amended, and managed by
Anglo American Property Fund Managers Limited
(Registration No 57/02743/06)

Proposed reorganization of Apex and Mainpro
("the reorganization")

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Satellite could earn us millions

And, it's a pollution spotter, too

ARG 5/3/94 (267)

WILLEM STEENKAMP
Weekend Argus Reporter

GREENSAT, South Africa's own locally produced low-orbiting satellite — also dubbed the PC of satellites — has taken world markets by storm.

Johan Alberts, managing director of Denel, the state-owned company that developed and produced Greensat, said the satellite was the most advanced of its kind in the world.

Marketing Greensat is still Denel's first priority and negotiations are under way with more than 16 international groups who have shown a keen interest in acquiring it.

Greensat is smaller, cheaper and at least 18 months ahead of similar international products, according to Denel.

The company moved away

■ More than 16 international companies have indicated an interest in acquiring Greensat, South Africa's own low-orbiting satellite and, if negotiations are successful, contracts could earn this country millions in foreign exchange.

from the communications satellite market which they believed was not only too expensive, but also oversupplied.

They concentrated on developing low-orbiting, low-cost observation satellites in an effort to find a niche in international markets.

Greensat can be used to manage the earth's natural resources. It delivers high-resolution pictures of any object larger than 2,5 m and also can be used to monitor pollution and make geological surveys.

It weighs about 300 kg compared to other earth observation satellites which weigh 1,5 tons or more.

Mr Alberts said that besides the interest shown in Greensat, there also had been international interest in Rooivalk, the attack helicopter developed by Denel's aerospace division.

International buyers also had shown interest in Ace, a locally developed aircraft made of superstrong light composite material.

Mr Alberts said the existence of producers who wanted to compete in international markets depended on the quality, price and applicability of their products.

Denel was positioning itself to compete freely on both local and international markets.

Post Office to increase international tariffs

STEPHANE BOTHMA

PRETORIA — The SA Post Office plans to earn additional income of R60m by increasing international and non-standardised mail tariffs by an average 10% next month.

SA Post Office chairman Donald Masson said yesterday the increase would enable the Post Office to reduce an estimated 1993/94 loss of R498m by R141m to R357m this year. *8/10/94 9/13/94*

But Post Office losses would remain high over the next two years as essential infrastructure was needed. "After that they should decline drastically," he said.

The Post Office planned to spend R240m on infrastructure this year. It would spend R39m installing 500 000 post boxes in rural areas.

The standard letter rate would remain 45c until August when long-term planning needs would force the rate up 5c, Masson said.

The increase in non-standard and international mail tariffs would cost the average user about R1,18 more a month and should have no significant effect on the inflation rate. *(267) (9/14)*

He said the Post Office was "unashamedly pitching" to run a state lottery to increase profitability.

"We are getting ourselves ready to run a lottery. We already have the infrastructure in place in the form of our countrywide network of post offices."

Before the Post Office had been commercialised two years ago, annual losses of about R850m had been covered by a state subsidy, he said

sed 'tried to hide papers'

Own Correspondent

ments as they were locked in his brother's office. Croukamp later saw Stafford drop the documents under his desk. They turned out to be the papers the police wanted.

The documents were al-

Ernest Stanton's son, Lacon Stanton, a Johannesburg chartered accountant, denied the signatures on the letters were his father's.

On December 30 1991, when Ernest Stanton died, Stafford telephoned Lacon Stanton and told him most of his father's estate — about R2m — had been left

Post Office to increase international tariffs

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— INFORMATION TECHNOLOGY —

Election spurs rural telephone industry

3 Day 10/3/94

WITH Telkom believed to be spending about R400m on telecommunications facilities for SA's 11 000-odd election polling stations, product suppliers in the rural telecommunications arena are having a field day.

While Telkom's exact investment cannot be confirmed, more than 350 terminals each supporting at least eight subscribers in remote regions will benefit from a new telecommunications system, the IRT 2000, being installed by Philips to bring telecommunication services to polling stations in time for the election.

The IRT 2000 system has been supplied by Philips Communications Systems of France.

Eight central systems are being installed at stations in QwaQwa, Kimberley, Bloemfontein, Colesberg, Aliwal North, Botshabelo and Wesselsbrom.

They will be connected by radio to about 350 remote terminals, some of which will be more than 140km away from the central station.

Each terminal will initially have a capacity of eight subscribers and will provide connections for more than 2 000 users.

According to Telkom, telephones will

Reports by
MELANIE SERGEANT

initially be installed at polling stations. Further telephones may then be installed according to a community's needs.

Philips Communication Systems in SA MD Maurice Reznik said that the IRT 2000 system was an innovative and state-of-the-art way of providing a quality communications network to widely dispersed communities. He said the system was a leader in the world market with a market share of nearly 50%. *(267)*

Experience in installing similar systems in other parts of Africa, including Zimbabwe, Malawi and Cameroon, had shown the important economic benefits to a community of quality communications.

Philips is working to an extremely tight schedule, but, despite bad weather and difficult terrain, it is confident the system will be up and running in time.

Reliable sources say another company which is benefiting from rush orders for systems in time for the elections is Plessey-Tellumat. The company is also understood to have received substantial orders from other countries for its rural telecommunications systems.

Mattel, which is based in California, never left SA and its products, including perennially popular Barbie dolls and Hot Wheels cars, have been available through Johannesburg distributor Josse Feldman. But New York-based Fisher-Price, which was then owned by the Quaker Oats company, disinvested completely in the Eighties. Some of its products have been available through the grey market, but at inflated prices.

"Consumers are going to see prices coming down and service levels increasing dramatically," says Josse Feldman MD Claire Herbst.

The company plans a major launch of the products to increase brand awareness. The advertising budget of R2m will show up in television commercials for Mattel products and ads in women's magazines for Fisher-Price to appeal to mothers who are willing to pay premium prices for the top-of-the-line educational kiddie toys.

"Mattel wants to develop the full potential of the market," says Jonathan Hughes, the company's marketing manager for Africa.

Adds Herbst, "Mattel sees SA as a major growth area."

Barbie, for instance, has lots of growth potential even though she is celebrating her 35th birthday. Worldwide, sales of the Barbie line exceeded \$1bn last year and it was the best-selling toy in SA. Nevertheless, Herbst says research shows that the average American girl between 3-11 owns eight of the dolls. In SA, the average is less than one per girl. Mattel is considering marketing a black doll specifically for the SA market. "We've just scratched the surface of the black market," Herbst adds.

Hughes says there is the possibility that some manufacturing of big plastic items, such as Barbie's huge dream house, could be done in SA within a few years. First, the goal is to increase sales volumes.

Price, however, is a major factor mitigating against increased sales. Josse Feldman, who is executive chairman of the distributor, points out that there is now up to 50% duty on imported toys, even though there are no branded competitors in the fashion doll and educational pre-school toy categories.

Even under Gatt, the tariff will remain on the high side — 30% at the end of a five-year phase-in period, according to figures from the Department of Trade & Industry.

Once again, high tariffs work to keep prices high, keep sales volumes low and keep manufacturers from finding it worth their while to set up shop in SA.

POST OFFICE

Some very big questions

Here's the R60m question: Will the new government let the Post Office go ahead with an 11% increase on standard domestic postage in August? (267)

Faced with a R498m shortfall on its R2,1bn budget, the Post Office's business

plan calls for R60m to be raised through an average 10% hike in international and non-standard rates beginning on April 1 and another R60m through a rate hike from 45c to 50c on standard domestic letters no later than August 1. The domestic stamp increase has not received ministerial approval.

The Post Office says it is holding off on the standard postage increase as its "contribution to communication for the coming election."

Political tools

In the bad old days, postage rates were political tools and had little relation to actual costs, shortfalls were made up through huge government subsidies. With a new government coming in, will the postage rate once again become a holy cow?

"I won't try to speculate on what will happen," says Post Office chairman and acting MD Donald Masson. "At the end of the day, we would like to take out the politics."

He believes that charges should cover costs and that a government subsidy is "morally indefensible" because that money could be better spent on education, health and other social-welfare projects. Since commercialisation in 1991, the Post Office has reduced an R850m shortfall by more than R350m and hopes to bring the deficit down to R357m by April next year.

"I hope our track record makes it very clear that making the Post Office a viable proposition is the only way to go. Government already owns it 100% so all I ask is that it be allowed to run as a business entity. Surely running it in the hope of making a

profit is better than asking for a subsidy."

One move towards reducing the deficit has been the sale of some of the Post Office's property portfolio for R120m, including blocks of flats that were let to Post Office employees for as little as R17 a month. On April 1, the Post Office will move into new leased headquarters east of Pretoria. "We're making considerable savings on the new building," Masson says. "And instead of 17 000 m² we will have 9 500 m². It's a lot more effective use of space."

Opponents of commercialisation have seen shedding property as selling off the family jewels (even though State-owned Telkom bought the HQ), but Masson believes it just makes good business sense. "We're not giving it away. We're turning low-returning assets into capital that we can put into better technology and higher-returning assets."

This year's price hikes were linked to the inflation rate (now around 9%) after two years of extra-big increases (30% and 33%) to bring the prices more into line with costs (*Business & Technology* March 26 1993). Even at 50c, the Post Office will be losing 5c on every piece of mail handled. But the 55c actual cost is down from last year's 61c processing cost, thanks in part to more computerisation and mechanisation. More than R127m is budgeted for capital expenditure on data equipment.

Though Masson gives the Post Office a seven out of 10 score since commercialisation, a major problem has been the turnover in MDs. Willem van Rooyen, a Post Office veteran, lasted about a year. He was followed by Henne Diedericks (52), who left Absa to take the Post Office job in January last year. He resigned last month due to stress-related ill health that has forced Masson (62) to act as MD on and off since October.

Diedericks, who was MD of Tollgate from 1988 to 1990, has been called to testify before investigators probing the collapse of the company in 1992. Diedericks has also come under a stinging attack from fugitive Julian Askin, who was the Tollgate MD when it collapsed, claiming that he was incompetent and negligent in his handling of Tollgate. Diedericks denies any wrongdoing.

"He did an excellent job here," Masson says. "He brought in a lot of ideas from the private sector. If it wasn't for his health, he would still be here but he got progressively worse and he couldn't live up to his own standards. He's been off since October and we couldn't go on like that."

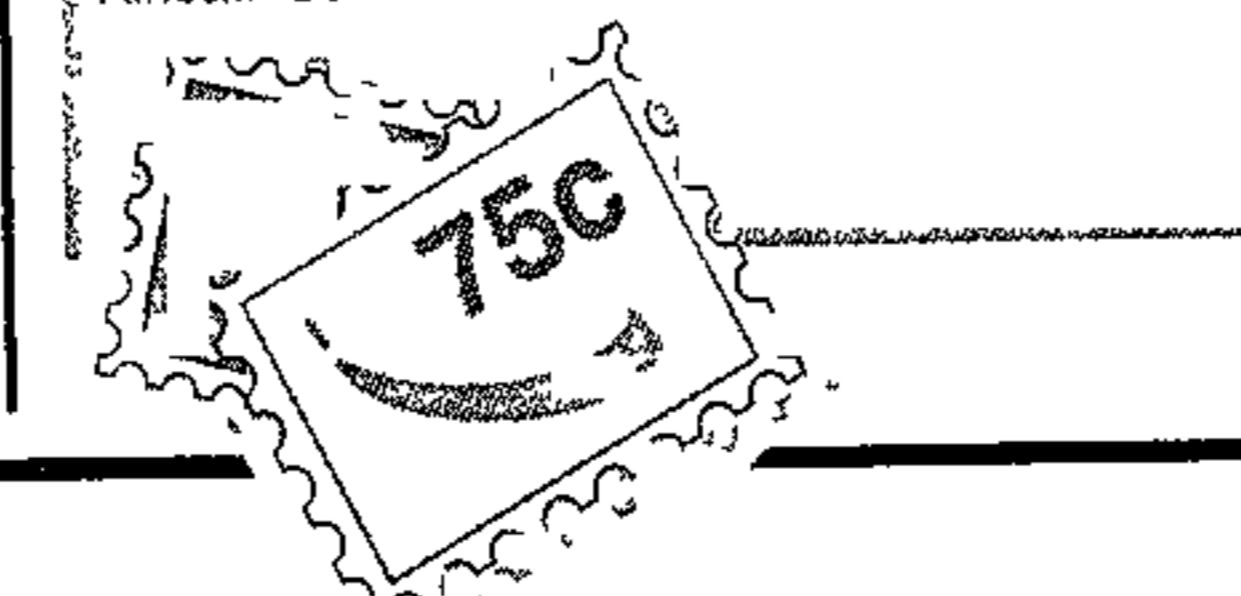
Masson says Diedericks did not get a payout on what remained of his five-year contract and sacrificed part of the bonus that he would have received.

The MD's job is not being advertised yet. The board will meet this month to decide whether to launch a hunt for candidates, promote someone or perhaps keep Masson in the job for a while longer.

Another million-rand question: Will a new government flex its muscles and ensure that the MD's job becomes just another slot for a political crony?

International postage rates rising

	Current rate	New rate
Botswana, Lesotho, Malawi, Swaziland, Zimbabwe	60c	70c
Angola, Mozambique, Zambia	65c	75c
Comores, Kenya, Madagascar, Mauritius, Réunion, Seychelles, Tanzania, Zaire	70c	80c
Europe, Argentina, Brazil, Northern Africa	85c	95c
Taiwan, Iraq, Iran, Israel, Kuwait, elsewhere in South America	90c	R1
US, Canada, Hong Kong, Japan, Pakistan, India, Singapore	R1,05	R1,15
Bangladesh, Indonesia, Thailand, Vietnam	R1,15	R1,25
Australia, China	R1,25	R1,35
New Zealand, Cook Islands, Fiji, Kiribati, Solomon Islands, Samoa	R1,40	R1,50





RADIO TRUNKING

FM 4/2/94

Another deal for Telkom

(232) (267)

State-owned Telkom, freed more than two years ago to operate more like a business and less like a government department, has entered into its second joint venture with the private sector. Last month Telkom agreed to take a majority stake in Q-Trunk, which was started by QD Electronics last March and is one of the two radio-trunking network operators that government recently authorised to begin building the networks.

The deal follows Telkom's agreement last year to form Vodacom with UK-based Vodafone. Telkom has a 50% stake in Vodacom, one of the two companies granted government licences to build nationwide cellular telephone networks. The size of Telkom's stake in Q-Trunk has not been disclosed. The cost of its investment also has been kept

Radio trunking was developed because the frequency band is becoming increasingly congested. It's an improvement on a conventional two-way radio system, which has a limited capacity and can't be linked to the public telephone network. But it can do far less than cellular phones. It's aimed at organisations that need to send short messages to vehicles on the road, such as hauliers, courier companies, and police and ambulance services.

Under its agreement with the department, Fleetcall's network will cover the major metropolitan areas within five years and then will add the national roads between these areas. Q-Trunk has permission to mirror this coverage, except for Durban and Maritzburg. CarFone Natal, one of Natal's largest two-way radio companies, will operate in Natal and the PWV only.

Q-Trunk now wants a larger slice of the cake and is negotiating with government for its network to include Maritzburg and Durban.

But the department's policy document on radio trunking says no more than two competing network operators would be licensed in areas outside the PWV. Q-Trunk moving into Maritzburg and Durban would mean three

operators there. Says CarFone Natal MD Gordon Swanepoel: "The ground rules have been gazetted and it's highly unlikely that the department will move the goal posts at this stage."

Like the cellular industry, the radio-trunking network operators will work through service providers that will take care of sales, installations and billings.

"We did not initially want to be an operator, we had hoped to be a service provider," says QD Electronics's Appleton. "However, we took this decision because we wanted to supply our dealer network. We also wanted to stop a monopolistic set-up when it became obvious that there was going to be only one national operator."

But setting up a national network is costly, so Q-Trunk looked for a partner. Telkom, with its hi-tech infrastructure and the elevated sites needed to erect masts and antennas to ensure that the network covers a wide area, was the obvious choice.

"It is Telkom's intention to participate actively in strategic alliances that improve

the country's telecommunications infrastructure," says Telkom MD Danie du Toit.

Q-Trunk will draw many of its service providers from QD Electronics's hundreds of two-way radio dealers. It will establish its first regional network in Cape Town by mid-year, followed by the PWV. Fleetcall is already on the air; it is now testing two base stations in Johannesburg.

Despite the enthusiasm, radio trunking is not without controversy. John Hubbard, immediate past president of the Two-Way Radio Dealers' Association of the Western Cape, harshly criticises the way that radio trunking was introduced. He says government did not allow the industry to decide on its own technology, instead prescribing the MPT 1327 protocol. Indeed, on everything from TV sets to cellular phones, government has long been criticised for mandating costly technology that far exceeded SA's needs and priced many consumers out of the market. "The slavish adherence to the MPT 1327 is inherently costly," he says. "This technology has been over-engineered to the point of stupidity."

But Appleton disagrees that trunking will be too expensive. He says a dispatcher radio for a trunking network will cost R2 500, which is comparable to mobile radio prices. "It can hardly be called an elitist product."

Hubbard also slates government for choosing a frequency band that almost no other country is using.

The department's senior frequency manager, Don Tait, responds. "MPT 1327 was selected after consultation with the local radio industry and decided upon because it was nonproprietary and therefore all radio dealers may sell radios into the system."

He says the department didn't have many options in picking a frequency band. "A clear spectrum had to be identified before trunking could be initiated and in sufficient quantity to enable competing systems to be established. It took us two years to acquire this spectrum."

The real problem is the long-time poor management of the frequency spectrum. With the Defence Force hogging some 60% of the spectrum, there are few frequencies still left for commercial use, critics say.

The department recently announced that it would conduct a detailed study of how the spectrum is being used in the various communications bands in order to reduce congestion. It also said it planned to vet more closely all applications for new systems or expansions. Under this new policy, which will be maintained for an indefinite period, applications for various basic derivatives of trunking have been turned down.

Marina Bidoll



Appleton bigger things for QD Electronics

under wraps, but each radio-trunking network operator is expected to spend R40m to set up.

QD Electronics, the Kyalami-based manufacturer of two-way radio and electronic security systems, initiated the discussions with Telkom in September. Formed in 1975, the unlisted company was bought out by seven of its directors in 1992. "Our profitability increased by 100% over the last two years," says MD Brian Appleton. "We employ 350 people and design and manufacture 95% of the products we sell."

Opening the airwaves to radio trunking, which is a halfway house between conventional two-way radio and sophisticated cellular telephony, has been mooted for two years. Finally the Department of Posts & Telecommunications gave Q-Trunk and Fleetcall — a joint venture by Grinaker Electronics, Altech and Transnet's telecommunications arm Transtel — the go-ahead to build radio-trunking networks (*Infotech* January 14). CarFone Natal also plans to build a network and is expected to receive permission soon.

Youths pledge to help Telkom

THIRTY-two youth organisations agreed at the weekend to let Telkom install and maintain telecommunications infrastructure needed for the April in the PWV area. (267)

Telkom said a meeting with 350 youth delegates in Johannesburg passed a unanimous resolution to this effect.

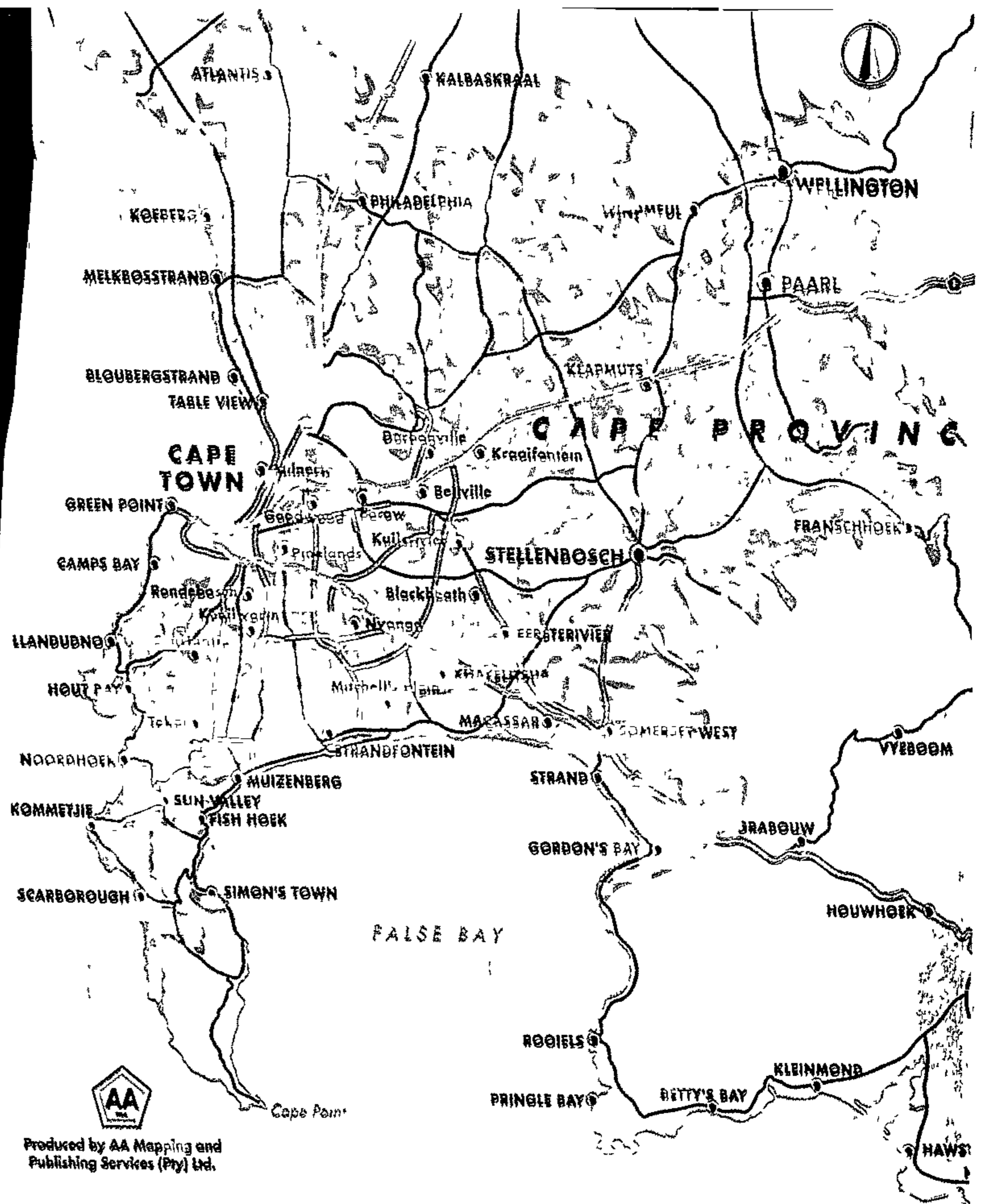
Some of the organisations represented were the Congress of South African Students, Pan Africanist Student Organisation, SA Student Congress, African National Congress Youth League, Azanian Students' Movement and Azanian Student Convention. 14/3/94

Cosas southern Transvaal chairman Mahlomola Kekana called for unity among all youth formations, saying a telecommunications infrastructure could not be provided without them ensuring Telkom access to all areas.

Telkom Witwatersrand regional general manager Frank Vian told the meeting it would be impossible to install telephones at the 9 000 voting stations without community co-operation.

Vian said between 50 000 and 60 000 temporary telephone services had to be provided. Telkom had committed itself to the purchase of additional equipment worth R200m. — Sapa.

Report by A Thomson, Sapa, 141 Commissioner St, Jhb



A computer-predicted area of outdoor coverage for cellular phones on the Vodacom network in the Western Cape. Users of both 8 W and 2 W units will be able to operate in the green areas, but those wishing to operate in the mauve areas will need an 8 W unit.

Getting mobile with the great cellular phone switch-on

By ANDREW BERGMAN

WITH expectation reminiscent of the wait for the switch-on of the first experimental TV programmes in the 1970s, South Africa waits for the cellular switch-on date on April 1.

Imagine being constantly contactable and communicable, everywhere from the board room to the golf course to that little room with the porcelain seat.

Compact lifeline or hand-held invasion of your privacy? Users of radio paging services have yet to decide whether this one-way contactability is a blessing or a curse.

It will be even longer before cellular phone users offer a verdict.

Let's face it, there are many that will treat the new phone as a yuppie toy, but apart from "keeping up with the Joneses", all service providers agree. Make sure of what you want before you lay out cash on a unit that might be a white elephant.

Apart from professionals and hi-tech gadget-lovers, it is difficult to explain the concept of cellular phones in layman's terms.

Wilhe Truter, MD of Phonotech, explains that the network is called "cellular" because it is made up of "cells" that look like an imaginary honeycomb.

Hands-free kit

Each cell has a transmitter which is linked to the main switching centre.

This will control handing over of the call should you move from one cell to another.

The switching centre is linked to the Telkom exchange.

At this stage, one of the main questions facing potential buyers is

whether to invest in the compact hand-held 2 W phone, or the more cumbersome but powerful 8 W model.

Surprisingly, according to Sue Nicolson of Auto Page Cellular's sales support team, there is little significant difference in the price of the two units when you take "extras" into account.

While the 8 W unit is largely self-contained, the 2 W version needs to be supported by a power charger, cigarette lighter charger and a hands-free kit if you want to use the phone in your car.

Also, it is anticipated that 2 W users will have difficulty receiving calls in buildings with metallic windows or in lifts.

Nicolson points out that while hands-free operation in the car is not yet obligatory, legislation is sure to be passed "in the near future" making it illegal to hold a cellular phone in your hand while driving.

Confusion

It seems that while the cellular phone hardware costs little more than a belt-mounted one-way pager, the service providers will make their money on air time.

Here, another choice faces the consumer: Vodacom or MTN network?

Initially MTN will run piggy-back on the Vodacom network, so until we have seen them in independent action and experienced the pros and cons of each, we are just going to have to trust the sales people.

Like the computer industry, the language of cellular phones has myriad cryptic acronyms — each used has a subscriber identity module (SIM).

This is a microchip which, when inserted into a cellular phone, identi-

fies the subscriber to the network.

In other words, should you use your SIM card in someone else's cellular phone, you will still be billed.

Not all models have an insertion slot for a SIM card. In many cases, you will have to punch the chip out of the card and place it in a clip-down niche at the back of the phone.

This makes changing users difficult, but, with a new piece of hi-tech hardware, it's one less thing to forget at home.

There is much confusion about the costs of cellular communication, especially consternation over whether you will pay for incoming calls.

Nicolson explains it clearly.

Calls from cellular to cellular, or cellular to Telkom network will cost about R1 per minute, irrespective of whether you are making a call to Johannesburg or Sea Point.

Telkom subscribers who call you on your cellular phone will pay cellular rates, ie R1 per minute.

The only time that incoming calls become expensive is when you are in Johannesburg on business and you re-route your home or office phone to your cellular phone.

In that case, the Telkom caller will pay a regular Telkom rate to call your home.

You will then pay the cellular rate as the call is re-routed between your home phone and the cellular network.

The bottom line is not to be in a hurry to buy. As it was with TV in the early days, it is a good option to rent a unit for a few months at least to survive the teething period.

If not, you are likely to end up with an obsolete unit with fewer features than the next person, and a sore anatomy from kicking yourself.

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This copier, which the manufacturer claims is the world's smallest, was unveiled at the CeBit fair in Germany yesterday. The copier, built in Sweden by Facit International, weighs under 2kg and slips easily into a briefcase.

ATMs and the self-service
much depends on the market take-up of the service"
Bullish about the pros-

Concern over Telkom tenders

TELECOMMUNICATIONS equipment suppliers are waiting with bated breath as Telkom moves into its new commercial buying cycle, which is set to replace the long-term buying contracts that ran for up to 15 years, but say no tenders have yet been issued for major contracts.

Indeed, some are sceptical about how far Telkom will go with its competitive bidding process.

One major player in the industry claims "In a matter of weeks, we will know which of the traditional suppliers will be getting what portion of the business."

Telkom's Nick van Rooyen stresses that Telkom is moving to a more competitive arrangement and away from the 15-year cost-plus contracts which it has had for many years.

"We have been negotiating with the suppliers since around September, and are close to breakthrough, with all those concerned realising that we need to move into a more competitive era.

"About 18 months ago, a strategic

decision was taken, in line with Telkom's mission, to move into a more commercial environment so we can be better placed to meet our competition head on" 17/12/94

Telkom is already experiencing its first wave of competition from a range of different players in the market, and Van Rooyen says that like overseas telecomm operators, it makes sense to source equipment on the open market from the least expensive sources. (267)

The long-term contracts were chiefly with Siemens, Altech, TMSA, Plessey, and the SA Microelectronic Systems chip manufacturing facility, SAMES.

They are expiring from October 1 this year until the end of March next year, and are mainly 15-year contracts for the supply of infrastructural equipment, and telephone handsets, for example.

Industry sources are querying how far Telkom will go, and fears are that the traditional suppliers will con-

tinue to be favoured over potential newcomers to the market.

One source says "We have not yet seen a single tender from Telkom, so we can only deduce that the main suppliers now will continue to get orders, when it comes to massive infrastructural equipment, it would be physically impossible for a newcomer to the market to supply from early next year when the current contracts will run out."

Another source says "One cannot expect companies to tool up and hire staff to manufacture large phone exchanges, for example, unless we can get some guarantee that there will be offtake from the facilities for a period of time. Infrastructures need to be funded."

Clarifying the strategy being negotiated, Van Rooyen says: "There will be some open tenders, while others will be proprietary or restricted to certain suppliers because we can't have an unlimited number of switching systems in our limited market, for example."

Cellular charges fixed to shelter Telkom

PRETORIA — Minimum charges for long-distance cellular telephone calls had been fixed temporarily so they would not undercut Telkom prices, Postmaster-General Ters Oosthuizen said yesterday.

A floor price for long distance tariffs had been established so that large-scale migration from Telkom

would not take place.

"The effect will be that similar tariffs will be charged by network operators during the roaming period and competitive tariffs thereafter."

Oosthuizen said Telkom's long-distance prices subsidised local tariffs and government recognised Telkom as the backbone of the telecommunications infrastructure — Sapa.

Biday 18/3/90

(267)

Public Service Exodus

STIMCO (Buss) 2013194

THOUSANDS of public servants are taking early retirement ahead of the change in government

The number of vacancies in the public sector shot up 60% to 79 500 between September 1992 and September 1993, according to Central Statistical Service. Many are new jobs in provincial administrations

Total public-sector employment, excluding the independent states, is 1,63-million. Including the independent states, the figure is 1,9-million. Hans Olivier, general manager of the Public Servants Association of SA, says: "The number of public servants applying for early retirement packages has risen

"Some people will not be comfortable serving the new government. People will take any retirement package they can get. This is a good thing. It makes space for affirmative action."

By GJARAN RYAN

The normal retirement age is 65, but many public servants in their fifties are seeking early retirement packages

The Human Sciences Research Council found a near doubling in the number of public servants taking early retirement between 1987 and 1992. The trend has accelerated in the last year, says the CSS.

The agricultural boards appear to be preparing for deregulation. Their employment dropped 20,7% to 2 179 between September 1992 and September 1993.

The biggest increase in vacancies was in provincial administrations, where the number leapt by 151% to 15 337 between September 1992 and September 1993. Vacancies in general affairs departments doubled to 27 284.

Total employment in the public sector fell by 3%, or 50 816 jobs, in the year to September 1993. There was a 0,2% decrease in employment in central government departments and provincial administrations, a 1,9% decrease in local authorities, 11,7% in public corporations and 20,7% in agricultural boards.

The average earnings of a public servant rose by 9% to R3 307 in the 12 months to September 1993. In constant 1990 prices, however, average earnings declined by 0,2% to R2 264.

Employment in the homelands increased 8,2% to 252 115 in a year. This excludes the 222 000 public servants in the four independent states, Transkei, Bophuthatswana, Venda and Ciskei.

The CSS figures show that white public servants earn 43% more on average than their black col-

leagues. The gap in 1992 was 45%. There are more whites than blacks in senior grades, which accounts for the discrepancy.

The average monthly pay of white public servants is R4 819, R2 954 for coloureds, R4 136 for Asians and R2 299 for blacks.

White employees of universities and technicians are best off, earning an average of R6 308 a month. This compares with monthly pay of R5 594 for whites in agricultural marketing boards (R1 318 for blacks) and R5 586 for whites in the Post Office and Telkom (blacks R2 664).

Their counterparts in the provincial administrations earn only R2 547 a month (blacks R1 402).

By TERRY BETTY

cause they subsidise local calls which are around the lowest in the world

Local calls account for about 80% of the volume, with long distance and overseas calls accounting for the balance

MTN chief operating officer John Craggs says: "Twenty percent of the volume cannot support the entire system so the money has to come from increased subsidies or by hitting the volume side of the business, which is how it is done elsewhere."

Cellular phones' not-so-free market

STIMCO (Buss) 2013194

IF you thought independent cellular network operators would herald free-market competition in telecommunications, think again

While operators are free to compete with each other, they are not allowed to compete with Telkom

Vodacom chief executive Alan Knott-Craig says their long-distance rates would be a third cheaper if they were free to set them at their own levels

The cellular network operators' prices have to be accepted by the Postmaster-General who ensures Telkom will not be undercut

Telkom's long-distance rates are among the highest in the world be-

He says cross subsidisation is no longer feasible as heavy usage means equipment depreciates much faster and needs to be replaced more often. "Where it used to last around 20 years, it can be as little as seven years."

Mr Knott-Craig says even though MTN and Vodacom have been forced to set long-distance rates at a higher level, Vodacom will not use this to subsidise its local charges

If you start with cross-subsidisation then you cannot get out of the mess — we would rather work on lowering the long-distance rates"

Postmaster General Ters Oosthuizen says: "Balance has to be achieved in the industry because of the role Telkom plays in supplying services beyond what is economically feasible."

He says domestic users are able to benefit from cheaper local rates

Because of this the rates MTN and Vodacom published six weeks ago have been increased

Mr Oosthuizen says the two parties have to charge the same rate until the "roaming" period ends — until the two parties start using their own networks, which is October 31 at the latest

Caution advised as cellular price war begins

A PRICE war in the cellular phone market has begun — months before the unlimited switch-on of the service on June 1

Last week, the cheapest cellular phone was offered at about R2 000. But this week discounters began slashing prices, with Game Discount World's offer of a unit at R1 299 drawing a quick response from Pick 'n Pay, which marked up the same model at R1 199.

While the offers are enticing — one includes a free month's subscription and a 5c-a-call discount for three months, and the other R295 worth of free air time —

By Day 22/3/94
MELANIE BERGEANT

several industry sources called for caution.

One said, "I have never come across an industry which discounts a product before its launch date" (267)

A competitor warned that, in some instances, buyers were being tied into contracts for up to three years. "What if competitors offer special deals in a few months, when the agreement between MTN and Vodacom ends?"

Until the end of the "roaming" agreement (officially October, but possibly soon-

er) both network operators have to charge the same call rates to service providers

Vodafone UK director Terry Barwick was bullish about developments in the local market, but also sounded a warning. "In the UK, the early days of cellular saw it directed at top level management, and we did not see a high level of bad debt. The fallout really started when the services were extended to the man in the street and 'silly deals' were offered."

He advised local users not to commit themselves to long-term contracts now as better offers could be forthcoming.

M-NET has launched its own cellular phone service provider operation with a R25m investment in M-Tel

The other shareholders are Cable and Wireless and Corporate Africa, which was formed by a consortium of black businessmen. Corporate Africa has about 15% of the shares.

M-Tel has signed significant deals with Standard Bank and BMW and has formed an alliance with Diners Club to provide members with cellular phone benefits.

M-Tel MD Peter McBride says "We have

BIDAY 24/3/94
**M-Net invests R25m
 in cellular phone firm**

also linked up with Voyager, SAA's frequent flyer package Members who qualify will receive one free air mile per call minute."

M-Tel is an exclusive service provider to network operator MTN.

MTN MD John Craggs says that by June its coverage of SA will include 340 towns and 3 700 urban areas

The roaming agreement

between MTN and Vodacom, which is due to end on October 31, could thus be terminated earlier, although this will be subject to the tripartite agreement between Telkom, MTN and Vodacom (267)

McBride says that by June 1 there will be 17 service providers in SA. But it is estimated that only half will still be operating in a few years.

"Cost should not be the only factor on consumers' minds when selecting a cellular telephone service provider," he says.

"The cost of cellular phone equipment is only 10% of the total costs over a two-year period This puts into perspective the importance of the service provider contract compared with equipment costs."

M-Tel sales manager Gary McDonald says "In 1986 there were more than 60 service providers in the UK. By 1991, only 10 were still operating."



TELECOMMUNICATIONS

25/3/94

Restructuring to take on the world

Three of SA's top electronics manufacturers — Reunert, Siemens SA and GEC SA — last week detailed plans to shift their telecommunications interests into two well-focused companies that should be more competitive on the world market. This is the culmination of November's announcement that the companies had reached an agreement in principle

In terms of last week's asset-and-share-swap agreement, which follows three years of negotiations, a new company — Siemens Telecommunications — was formed. It will focus on telecommunications infrastructure and is expected to produce an annual turnover of up to R800m, according to MD Geoff Hanebach. The shareholders are Siemens SA (51%), Reunert (27,5%) and the UK's GEC Plc (21,5%). GEC SA is a 50-50 joint venture between GEC Plc and Reunert.

The other company is Telephone Manufacturers of SA (TMSA), which will specialise in telephone handsets and payphones. It is expected to ring up R300m in annual sales. Reunert, through its own shareholding and through GEC SA, is the major shareholder in TMSA (40,6%). Other shareholders are Siemens (26%) and GEC Plc (33,3%), through GEC SA.

TMSA will continue to operate at its Springs factory and Siemens Telecommunications will be based at Waltloo, Pretoria. However, the restructuring has resulted in more than 400 layoffs at Reunert's wholly owned subsidiary Telkor (35% of its staff) and 170 at TMSA (10% of its staff). Siemens Telecommunications has hired some of these people. But, Hanebach says, "this is in the tens rather than hundreds."

While few doubt that the consolidation will benefit the companies' manufacturing efficiency and potential, some concern has been voiced that Telkor has lost its highly profitable telecommunications business. It

retained only its non-telecoms business — railway signalling systems, resource monitoring systems, ticket issuing systems, parking meters, and validation and vending systems.

One of the world's top five suppliers of coin- and card-operated payphones, Telkor won the State President's Award for Export Excellence last year. As a percentage of total sales, exports rose from 5,7% in 1991 to 40,6% last year. It captured more than 12%



Siemens' plant in Pretoria testing for the global market

of the payphone market in Europe, clinching export contracts to Belgium and several eastern European countries, as well as Australia, Chile, Peru, Argentina and the Seychelles.

At the International Business Conference on Central Europe in Johannesburg last May, Telkor export manager Benno Elman put total exports at around 50 000 payphones, up from zero outside southern Africa before 1990.

But success has its downside. At the conference, Elman claimed that British rival

GPT (which is jointly owned by Siemens and GEC) was writing "poison letters" to telecommunications authorities in an attempt to defeat Telkor's export drive. He also accused some French competitors of unethical practices such as rumormongering.

Reunert's Gerrit Oosthuizen defends the restructuring and the apparent sidelining of Telkor. "Telkor remains 100% owned by Reunert. We have restructured to make the group a more sizeable telecommunications player that can stand up to international competition. Also, our relationship with Siemens opens us up to new technologies and gives us access to its worldwide markets. Telkor would not be able to sustain its export drive. The restructuring was for the long-term interest of the business."

Fergusson Bros, Hall, Steward & Co investment analyst Lesley-Anne Dry says the deal makes sense. "All the companies concerned needed to become focused and more efficient. They needed more throughput from their factories to maintain margins in the face of increased competition."

Reunert's divisional head of telecommunications, Boel Pretorius, says all over the world telecoms are merging to compete. "Telkor did well exporting to eastern Europe, but we would have been dreaming to believe that it could have taken on the world giants indefinitely without a great deal of investment in our production facilities. With this deal we are taking a quantum leap and will be in a position to build on Telkor's successes."

Says Reunert MD Tony Ellingford: "Both TMSA and Siemens Telecommunications will have sufficient critical mass to undertake the R&D expenditure needed to stay abreast of an increasingly international business."

Ellingford says that in the past, the partners in TMSA — Reunert through GEC SA and Siemens — have made similar products, sometimes injuring each other in the market. This deal eliminates conflict that could have become severe in the future.

The new relationship already is bearing fruit. Telkor recently designed the world's first GSM cellular payphone. TMSA and Siemens developed the prototype and TMSA will manufacture the phones.

Hanebach says there was a dire need to rationalise the industry. "Already three years ago, we recognised that there would be more competition and that our long-term supply agreements with Telkom would not be renewed. We set ourselves the goal of becoming more competitive. It is no longer possible to be viable by just supplying the local market. We must compete on a global scale."

Marina Bidoll

TECHNOBYTES

□ **International IT consultancy** Gartner Group appoints SPL as its local representative, and SPL's head for the past 10 years, Lewis Folb, leaves to support SPL's operations in Australia. He is succeeded by Neil Harding.

□ **Plessey Tellumat SA** beats eight overseas suppliers to win a tender for supplying a high-power FM broadcasting transmitter to the Cyprus Broadcasting Corp. Other foreign users of Plessey's equipment are the UK, Norwegian, Canadian and Chinese broadcasters;

□ **The Foundation** for Research Development receives a R16m government grant to update and replace equipment at universities and technikons.

□ **Postmaster-General** Ters Oosthuizen temporarily fixes long-distance cellular charges high enough to protect Telkom from customers shifting to cellular phones. So much for competition; and

□ **Radiospoor Cellular** will invest nearly R10m over the next five years to set up a client-billing facility at its Midrand headquarters.

Business slams postal services

Business Editor

(267) AUG 12/3/94

The Cape Town Chamber of Commerce has slammed erratic local postal services claiming "immeasurable" damage to business.

The Chamber has taken up the issue with the Ministry of Transport and of Posts and Telecommunications and has called for a "back-to-basics" approach to ensure a predictable, reliable and fairly fast postal service.

Mainly affected by sluggish mail deliveries are small and medium enterprises.

The strong criticism of the postal service is made in the latest edition of the Chamber's Business Bulletin.

The criticism follows recent claims by the Post Office that services have improved. It has spelt out delivery times and has said it will appoint independent auditors to check on performance.

The Chamber said "Cheques have been received well after the due dates, severely affecting cash-flows. Penalties have been incurred by businesses because payments which were posted in time were received too late by local, regional and national authorities."

Late payments meant interest charges.

Economy mail, standardised and non-standardised mail was taking up to 15 days between major centres while within Cape Town itself standardised mail was taking up to 10 days to be delivered.

The introduction of the new Cape Mail Centre at Goodwood "has not seen the improvement that was expected, particularly with local mail."

Postal problems 'being solved'

CT 25/3/94

(267)

Staff Reporter

THE Post Office has conceded that it has been experiencing delays with its mail delivery services in Cape Town.

The Post Office has on several occasions denied that there were any problems despite numerous complaints from the public surrounding erratic mail delivery times.

In one of the latest incidents, Mr L L Gordon of Rondebosch yesterday said that his magazine subscription from the UK was now taking three weeks to reach his home as opposed to the "three to four days" which it took a year ago.

"Everyone is having these problems with their post. Some people have also paid to have a letter sent by airmail but they find it has been sent by road."

Another caller complained that he recently received a letter at his Tamboerskloof home six weeks after it was posted to him from London.

Post Office spokesman Mr John Sadie said overseas mail was now flowing more smoothly to South Africa despite the hiccups experienced after the festive season.

"Every overseas mail bag received contains a letter bill with the departure date stamped on it. On January 9 we received a number of mail bags which contained letters which had been posted in the UK in December," he said.

He conceded that the Post Office was experiencing problems with its mail delivery services but said these were being "investigated and solved".

Mr Sadie refused to indicate what was causing the delays. He said it was "too early" to comment.

Black business goes cellular

By Mzimkulu Malunga

A GROUP of black businessmen has teamed up with a telecommunications company, Teljoy, to venture into the cellular phones business

The group, which rallies under a banner of an enterprise called Sub-Saharan Investments, comprises Mr Gaby Magomola, Mr Richard Maponya, Mr Eric Mafuna and Dr Jackie Mphafudi

Subsah, together with Teljoy, has created a company called Afrilink Hold-

Sowetan 25/3/94
ings that will become one of the service providers for Network provider, Vodacom as well as the South African Broadcasting Corporation

Vodacom is a consortium of telecommunications companies led by the State-owned Telkom. ~~(267)~~ (267)

Afrilink will also go into the broadcasting and distribution businesses

Maponya will be the chairman of the new company while Mr Jeremy Forword will become the managing director

"We are proud to be in partnership with an established company and pleased that Teljoy has recognised the potential of our two businesses," says Maponya

Initial finance which has been injected into Afrilink is R1 million

Teljoy's chairman Mr Theo Rustein says "We view this as a sound business deal which will bring long term benefits to both companies and a further step towards the notion of black economic empowerment"

Cell phone networks to be increased

Star

■ BY JUSTICE MALALA

Transport and Posts and Telecommunications minister Piet Welgemoed yesterday announced that the number of users of each cellular telephone network during the testing phase would be increased 2913194

The number negotiated last year of 10 000 users on each network for the next two months would be increased to 12 000 next month and 16 000 in May (267)

Welgemoed said with two months left before the official start of the cellular phone network, the demand for the phones had risen unexpectedly and an increase became necessary.

The minister emphasised that the system was still in the testing period and, as such, there were still risks in its usage

Cellular networks take on load for elections

SA's fledgling cellular phone networks are being called upon to take on an extra load and supply more lines to cope with communications demands during the elections.

All the additional lines will be allocated to the Independent Electoral Commission. Posts and Telecommunications Minister Piet Welgemoed warned that although the networks were still unstable, it was thought cellular telecommunications could help in the crucial phase of the poll.

Government has opted to increase the number of connections allowed this month to 3 250 on each network from the original

BITSCW 2913194
MELANIE SERGEANT

2 000. The 20 000 lines in April and May have been increased to 32 000.

Operators MTN and Vodacom said the extra capacity could be handled easily.

But they warned that testing was continuing, and users could expect intermittent problems at least until the national, unlimited switch-on on June 1.

There have been indications of tension among the operators, with allegations that MTN is holding down the number of connections allowed during the test phase.

New MTN CEO John Beck pointed out that MTN was notified of its licence only in October, whereas Vodacom had been promised a licence early last year.

"We thus have a lot of catch-up work to do, and believe there must be a level playing field even at this stage" (267)

Vodacom CEO Alan Knott-Craig stressed there would be no increase in commercial connections during the test phase. He said Vodacom could handle more than 30 000 subscribers single-handedly from April 1.

Report by M Sergeant, TML, 11 Diagonal St, Jhb

Telkom lags in setting up poll needs

Star 30/3/94
OWN CORRESPONDENT

Cape Town — A communications nightmare stares the country in the face as Telkom struggles to catch up with election needs. (267)

Telkom has appealed for co-operation to allow its staff access to areas without threat, otherwise the money invested would be wasted.

With the election less than a month away, the country's state telecommunications supplier still needs to know where half the 9 000 polling stations are going to be and is only 25 percent down the line with the necessary communication systems, including telephone lines, computer links and telex lines, to polling stations.

Cellular

Telkom management has not ruled out setting up cellular communications in certain areas and making use of the services of cellular telephone companies in a joint effort.

On top of it, many rural areas and townships, especially in Natal and the East Rand, have become no-go areas for Telkom personnel because of political violence and crime, says Henne Mulder, senior manager of Telkom corporate business.

'Recut'

Mulder said the services to polling stations and special facilities for the media would cost R311 million.

The money had been found by "re-cutting the cloth" of the company's budget and was not expected to be recouped from users during the election.

The election was seen as "the international media event of the decade" surpassing the usual number one, soccer's World Cup.

NEWS Commuters speak of their c

Communication chaos looming

Sowetan 30/3/94

Sowetan Correspondent

A COMMUNICATIONS nightmare is looming for the election period as Telkom struggles to catch up with installations

The country's main telecommunications supplier is worried about safe access and still needs to know where half of the 9 000 polling stations are going to be

It has completed only 25 percent of the task of providing telephone lines, computer links and telex links to polling stations

Telkom management has not ruled out setting up cellular communications in certain areas and making use of the services of cellular telephone companies in a joint effort

But many rural areas and townships, especially in Natal and the East Rand, have become no-go areas for Telkom personnel because of political violence and crime, says Mr Henrie Mulder, senior manager of Telkom corporate business

Mulder said the services to polling

stations and special facilities for the media would cost R311 million

"Normally, planning starts two years before an event of this magnitude, but we've had only since October last year, because that was when we were first told where some of the polling stations were going to be - (267)

"We can do no planning before we know where we have to set up systems. We purchased equipment on the basis of overall estimates

"In Natal, for instance, our contractors were forced out because of violence. We have trenches to dig, masts to put up and lines to lay, but there are many areas where this is just not possible"

Mulder said initially Telkom had hoped for a 92 percent completion rate, but now Telkom did not expect to come even near that figure

A total of 25 000 telephones had to be installed in polling stations alone

Mulder said Telkom, to benefit the community, had undertaken to keep networks in place in areas where they had not existed before the election

Cellular switch-on hits few hitches

B. Dew 5/4/94

AMANDA VERMEULEN

THE April 1 cellular phone switch-on had its teething troubles in the first few days, but the networks described it as a success overall.

Vodacom marketing GM Joan Joffe said the Vodacom switch-on had gone well and the full allocation of 12 000 subscribers was almost complete.

"Subscribers made over 45 000 calls on April 1 and traffic has increased steadily over the weekend, despite the public holidays."

She said the customer care centre had taken thousands of calls from people with switch-on and voice mail inquiries.

Joffe said international cellular phone observers said the Friday switch-on had been more successful than in other countries.

Teething problems had been largely due to some service providers not being available for inquiries over the weekend.

"After this weekend, we envisage smooth progress."

Autopage MD Lawrence Berry said there had been hitches in the switch-on.

"It took a while to load all the subscribers because there were so many connections to be made by the networks."

"Unfortunately, some were not loaded until April 2."

"However, it is important to remember that the networks are still in a trial phase. There are bound to be a few problems."

The test phase was planned to run until the end of May, with full switch-on scheduled for June 1.

Berry said subscribers would then have access to a reasonably stable and mature network.

He said Autopage had run a customer help desk at the weekend to field subscriber inquiries.

M-Net's MTN systems engineer Jaco Fourie said there had been a few problems in testing, but they had not affected the service.

"Despite the problems, we have not been off the air. We should have everything sorted out by Friday," said Fourie. (267)

Townships were seen as a huge potential market, where cellular phone sales would fall into three categories: business, family, and community.

It was expected that community telephones would be placed at strategic points in townships and would be run by entrepreneurs who would invest in handsets.

Teljoy's Theo Rutstein saw great potential in the community market and said its size could not even be estimated.

"It will bring telephone services within the reach of millions of people who have not had access to them in the past."

Rutstein estimated that the business and family markets would reach about 500 000 within four years.

C.A. ✓