PUBLIC SECTOR - TRANSPORT_ GENERAL

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JANUARY — JULY

Transnet to restructure, not privatise

(269)

By Charlotte Mathews

Johannesburg — The government is not talking about privatisation but about restructuring, taking into account what is best for business, Louise Tager, the new Transnet chairman, said yesterday.

Tager was appointed chairman of state-owned transport company Transnet in early December and has been catapulted into the debate about privatisation. Analysts believe Transnet would be one of the first to be sold off.

Asked whether she would be taking the company toward privatisation, Tager said people were using the term privatisation very loosely.

In 1990 the South African Transport Services was commercialised and became Transnet, which was interpreted in the media as a step towards privatisation.

However, commercialisation meant taking an operation which had been a government department and turning it into a commercial firm, operating in a more business-like and efficient way, Tager said

Restructuring involved a whole range of actions, possibly a division of operations in a different way, combining business units and separating others, but it did not mean privatisation

Selling a percentage of shares in a state-owned asset would amount to privatisation, Tager said

She said all stakeholders would be involved when restructuring of Transnet or any of its divisions was undertaken.

Tager, who since 1986 has been mainly involved in the Law Review Project, aiming at bringing about changes in laws affecting entry into the economy, also holds an honorary professorship in Mercantile Law at Unisa and is part time chairman of the Business Practices Committee.

She rejected the suggestion that there was any conflict of interest in her heading both Transnet and the Business Practices Committee. If any complaint of harmful business practice arose against Transnet she would recuse herself from the discussions, she said

NO SALE *Louise Tager, the chairman of Transnet*

CT (BR) 12/1/96

Bus operators may ask for increased subsidies

(269)

Theo Rawana

BD 18/1/96

GOVERNMENT had agreed to soften the impact of its November 1995 decision not to increase bus subsidies for 1995/96 by awarding raises for some bus companies on submission of business plans, the SA Bus Operators' Association said yesterday.

The association said Transport Minister Mac Maharaj had made it clear last week that a shortage of funds made it impossible for his department to shift from its decision not to increase bus commuter subsidies for 1995/96.

Executive director Jackie Walters said the decision would cost the industry millions of rands because companies had been operating "with the legitimate expectation" of a subsidy increase. The organisation was informed too late that the subsidy would not be increased from the current R700m.

However Walters said Maharaj had agreed at a meeting with a delegation of association, union and commuter organisation representatives that bus companies could approach the department individually with a business plan "as to how the company intends dealing with the lack of subsidy adjustment for 1995/96, and what actions it is likely to undertake to overcome the lack of funds".

"The minister did, however, undertake to grant an increase in subsidies in 1996/97 and to provide the industry with information on the subsidy amount by mid-February, enabling the bus companies to plan in advance.

"In cases where severe hardship is experienced by bus companies, thereby also affecting employees and commuters, special attention will be paid to measures to soften the financial impact for the companies in question," Walters said.

He said: "Any further assistance will, however, only be considered from March onwards, based on criteria still to be determined."

Private investors needed on road project

(269) BD 18/1/96

Robyn Chalmers
and Lukanyo Mnyanda

GOVERNMENT is looking to the private sector to participate in a R2bn-a-year maintenance programme for SA's road network, which has been largely neglected for the past seven years.

Transport department roads chief Nazir Ali said yesterday the department needed the private sector to invest in maintaining existing roads, national assets worth R30bn.

The department was considering various means to reimburse private operators, including toll gates, a dedicated road fund and other revenue-collecting methods. Tenders would go out next month or in March.

SA Federation of Civil Engineering Contractors executive director Willie Vance said government had not yet ap-

Continued on Page 2

Roads

(269) BD 18/1/96

Continued from Page 1

proached the federation, but it would welcome the proposals. "The interesting part will be how government proposes to reimburse the private sector."

Toll gates on existing roads had been strongly opposed by communities who believed they were already paying enough taxes and levies to cover road maintenance, Vance said.

The federation would rather support a dedicated road fund financed by a fuel levy which could amount to between 3,5c/l and 4c/l. Government proposed setting up such a fund last year.

Sources within the private sector said they were not aware of government's road plans, but they fitted in with the overall push by government to encourage private sector investment in infrastructure. "As long as there is a risk-related return, the private sector will probably be willing to consider investing," said one source.

Ali said government was not planning to take over the upgrading and maintenance of provincial roads, but was willing to help when asked to do so.

Discussions were being held with the Northern Cape, Eastern Cape, Mpumalanga and Northern province governments. Central government wanted to co-operate with provincial governments to ensure that the national road network linked up with provincial networks, Ali said.

TRANSPORT POLICY (269)

Radical promises

FM 19/1/96

Transport Minister Mac Maharaj promises to table a Transport White Paper this year that will be "the most radical in SA history."

Though a transport policy review is due to be completed only late next month, Maharaj already talks of a 25-year plan to reform transport. Key components include: reducing the cost of freight; creating single customs and immigration posts at the borders, and boosting the economy by developing the Maputo Corridor.

Maharaj also seems set to take over the Transnet portfolio from Public Enterprises Minister Stella Sigcau. "A working arrangement has been arrived at where anything done in transport, even if it falls under Sigcau, has to be cleared between us," he says.

The big bugbear is the massive Transnet pension fund deficit. "We will have to resolve this problem, the bulk of which came from the old SA Transport Services (Sats). The figures are phenomenal. When Sats was formed (on April 1 1990), its pension was underfunded by R17bn. Government then guaranteed the actuarial deficit plus interest of at least 12% a year. The current underfunded portion is R4bn, but government issued T11 debentures to the value of R8bn, redeemable in April 2010 at a rate of 16,5%. Annual interest is R1,5bn."

Maharaj says profits made by Portnet and Petronet are used to fund the deficit — and he found that Transnet contributes R376m a year to the Sats medical aid fund for its pensioners, with a total liability of R3bn.

"We want to reduce the cost of transporting goods. We want to form a rail passenger transport policy — but first we will have to deal with this problem."

He adds: "To form a sustainable, feasible public transport system requires integrated planning covering land-use, housing and transport. It also involves densification of cities, and so passenger loads to make different modes of transport more profitable."

Some commuters now travel more than 300 km a day and spend more than half of their disposable income on transport, despite subsidies. Maharaj wants to reduce that to a maximum of 40 km and 10% of disposable income on transport.

Established bus companies oppose the idea of subsidies to the taxi industry, arguing that most taxi owners and operators do not pay taxes. Maharaj says "70 000 taxi operators have permits and a similar number operate illegally." Though it is not realistic to subsidise the taxi industry, it must be given some form of economic assistance.

First prize, in his view, would be for taxi operators to form co-operatives, which will then form alliances with bus companies.

Maharaj regards South Africans as "unsophisticated" in transport. "We talk about entering the world market and making our goods competitive but we have problems with bottlenecks at the harbours, Spoornet's functioning and road versus rail."

He sees potential in the proposed Maputo Corridor. In the early Seventies, 40% of Gauteng's exports went through Maputo; now less than 5% takes that route. In 1972, 300 000 SA tourists visited Mozambique; today there are "hardly any."

Maharaj wants to combine transport with everything done in the corridor by the private sector and government and draw in other interests such as mining and agriculture.

An investors' conference will take place in Maputo in April. "We hope to set up a corridor shell company. It will provide a one-stop agency to give potential investors up-to-date information. The result will be that Gauteng's closest outlet to the sea will reopen and freight transport costs will fall." ■

Revamp of station 'will lift CBD too'

BD 24/1/96 (269)

Theo Rawana and
Robyn Chalmers

THE R162m project to upgrade Johannesburg's Park Station is a process of urban renewal which will bring back investors who have fled the CBD because of crime and urban decay, says Transport Minister Mac Maharaj.

The Park City project, being undertaken by SA Rail Commuter Corporation property management arm Intersite, would see about 22 city blocks transformed into a commuter facility catering for bus, taxi and rail passengers, he said yesterday.

Maharaj said one of the most important aspects of the development was that it provided for a large taxi rank.

Besides alleviating the congestion in the current taxi rank area, "we hope that this will contribute towards ending the conflict in the industry and, above all, make it safe for the users", he said.

He said it was a condition of all tenders awarded by Intersite that the employers engage labour from the ranks of unemployed people where possible, and especially those from the Park Station community.

"Since the construction began in August last year, I understand that a number of the previously unemployed people are now working on the project and this figure will increase as each of the different phases of the project ... gets under way."

Intersite MD Jack Prentice said cognisance had been taken of the need to boost employment figures through the Park City project which consisted of a number of phases.

The first phase of the scheme consisted of a transit centre for long-distance luxury coaches.

Phase two would be the development of an improved facility for rail commuters.

"Additional projects being investigated by Intersite are a minibus taxi rank, a budget hotel, a retail centre, quality office accommodation and an informal retail component.

"These will be started as soon as finance becomes available," he said.

Maharaj said the most important reason for the upgrading of Park Station was to ensure that the millions of South Africans using public transport each day were adequately catered for.

"More than 200 000 people pass through Park Station each day.

"These people make use of trains, buses or taxis, so it is important that an intermodal transport facility be provided," Maharaj said.

"This project is part of the process of urban renewal.

"The socioeconomic upliftment will have a positive impact on job creation not only during the construction period, but thereafter also as a generator of new jobs.

"Both contracts for the first two phases of the development have been awarded to black-owned and managed companies," Maharaj said.

See Page 20

Autonet's turnaround adds to its privatisation value

CT (BR) 29/1/96 (269)

THE SPIRA INTERVIEW

As outgoing chief executive of Autonet, Transnet's road transport arm, Jan Venter finds himself in the eye of the privatisation storm, since Autonet is among the prime candidates to exit from the state's umbrella.

Three years ago Autonet returned a loss after interest of R50 million Venter has turned it around He is confident that in its present financial year Autonet will achieve a net profit of about R20 million — slightly more than last year's

Venter is convinced that the turnaround is sustainable — for many reasons, among them that it has been successful in developing a diversity of thriving business units.

Translux is the country's largest group in passenger intercity transport, while in cargo transport, Autonet has been increasingly focusing on tanker transport, where growth has been about 30 percent a year

Venter says that no single client accounts for more than 10 percent of Autonet's total turnover, so it is not vulnerable to setbacks among a minority of its customer base

It would be correct to assume that Venter was paving the way for prospective investors.

"When we invite investors to buy into Autonet, they'll be buying a sustainable turnaround, three years of buoyant, audited profit and autonomous businesses with their own systems and their own infrastructures. Autonet could spin off cell businesses if needed, though at this stage it makes sense to keep them together

"We can transfer technology from one aspect of the business to another. We have invested generously and gained a wealth of knowledge and experience."

Venter may consider the time ripe for Autonet's privatisation, but his hands are tied until the rubber stamp is created by the government

"It is crucial that we resolve the deadlock between the unions and the minister so that a clear process materialises. Within this process, I believe it will be in everyone's interest that Autonet is privatised.

"Privatisation will ensure that Autonet becomes a better business as it aligns itself with strategic partners in the road transportation business, thereby adding more value."

Venter says the government has classified Autonet as non-strategic

and a prime candidate for privatisation.

And the link with Transnet?

"We could continue to work with Transnet on an intermodal basis, but need not be part of Transnet to do so Co-operation could take the form of an alliance. For competitive reasons it makes sense for road transport to be separate from rail."

What form does Venter envisage the privatisation of Autonet taking?

"It should not be an orthodox investment privatisation. We don't want investors to take shares in Autonet and then, when listed, they make money and leave. We need investors and shareholders who will stay with us for the long haul, especially since they will need to see us through our fleet replacement programme," Venter says.

Over the past three years, Autonet has invested close to R140 million in fleet replacement and its return on assets has declined slightly. But, says Venter, if that sum is added back, it becomes apparent that margins have improved.

However, he says, much remains to be done "The past three years have seen the replacement of trailers to improve payloads. We will now have to start replacing the tractors, which means you won't see rapid growth in margins Therefore, we will need investors who will take a long-term view"

He speculates that the partner for Translux, the intercity operation, could be South African, adding the value of networks, training and technology. He says that Autonet has not entered into any discussions because the privatisation process is not clearly established.

On the cargo side, Autonet would probably look at partnerships with foreign operators.

"A foreign partner could support us either with procurement or could add value from a systems expertise point of view, especially with vehicle tracking systems."

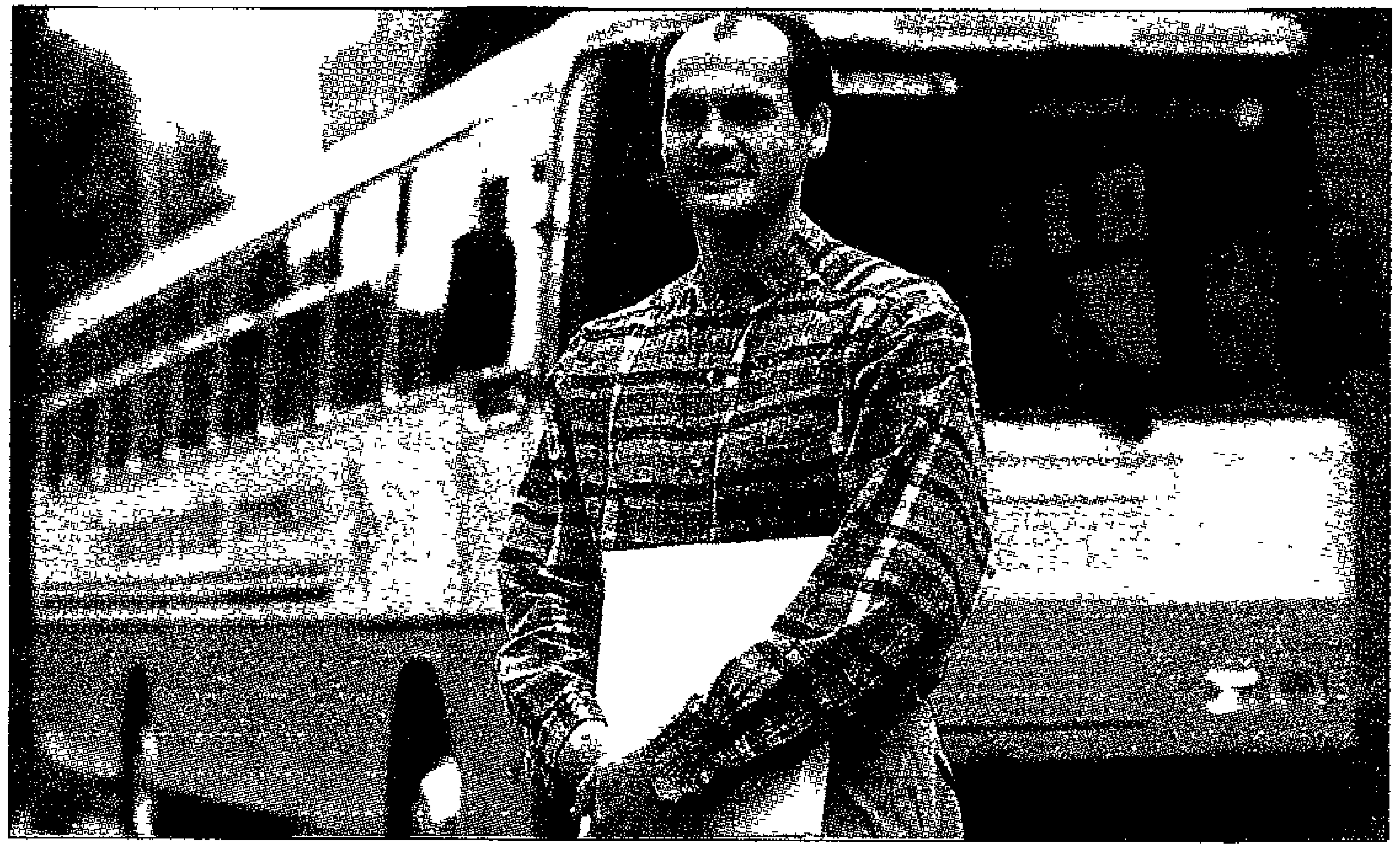
Labour's opposition to privatisation stems principally from the fear of retrenchments

Venter says: "Autonet has gone a long way down the path to right-sizing and downsizing its business — from 3 400 to 1 700 people Therefore we would not have to embark on a major retrenchment process.

"Accordingly, the unions should support the privatisation of Autonet. Unfortunately, we are unable to discuss this with them owing to the moratorium on such contact But I am convinced that once we have a process in place, we will be able to prove to the unions that privatisation is advantageous," he says.

But, he believes, it is a process which should not be speeded up because many questions have to be asked and answered Among them.

- ☐ Is the time right?
- ☐ Why are we doing it?
- ☐ Will we add or destroy value?
- ☐ Should commercialisation continue for longer before privatisation is implemented?
- ☐ With a diverse portfolio of parastatals, do we have the managerial competencies to enhance the value of the portfolio?
- ☐ Can we afford to remunerate performance in the parastatals in accordance with private sector standards?



PAVING THE WAY *Jan Venter, the outgoing chief executive of Autonet*

PHOTO JOHN WOODROOF

"It must be acknowledged that the parastatals have come a long way They are not the same parastatals of 10 years ago For this, credit must be given to commercialisation. At present, in some cases it would make sense to extend commercialisation; in others, privatisation is the best answer"

Venter will soon be moving to Transnet, where he will be one of the group management board members. He will be involved in the transformation of Transnet's service businesses, with the core focus on Transnet's engineering activities. He will remain involved in Autonet, nursing it through privatisation.

☐ *John Spira is deputy editor of Business Report*

Anger at plan to scrap alternatives to toll routes

(269)

Taxi spokesman says the industry has not been consulted and will not allow such a bill to be passed

Star 30/1/96

By Adam Cooke

The taxi industry has expressed dismay and disbelief at the Department of Transport's proposal to scrap alternative routes to toll roads.

In a statement yesterday, the departments' chief director, Nazir Alli, said Cabinet had approved the submission to Parliament of a National Roads Amendment Bill. The Bill says the SA Roads Board (SARB) should no longer be required to provide alternative routes to toll roads or to maintain them.

Alli said alternative routes had become too expensive, and the limited resources available to SARB should be used more efficiently.

But spokesman for the SA Long Distance Taxi Association, Sonke Siweya, said the industry had not been consulted and would not allow such a bill to be passed.

"This bill won't be passed without our support. If the department wants to change a law that will severely impact on our operation then they must discuss it with us."

The Lehlaba Taxi Association reiterated this call, saying most taxi accidents happened on alternative routes that were not properly maintained.

Spokesman Jacob Ledwaba said the industry would reject a decision by government to endorse the proposed changes: "It is unfair as we are the major stakeholders in this debate. Government cannot do this without public scrutiny and consultation with the major players."

A department spokesman said the bill "is the process of consultation" and would be made available to all stakeholders for comment.

Industry sources said most of the smaller transport companies would be severely effected by the proposed changes, as in order to be competitive the smaller companies are forced to skip toll roads.

Should Parliament adopt the bill, the SARB will look to building partnerships between the public and the private sector. These developments will see any person, with the approval of the minister, being authorised to plan, design, construct and operate a national road.

They will also be able to charge a toll in order to recover costs for building, maintaining and operating the road.

Alli said this was necessary because insufficient funds were available to maintain existing national roads or to allow more expenditure.

Automobile Association (AA) spokesman, Robin Scholtz, said his organisation's policy stipulated that alternative routes were imperative, however the bill would call for a review of this policy.

"We are going to have to have another hard look at our policy," he said.

New calls for more toll roads

Sowetan 31/1/96 (269)

Motorists may have to dig deeper into their pockets to use roads

By Abdul Milazi
Labour Reporter

MILLIONS OF South African motorists may find themselves having to dig deeper into their pockets to make their day-to-day trips.

This would follow if a National Roads Amendment Bill, approved by Parliament on Monday, is passed.

The Bill, which is said to be at an advanced stage, will see the mushrooming of toll roads and the disappearance of alternative routes

Department of Transport's chief director of roads Mr Nazir Alli said the Bill will empower the South African Roads Board to conclude agreements with any person to construct and operate a portion of a national road and charge a toll approved by the Minister of Transport.

He argued that the amendment was necessary because of insufficient funds to maintain existing national roads.

Alli said an alternative private source of funding that will make the Board less reliant on Government funds was of paramount importance.

"The system is one such mechanism to generate these funds, but will be utilised only if and when appropriate," said Alli.

Alli pointed out that the Bill also aimed at scraping Section 9 (3) (a) of the National Roads Act, which deals with the provision of alternative routes to toll roads, as these drain government coffers.

Govt to wash its hands of obligation on roads

BD 2/2/96 (269)

Wyndham Hartley

CAPE TOWN — Legislation which will allow private individuals to construct national toll roads and operate them for profit was tabled in Parliament yesterday.

However, the transport minister will still control the setting of toll tariffs, and any increases will be in line with the consumer price index.

The National Roads Amendment Bill from the office of Transport Minister Mac Maharaj will allow the government to scrap its obligation to provide and maintain alternative routes to the national toll road system.

The Bill suggests that because there are insufficient funds for the maintenance of national roads and for capital expenditure on new national roads, the SA Roads Board should be allowed to conclude agreements with "persons who are willing to plan, design, construct and operate a national road" in return for the right to charge a toll.

At present toll companies operate on an agency basis for the state and are involved in the maintenance of the road and the toll plazas.

Contractors who are prepared to construct and operate a national toll road will be entitled to charge tolls and these will be to their own account, the Bill says. The explanatory memorandum to the legislation says alternative sources of funds for national roads, to make the board less reliant on the fiscus, are "of paramount importance".

It explains further that the construction and private operation of toll roads is one of the instruments which can be used to generate the needed funds for national roads, but will "only be utilised when appropriate".

The Bill will not require government to provide alternative routes because they "cannot be afforded".

When toll roads were introduced, their highly controversial nature forced the then-government to guarantee there would be an alternative route before tolls were charged.

The Bill's explanatory memorandum says if financial resources are not drained by providing and maintaining alternative routes, they could be used to keep toll tariffs "reasonable".

ROADS

UNTO THE BREACH

FM 2/2/96

(269)

As if he didn't already have enough on his plate, tax expert Michael Katz has now been landed with two more political hot potatoes by Transport Minister Mac Maharaj

The first is the question of increasing the price of fuel, possibly by 3,5c/*l*, to finance a dedicated fund for road maintenance The second is the testy question of toll roads, a topic which has created more than a fair measure of public resentment.

The Katz Commission has been asked for guidelines on both emotive subjects. "I'm confident roads will fall cleanly into the guidelines that say it's legitimate to impose a dedicated levy on fuel, but I appreciate Finance Minister Chris Liebenberg saying we need guidelines whose economic implications are clearly understood," says Maharaj.

"It is important to know that if one has a levy it will not increase taxes and have an impact on the tax structure. We dare not increase it by sleight of hand, we must go to the public and explain why we had no alternative By doing it that way we will bring the public into the policy-making process on a national basis and remove the argument that government is cheating."

The tax aspect of toll roads also bothers him. "The issue there is we can charge the user (the user-pay principle) directly for the use of the facility, which cannot be defined as tax. But when we come to the grey area of those who use alternate routes and who contribute to toll roads through other taxes such as Vat on fuel, it does become part of the tax structure and it can be argued the toll road user is paying a double tax "

And road builders may also baulk at what's in store for them. Besides ensur-

ing that their work is up to standard and that deadlines are met, they will now have to become accustomed to the Department of Transport (DoT) specifying the percentage of the tender price they will have to award to subcontractors, and the number of workers that will benefit from on-the-job training

Maharaj says the concept of the DoT becoming involved in the private affairs of a successful tenderer was tried when five contracts worth R590m were awarded to rebuild the North Coast road in KwaZulu-Natal "I insisted each contract would create 300 jobs, but that didn't happen," adds Maharaj.

"I'm happy with the results achieved when we allocated the R500m contract to build the Pietersburg road and stipulated that R50m had to go to small contractors. Of the R50m more than R30m has already been allocated to 29 subcontractors, 14 of whom are historical subcontractors (whites), the remainder being new. The services they provide includes supplying trucks to move sand, packing stones, building culverts, providing and operating earth-moving equipment, and supplying stationery."

The contract also stipulates that workers be trained in various skills. "They have now trained 1 500 people," says Maharaj "Several subcontractors who started with one truck now have two or three When the contract ends we will not only have created 200 jobs, but will have left many with a variety of skills."

He says because the policy injects new, trained people into the labour market, contractors are benefiting, and so is he He now has a tool he can use to defend himself from attack by the unions.

He argues. "Unions are concerned about the individual's job security. As long as you argue that problem in those (individual) terms you will not find an answer, but will get into an ideological slanging match that benefits no-one. However, if you expand employment opportunities you make it possible for people to move around because they have skills." ■

Car licence hike to fund public transport

(269) CT 7/2/96

BARRY STREEK
POLITICAL WRITER

THE development of a bold plan to revolutionise transport services in the Western Cape was launched yesterday — but it will mean an increase in the cost of motor vehicle licences.

"Our licence fees are the lowest in the world," provincial Transport Minister Mr Leonard Ramatlakana said. The new plan entailed a substantial improvement in the public transport system, and this would require more funding, he added.

"Somehow we will have to generate more money for ourselves."

Ramatlakana said the changes on the N2 freeway — including the provision of a bus and taxi lane during rush hour — were "only the start" of a policy of promoting public transport rather than private transport in the Western Cape.

With the physical constraints of Table Mountain, more roads and freeways could not be built and people would have to be encouraged to use public transport.

He also said the new transport policy would have to meet the needs of the people in the province and not provide special facilities for the 2004 Olympic Games.

There would be no separate transport plan for the Olympics and the overall transport plan would have to be developed so that there were no contradictions between the two.

Ramatlakana announced he had set up a transport task team, with R600 000 support from US aid agency USaid, to undertake research and prepare transport policy proposals for his ministry.

Its report was urgent and would be completed in six months, he said.

It would then be discussed at a provincial transport conference before being transformed into a white paper by the end of the year.

The Foundation for Contemporary Research would host the policy study and its two representatives on the task team were Mr William Frater and Mr Garth Strachan. The other members of the team were Mr Paul Mann of Liebenberg and Stander, and Mr Peter Clarke and Mr Abdul Basier of the Cape Town City Council.

Ramatlakana said: "The purpose of this study is to produce transport policy proposals which more fully meet the needs and requirements of all the people of the Western Cape."

A major focus of the study will be the examination of rural areas. Two rural communities will be identified for an in-depth study of the transport problems they experience.

"We cannot trivialise the consequences of apartheid. It has given rise to separation and isolation and it will take a sustained effort to redress the imbalances and excesses of the past.

"The aims of the RDP will not be realised unless minimum standards of accessibility for all our people, urban and rural, rich and poor, are provided.

"Many have great difficulty in getting to such basic facilities as shops, clinics or schools and are unable to participate in the social and economic opportunities which exist in the province."

There was wide agreement that major improvements in the public transport system were long overdue.

"We can no longer afford to build more roads and merely perpetuate existing urban structures and inefficiencies.

"Some form of restraint on private vehicle use in urban areas is necessary."

The N2 was only the beginning of this direction and it was more important to provide public transport than deal with traffic congestion.

Ramatlakana said the transport policy proposals resulting from the study would lead to a profound change in urban and rural transport systems and to an improvement in the quality of life of everyone in the Western Cape.

Foundation head Dr Kam Chetty said the safety and accessibility of public transport would be major focuses of the study.

New plan to boost public transport

(269) ARG 9/2/96

Municipal Staff

A NEW policy on transport for the Western Cape will emphasise public transport and rural development instead of the old bias in favour of private cars.

The new policy could involve a major increase in car licence fees in the province.

The white paper policy document should be tabled for the provincial cabinet for its approval before the end of the year, provincial Transport Minister Leonard Ramatlakane has announced.

Mr Ramatlakane said yesterday that the province had begun gathering views from all interested parties.

A transport research team consisting of people from the private and public sectors and with the financial backing of the United States Agency for International Development will prepare a draft policy document.

This document will be presented to a provincial transport conference before the middle of the year and be fine-tuned before being tabled in the cabinet.

Mr Ramatlakane said the main purpose behind the study was to promote public transport. It would not be in conflict with the Cape Town's Olympic transport plan.

He said the purpose of the independent study was to produce proposals which were specific about the role and responsibilities of the provincial government.

It would seek to guide other agencies involved in the preparation of policy at local, metropolitan or regional level and would inform the national government of the type of support required.

A major focus of the study would be an exmination of rural areas where two communities would be identified for a detailed study of problems involving public transport.

Mr Ramatlakane said the "consequences of apartheid planning" should not be trivialised as it had given rise to separation and isolation.

"Transportation is more than just roads — many people are totally dependent on public transport and there is wide agreement that major improvements in both its provision and operation are long overdue.

"The team will investigate and research options and come up with a policy to give clear direction and instruction as to what the public transport sector should look like."

He said the introduction of the bus and mini-bus taxi (BMT) lane on a section of the N2 freeway was just the beginning of the process and that more measures, like increasing the cost of car licence fees, would be introduced to promote the use — and fund the cost — of public transport.

Plan to change Cape transport

(269)

CAPE TOWN — Plans to revolutionise transport services in the Western Cape have been launched which will increase the cost of motor vehicle licences.

The plan entailed substantial improvement in the public transport system and would require more funding, MEC for transport Leonard Ramatlakane said at the launch.

With the physical constraints of Table Mountain, more roads and freeways could not be built and people would have to be encouraged to use public transport.

The new transport policy would have to meet the needs of the people in the province and not provide special facilities for the 2004 Olympic Games.

The overall transport plan would have to be developed so there were no contradictions between the two.

Ramatlakane announced he had set up a transport task team with R600 000 support from US aid agency USAid, to undertake research and prepare transport policy proposals for his ministry.

The report would be completed within six months, he said. — Sapa.

BD 8/2/96

SAA image to be 'Africanised'

(269) Sowetan 8/2/96

By Mzimkulu Malunga

Herdbuoys is established but it is not part of the "establishment" argues Vundla. PIC LEN KUMALO

HERDBUOYS, one of South Africa's fastest growing advertising agencies, and its local and overseas partners are faced with the huge task of the changing South African Airways' corporate image

The agency and a United States-based corporate design and positioning company, Diefenbach Elkins, as well as local design outfit Design Unit have won a multimillion rand contract to change the SAA colour scheme so that the airline can be brought into line with the changes in the country.

Earlier reports suggested that the contract is worth R146 million but this has been denied by the parties concerned It is estimated that the account could be worth less than R100 million.

Herdbuoys' managing director Mr Peter Vundla says the task facing the three companies is not only to ensure that SAA truly reflects South Africa but it should also weave in the African element since the airline is African, while simultaneously ensuring that the new image will make SAA internationally competitive.

Best presentation

The presentation by the Herdbuoys-led consortium outclassed those of three other strong consortiums Initially, there were 21 bidders for the SAA account which the airline whittled down to four.

Vundla says a fourteen member task team from all three companies is already working flat out to meet the October deadline – the month in which the first phase of the project is scheduled to be completed.

Vundla and Diefenbach Elkins chief executive Mr John Diefenbach are on the task team.

Noting the difficulty of encompassing the country's diversity in the new look SAA, Vundla says he would be grateful if 30 percent of the South African public like the new SAA logo and colours at first sight. The rest of the country will "grow into it", he adds.

The two-year project will overhaul everything that has to do with SAA's image from the emblem and colours to menus on planes.

Vundla says over and above thorough research to produce a new logo that will reflect South Africa in its entirety, the consortium will consult all stakeholders extensively.

He is confident that the three partners will deliver the goods. His confidence stems from the fact that Diefenbach Elkins brings with it to the partnership a wealth of international experience.

The American firm has designed new corporate images for nine leading airlines in the world, including Air Canada, Saudi Airlines and Australian national airline Ansett Australia.

"Herdbuoys will be bringing its knowledge of the market to the consortium," he says. The company was nominated by the *Financial Mail* last year as the "most South African" of all the country's agencies.

The relationship between Herdbuoys and Diefenbach Elkins began early last year when the US-based outfit came to the country in search of a potential partner.

The partnership was formed in anticipation of changes locally, many South African companies and parastatals will need to change their corporate images not only to reflect the transformation but to make themselves internationally competitive as well.

The SAA project is but one in a growing list of quality businesses that Herdbuoys has been attracting in its five-year history.

These days, the company's client list reads like a who's who of the South African corporate world and turnover has escalated to R67 million.

"It is unquestionable that we are now established and we continue to attract quality business," says Vundla, but he is quick to emphasise that being established does not mean that Herdbuoys is now part of the "establishment" – the mainstream ad-agencies.

All change for Cape Town!

(269) ARG 10/2/96

■ Railway stations are set for a multimillion rand revamp throughout the Peninsula, to change them from drab and dirty into safe and friendly centres, says **WILLEM STEENKAMP**.

CAPE Town station is to be redeveloped at a cost of R250 million and work on the project will include an office tower, shops, underground parking, a hotel and major tourist developments.

It is part of an extensive plan by Intersite which this year alone envisages the re-development of 18 stations throughout the Peninsula

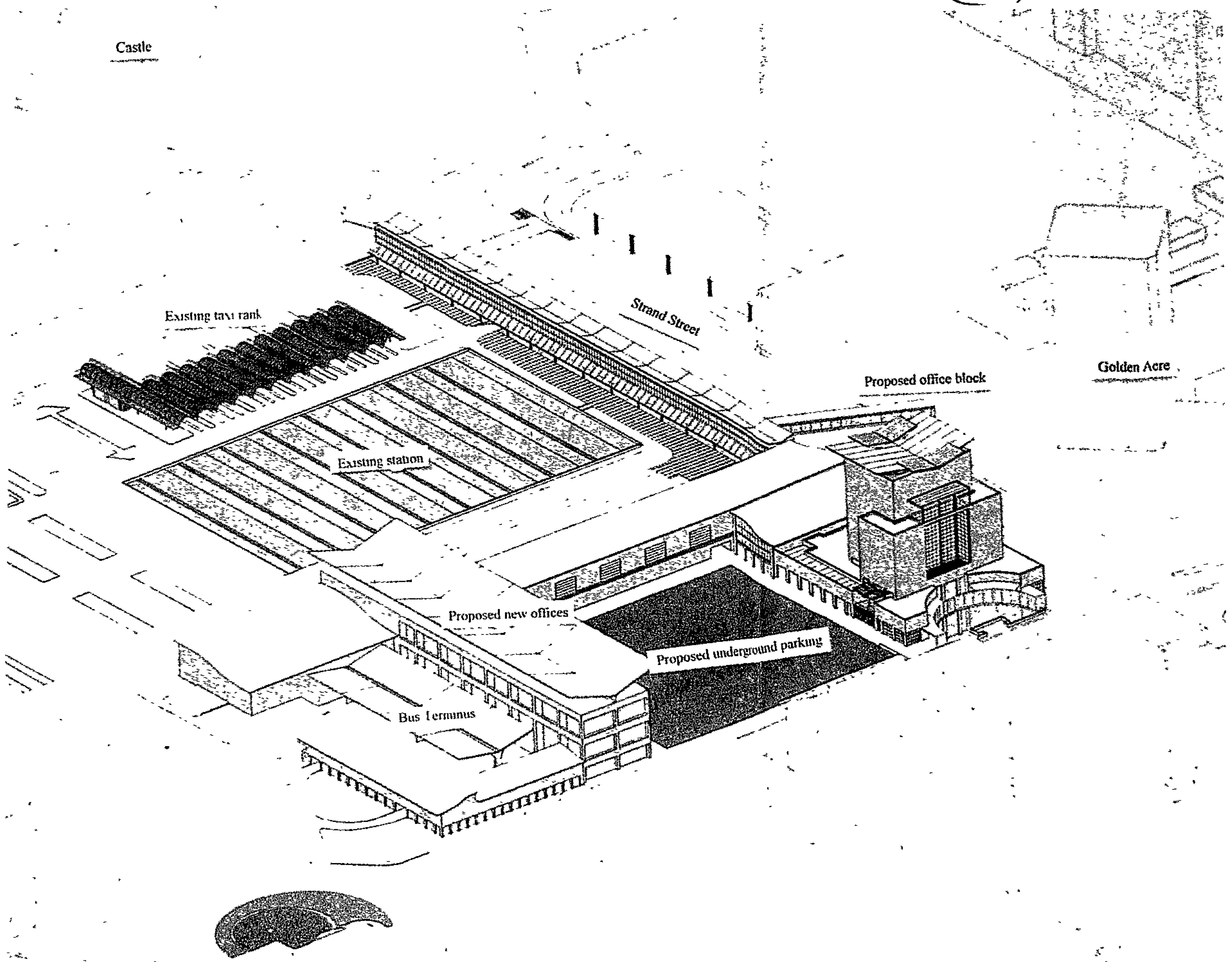
Kevin Roman, regional portfolio manager of Intersite, the property division of the South African Rail Commuter Corporation, said 18 sites around stations in the Peninsula had been earmarked for development.

Developments planned for this year included light industrial parks at Bellville, Retreat, Tygerberg, Stellenbosch and Mitchell's Plain

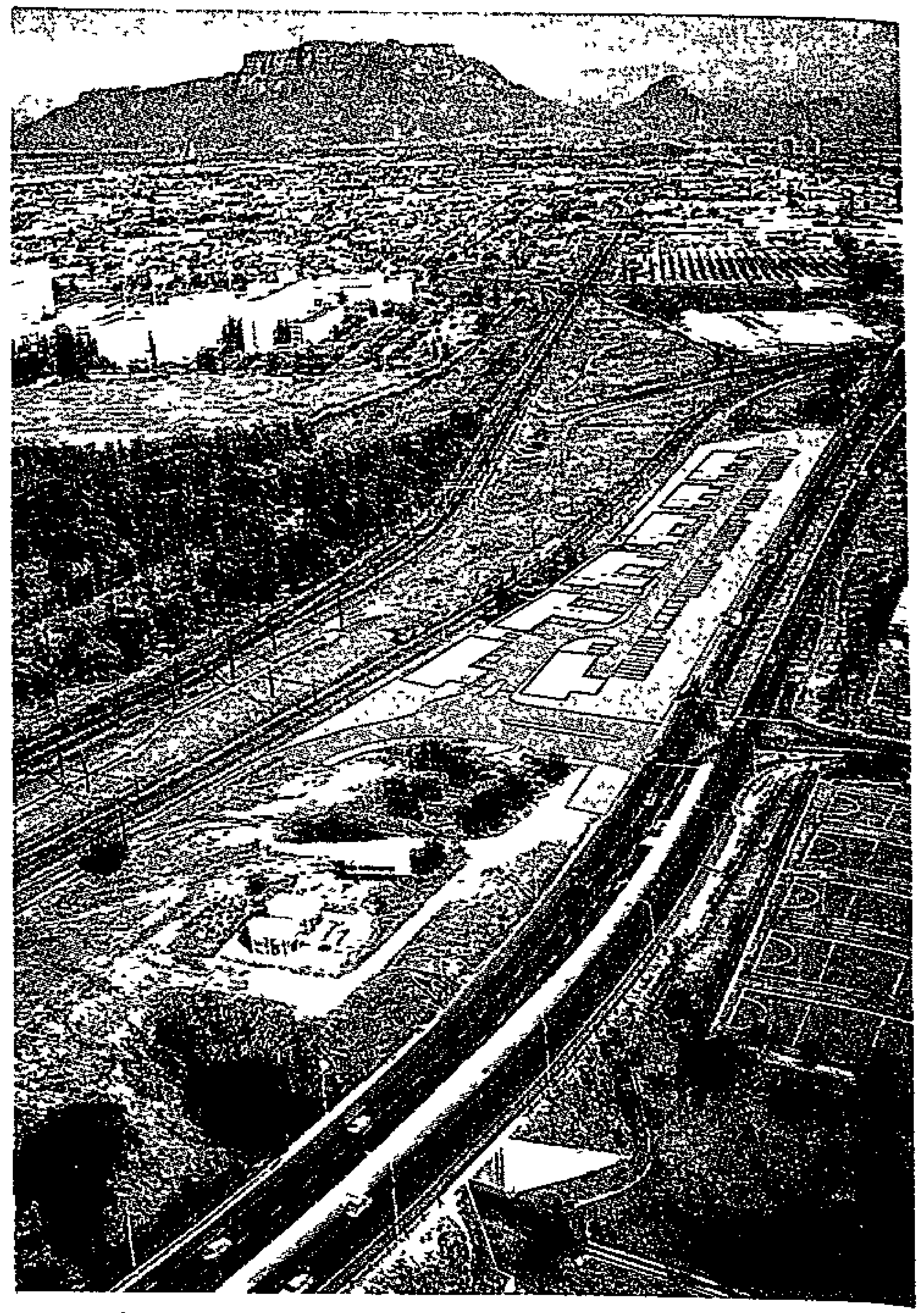
Housing developments were planned also at Vasco, Diep River and Maitland, but Mr Roman emphasised that communities around these areas would have the opportunity to make an input to ensure these developments were accepted by residents of the surrounding areas

Mr Roman added that the planned retail developments at Simon's Town, Kapteinsklip and Khayelitsha at an estimated cost of about R40 million would come on stream only after consultation with residents.

Plans to improve and redevelop Cape Town station followed months of extensive public consultation, said Mr Roman.



□ **STATION REVAMP:** An artist's impression of what the revamped Cape Town station will look like. Construction on the R250-million project is due to start in April and will include a hotel, underground parking, a tower block, offices, and shops.



□ **GEARED FOR BUSINESS:** Intersite, the property arm of the South African Commuter Corporation, is developing 26 business units such as these, above, on land near Bellville station. The development is aimed at small and medium businesses and is part of a massive revamp of stations in the Peninsula

□ **BELLVILLE BOOM:** Work has started on the business park, below, near Bellville station which is part of an extensive plan to revamp stations all over the Peninsula.

Rail-station revamp into safe and friendly shop centres

…ation is at the heart of the Mother City and its location is not only important to the more than 300 000 commuters who use the station every day, but a new improved station will also impact on tourism, the 2004 Olympic Games initiative and the proposed development of the Foreshore."

Mr Roman said Intersite's goal was to transform the station into a travel-friendly transport centre which would satisfy the needs of all tourists, travellers and commuters.

"We are planning new shops and offices, a hotel, underground parking and a bigger tourist centre We want to encourage travel-related business to gravitate back to Cape Town so we can ensure a one-stop destination for tourists"

Mr Roman said Intersite planned to build new arrival and departure facilities for the Blue Train, which had become increasingly popular among international and local tourists over the past few years.

Intersite, which manages stations across the Western Cape, planned to create havens around stations, said Mr Roman.

"The days of your local station being a stand-alone brown building which divides the town into two areas, are over By the year 2000 stations will be fully integrated into their surrounding areas. Trains will operate in a development tunnel with access only through control areas.

"This will cut down any criminal activity as it would be difficult for criminals to operate in the system.

"Stations could also be used as a meeting place for communities where they can trade and socialise on a daily basis — at the same time this would create a safe travel experience for commuters," said Mr Roman.

■ Work on the R8-million business park on Intersite land near Bellville station has started and the project, which will include 26 business units ranging from 96 to 1 000 square metres, will be completed by May.

The development makes provision for 187 parking bays and the development would be fully fenced with access through electronically controlled gates.

The development is aimed at small and medium businesses and includes factory shops, distribution centres and warehouses.

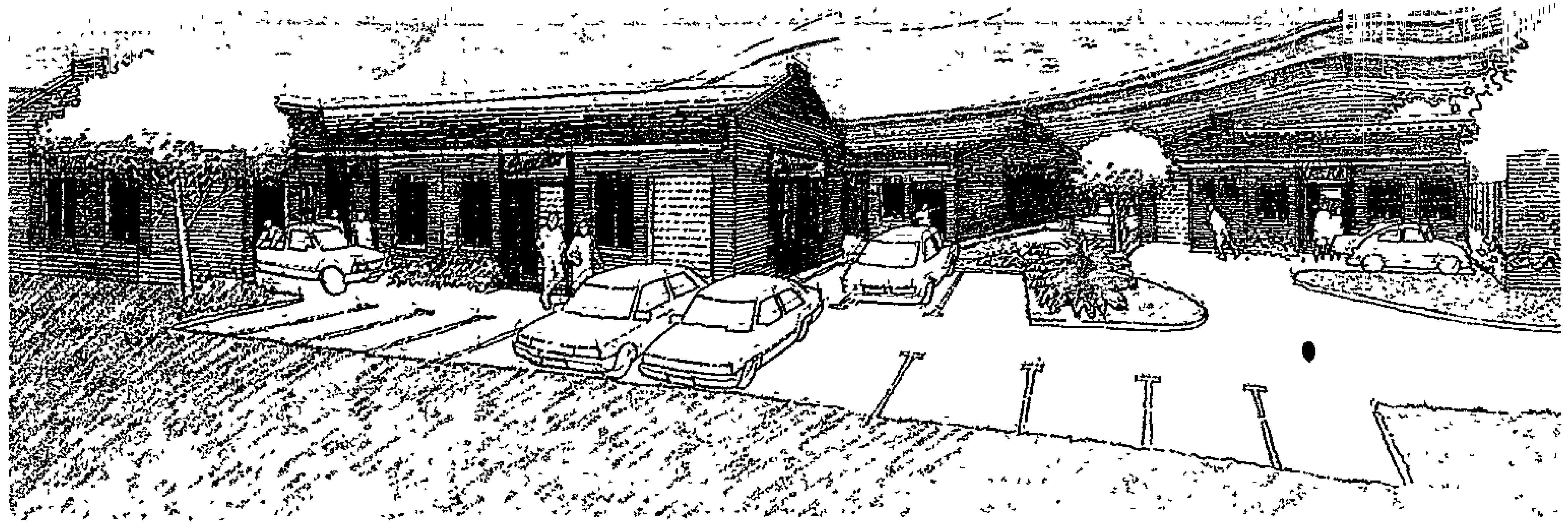
■ Intersite is a wholly owned subsidiary of the South African Rail Commuter Corporation charged with managing the land held by the corporation — primarily property to be found around urban stations.

With assets worth about R2 billion in its portfolio comprising more than 370 stations countrywide, Intersite is a major player in the South African property market.

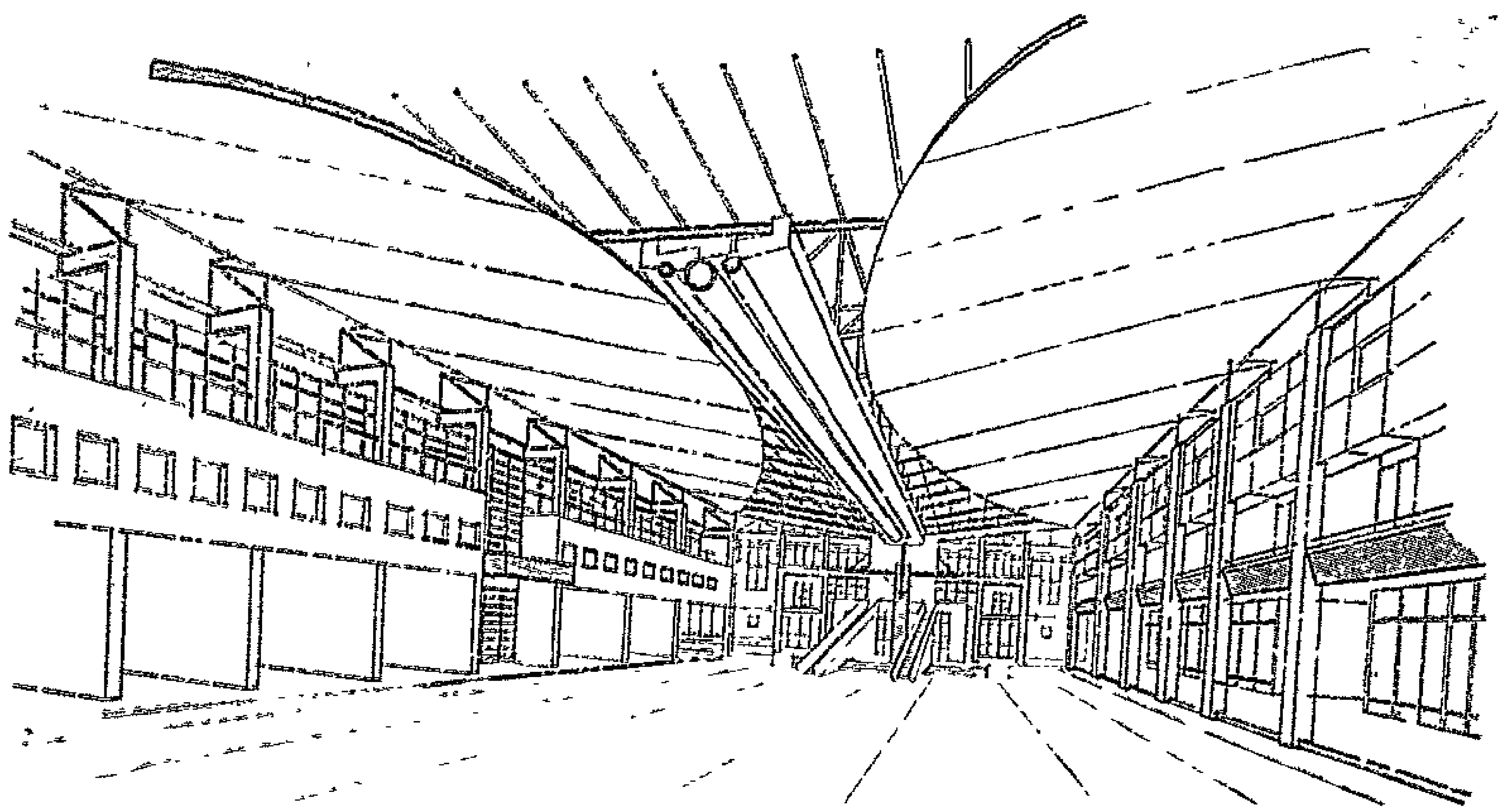
Intersite either acts as a developer in the first instance, or it facilitates development for outside developers, bringing land into the scheme and developing projects jointly or managing such projects.

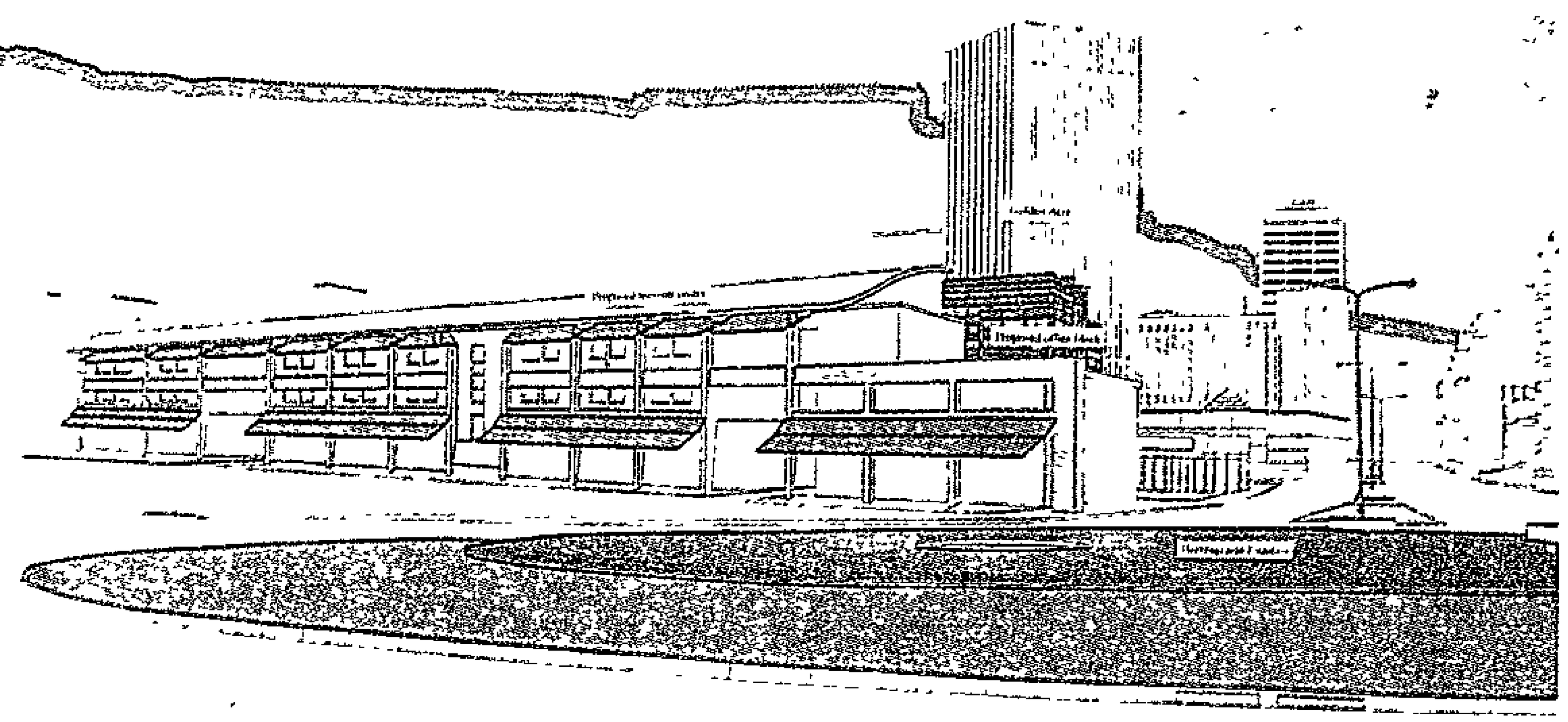
The aims of the company are to maximise long-term income, to contribute towards improving commuter experience and to support the social upliftment of the communities it serves as well as creating business opportunities for economically disadvantaged communities.

"We want to encourage communities to take ownership of the stations in their areas," said Mr Roman.



☐ **THE BUS STOPS HERE:** This is what the new bus terminus at Cape Town station will look like.





…IEW OF THE PROPOSED OFFICE BLOCK …ND BUS TERMINUS FROM HEERENGRACHT …OUNTAIN

PERSPECTIVE OF NEW TRAVEL CITY FROM FOUNTAIN WITH OFFICE DEVELOPMENT IN BACKGROUND

☐ **SIDE VIEW:** Another perspective of what Cape Town station will look like after a R250-million revamp. This section will include a tourist centre and bus terminus.

Cape stations to be (269) revamped by 2004

ARG 10/2/96

WILLEM STEENKAMP
Staff Reporter

STATIONS all over the Cape Peninsula are set for a multi-million revamp which will turn these formerly drab areas into safe and modern facilities.

And the massive revamp of the city's 82 stations should be completed in time for the 2004 Olympic Games.

The multi-million rand project is to see 18 stations redeveloped this year alone with work on the redevelopment of Cape Town Station at a cost of R250 million set to start in April this year.

Kevin Roman, regional portfolio manager of Intersite, the property management arm of the South African Commuter Service, said station land worth more than R500 million was to be developed in the first half of this year.

"The days of local stations being stand-alone brown buildings which divided the town into two areas are over.

"If these new facilities are created at all stations, trains would operate in a development tunnel with access only through control areas of the station — this would cut down any criminal activity as it would be difficult to operate in the system."

Mr Roman said this would mean that stations would again become "safe havens" from which to commute.

"The stations of the year 2000 will be fully integrated into surrounding areas and will fulfill the social needs of the communities in which they are situated.

■ The project is to start with a R250 million upgrade of Cape Town station itself. Following months of extensive public consultation Intersite is now due to start development in April.

The revamp of Cape Town station will include new shops and offices, a hotel, underground parking, a tower block, a tourist centre and improved transport facilities for commuters.

■ **Full report in FOCUS-3, see page 17**

Public transport for disabled urged

Greater Johannesburg's metropolitan council has begun investigating the possibility of a public transport service for the disabled.

The investigation received R40 000 from the Department of Transport, and also carries the support of Gauteng's transport department.

Interested parties, and those with suggestions, can make their submissions to F Gouws at (011) 407-6425, V de Abreu at (011) 407-6710 and Z Potgieter at (011) 339-1236. – City Reporter.

(269) ([illegible]) Star 12/2/96

Zambian farmers abandon SAA

(269) CT (BR) 14/2/96

By Jealous Bwalya

Livingstone — Zambian fresh produce export farmers have abandoned South African Airways for allegedly being unreliable, and the airline stands to lose almost $20 000 a week as a result.

Zambia Export Growers Association (Zega) chief executive Steven Humphreys confirmed that SAA was unable "to fulfil" its commitment to export mainly horticultural products and vegetables to the European market, which earns Zambia $20 million a year

"We have suspended all dealings with SAA although negotiations with the airline are going on to try and improve schedules," said Humphreys

Zega, however, is meanwhile reportedly trying to strike a deal with British Airways which has three flights weekly between London and Lusaka, and KLM, which has just introduced a direct flight from Holland.

Humphreys said the exporters had jointly chartered another UK airline to ferry their cargo. Since the demise of Zambia Airways in December 1994, Zambian fresh agricultural exporters have had to rely on SAA.

SAA's station manager in Lusaka said he could not comment, while another official referred all queries to SAA's head office in Johannesburg. – Independent Foreign Service.

Debate on draft transport policy

(269)

Theo Rawana

BD 15/2/95

BUS companies faced the possibility of having to tender for subsidies by 1999 under the provisions of the new passenger transport policy Green Paper, the Southern African Bus Operators' Association (Saboa) said yesterday.

The transport department confirmed that the draft Green Paper had been completed and would be discussed at a meeting of all stakeholders in Johannesburg on February 23 and 24.

The association, which represents about 85% of the bus industry, saw the policy change as a challenge. The issue would be discussed at a conference in Pretoria on February 28, a Saboa spokesman said.

"The regulated competition contained in the new document is obviously different. At present the subsidy is claimed by tickets," he said. "Now operators will have to compete for a route and network, not on a route and network as is the policy at present.

"In the next three years current permits will be interim contracts. There will be tendering on prices and standards set for vehicles."

The policy document will be drafted in Parliament as a White Paper in the next few months.

Topics on the conference's agenda include community and union views on public transport developments, implementing the proposed transport policy over the short term, and implications of the policy for the bus industry.

Speakers include Transport Minister Mac Maharaj, Saboa president Nic Cronje, Sanco's Dumisani Daniels and Transport and General Workers' Union general secretary Randall Howard.

North West probes R35-m scam

(269)

By ELIAS MALULEKE CP 18/2/96

THE North West Government is probing a R7 million a year management contract between the government funded North West Transport Investment (NTI) and the Transport Advisory Services (TAS).

TAS was established by seven NTI senior managers as a private company in 1990 with R1,6 million of NTI funds.

Six of the managers resigned after the contract was signed and returned to their old jobs as consultants.

More than R36 million has been paid to TAS since 1991 – and it is estimated that the NTI would have saved R30 million in salaries without the contract.

The five-year contract – which virtually places the entire management structure and business affairs of the NTI into the hands of TAS – was signed in 1990 by NTI managing director, ST Prinsloo.

Prinsloo is also a TAS founder member, shareholder and chairman. He could not be reached for comment this week.

City Press was informed by the North West MEC for Transport, Frans Vilakazi, that the North West cabinet would look into the contract afresh.

This follows City Press inquiries concerning a report by Michael Katz, who probed the affairs of the NTI, formerly Bophuthatswana Transport Investment.

Katz was appointed to lead investigations into the NTI's affairs by North West Premier Popo Molefe late last year, after a report by the Skweyiya Commission found irregularities concerning the contract.

A senior government official told City Press that Katz had handed his report to Vilakazi last December – but that the MEC was reluctant to make the "damning" report public because he feared it would cause the NTI's collapse.

■ Vilakazi confirmed he had received the Katz report. He said its contents could not be made public until the cabinet had viewed it and made its recommendations.

Vilakazi said the matter was sensitive and needed to be handled in a responsible manner.

"We are talking millions of rands here, and we feel that a premature release of the report could spark labour unrest," Vilakazi said.

"The premier has taken the first step by sacking the entire NTI board of directors and appointing an interim board.

"The matter is now in the hands of cabinet and it will now have to negotiate with Cosatu to find a solution to the management crisis, which could topple the whole NTI and its subsidiaries," Vilakazi said.

According to a report of the Skweyiya Commission, Prinsloo and his six executives took a R1,6 million interest free loan to start TAS.

Transport green paper clears way for privatisation of non-key assets

(269) BD 19/2/96

Tim Cohen

CAPE TOWN — The transport green paper, released at the weekend, recommends a major shake-up of SA's transport institutions and is intended to clear the way for new investment opportunities, including the outright privatisation of some non-key entities.

The policy document sets strategic objectives such as achieving an 80:20 split between affordable public transport and private car usage.

It proposes major changes to almost all transport sectors, to increase public and private investment in both institutions and infrastructure.

The paper also proposes that the taxi industry be regulated and helped to achieve economic viability.

It proposes the broad acceptance of SA's current air transport framework, but suggests major changes to the country's port and rail structure.

Rail transport seems set for the biggest shake-up. There are blunt, critical statements about both the key institutions, Transnet and Spoornet.

Transnet is said to be "both a monopoly and oligopoly" in certain areas. "Government should take decisive action to address the unhealthy dominance of this institution."

The paper says the pension fund liability has fundamentally clouded Transnet's structure and management. This liability has made it difficult for government to think strategically about Transnet's role as a major transport operator and has adversely affected the development of balanced policy decision making.

On Spoornet, the green paper says the parastatal ought to focus on its core business and concentrate on its competitive areas. It therefore ought to get out of sections of the freight business which it currently cross-subsidises, while urgent steps are necessary to cut operating costs. "The aims for Spoornet should be full commercialisation. Immediate possibilities for franchising and outsourcing certain parts of the operation should also be investigated."

On SAA, the paper recommends that the operator enter into alliances to involve strategic investors to contribute capital and technology.

It suggests an independent regulating authority to restrain the Ports Company from abusing its monopoly positions. The authority would also have the power to develop new ports.

Because Autonet's operations were in competitive markets there seemed to be little reason for not privatising this section of the business.

The Airports Company should be at

Continued on Page 2

Transport

(269) BD 19/2/96

Continued from Page 1

least partially privatised within four years, while Sun Air and Transkei Airways Corporation should be privatised.

Theo Rawana reports that the green paper proposes the taxi industry be regulated and helped to enhanced its economic viability.

The document will be discussed by all passenger transport stakeholders at a workshop in Pretoria next weekend. It says small, medium and micro enterprises transport operators will be encouraged to compete for the award of contracts by transport authorities, with assistance offered to disadvantaged operators.

"Minibus taxis could form legally registered businesses, for example, co-operatives or companies, or be registered associations."

"As far as possible in terms of the transport plan, the determination of routes/networks will be based on existing operations (including both legal and pirate operators). Financial and technical assistance will be offered to minibus taxis to enable them to obtain permission and/or contracts and to improve their economic viability."

"Transport authorities should apply alternative support mechanisms aimed at cost reduction for current minibus operators," it says.

Under the provisions of regulated competition for public passenger transport modes, competition would be for a route or network, and not competition on a route or network. Permission would be awarded only to privately owned or fully corporated municipal and parastatal bus companies and registered minibus operators.

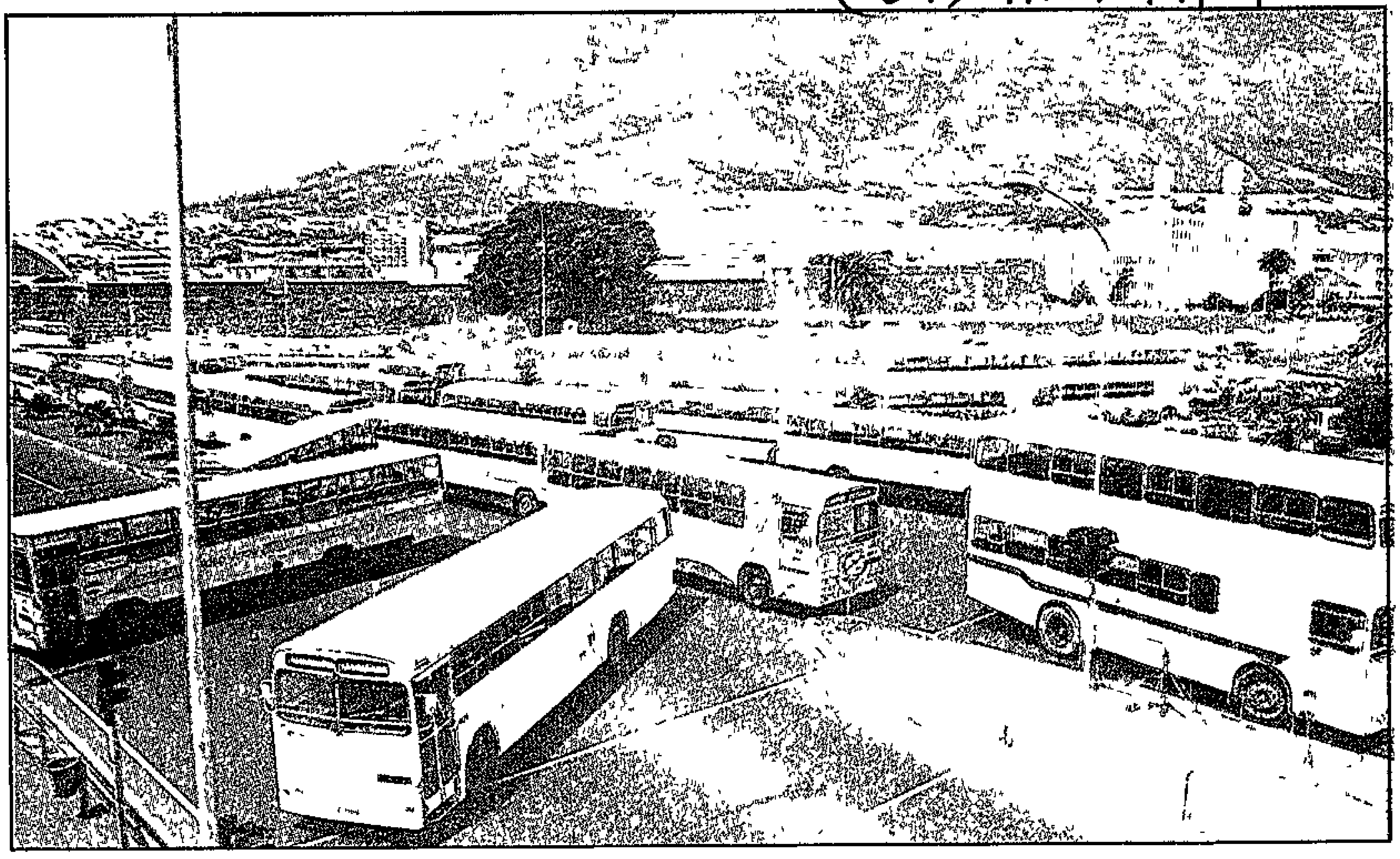
All road-based public transport operators should "operate as separate legal entities from any level of government, have no direct access to finances other than on a commercial basis, operate on business principles and be liable for tax", the paper stresses.

See Page 4

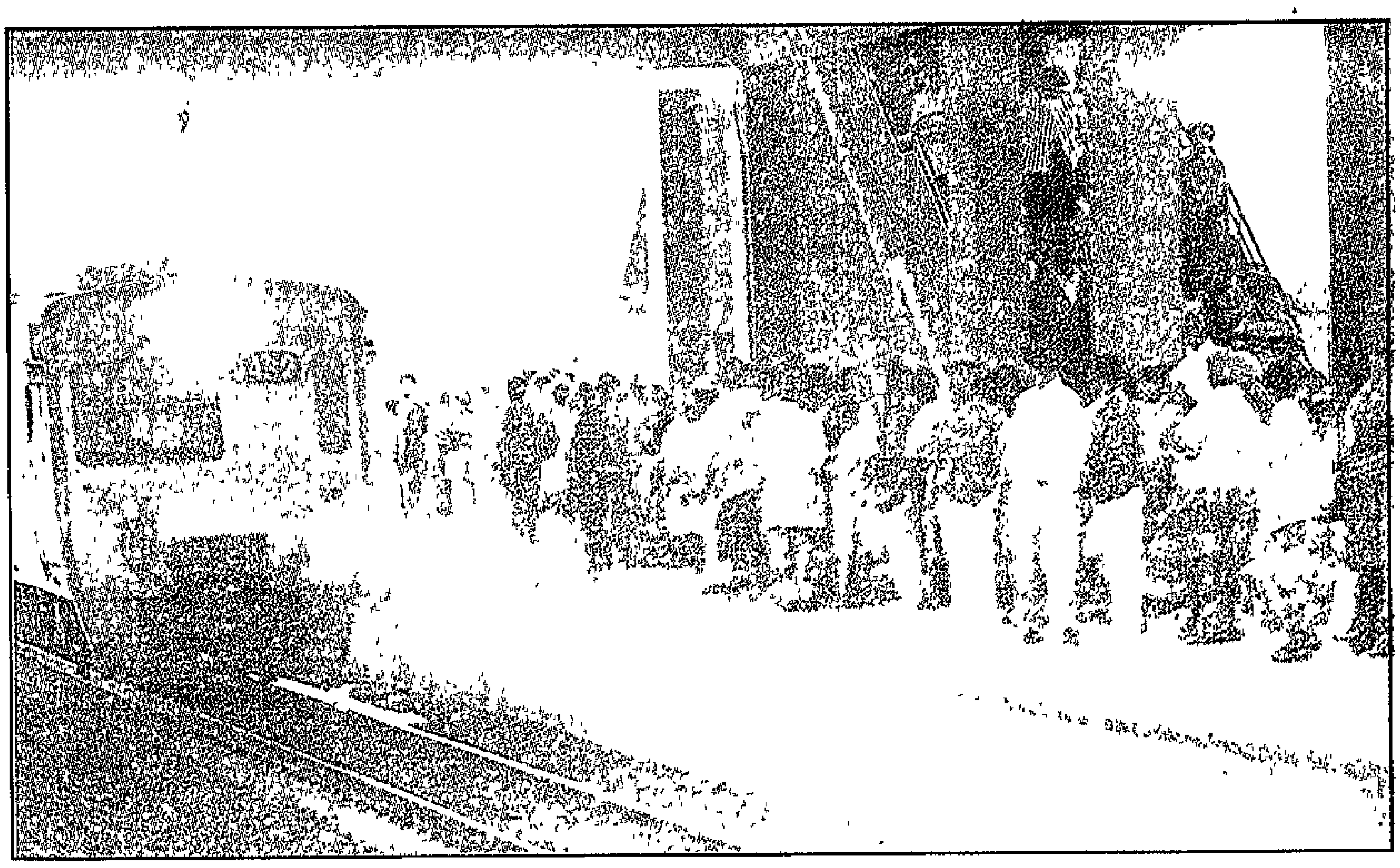
e wheels

and queue forever for buses that never come. Hard-
them some relief, reports ROGER FRIEDMAN.

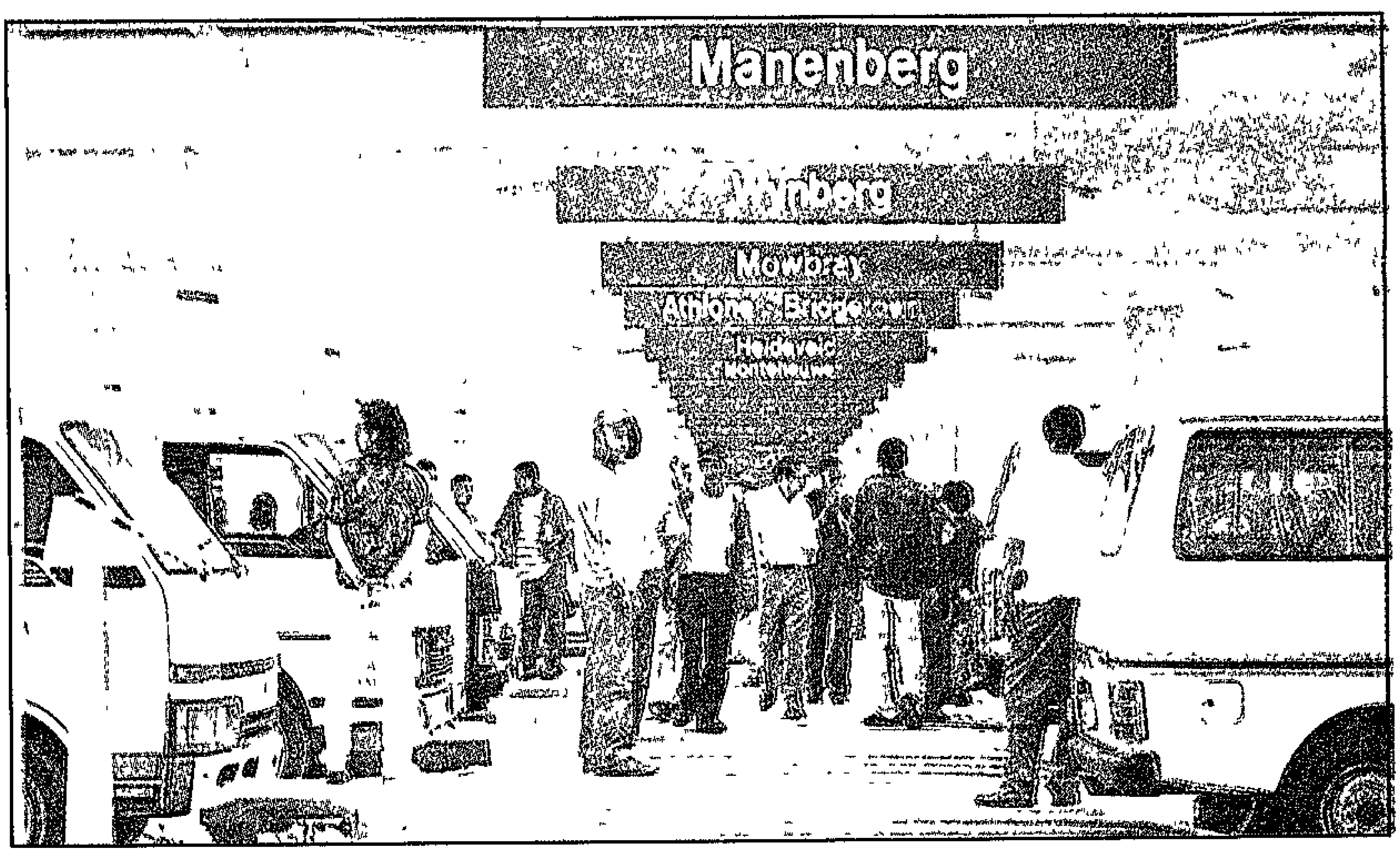
(269) ARG 19/2/96



OUT OF DATE: The Cape Metropolitan's new transport plan believes bus services could become more attractive if they used more appropriate vehicles.



TIMELY IMPROVEMENTS: The new transport plan would see rail services benefiting from increased security, better scheduling and refurbished trains.



CHANGE OF IMAGE: Better training in driving, maintenance and business skills could uplift the minibus taxi industry, says David Eadie, director of Moving Ahead.

Reinventing th

269

ALO 19/2/96

They duck bullets during taxi wars, jump from moving trains to escape armed thugs pressed Cape commuters will hope a new metropolitan transport plan afford

ABOUT half the economically active population of the Cape Metropole use public transport to get to and from work each day.

The director and staff at the Cape Town City Council's Metropolitan Transport Planning Branch hope to increase that figure to about 70 percent

With the metropole's population set to grow from 2,8 million to about 4,2 million souls by 2015 – and given the present state of the public transport industry – there is clearly quite some planning to be done

Moving Ahead is the name given to the metropole's new transport plan, which will study transportation needs now and 20 years into the future.

Director of the council's Transport Planning Branch, David Eadie, spoke of the plan, why it was needed and what it might entail, in an interview with The Argus this week.

For a start, to clarify matters, he explained that the Cape Town City Council's involvement in the plan was due to its identification as core city in the Cape Metropole by central government.

The metropolitan public transport system was presently at a crossroads characterised by considerable uncertainty over future public policy, he said

Some operators were having difficulty maintaining profit margins, while others were unable or unwilling to invest in improving their services

The relaxation of market entry controls in 1985 led to an explosive growth in the minibus taxi industry, which provided popular services often cheaper than subsidised rail or bus fares

moving ahead

CAPE METROPOLITAN TRANSPORT PLAN

But the growth of the taxi industry was not without problems. Limited markets and affordability levels led to some routes becoming overtraded and unprofitable.

This led to further problems such as poorly maintained vehicles, speeding and reckless driving – apart from the measures taken to protect ranks or routes which sometimes culminated in so-called taxi wars

Meanwhile, the premium services that were provided by the subsidised bus and rail operators lost market share in all directions – to the taxi industry and private vehicles – and gradually fell into decline

"Hopefully," said Mr Eadie, "a new transport policy will address the causes of the problems and the stage will be set for the formulation of coherent transport policy at the metropolitan level "

The only comprehensive Cape Metropolitan Transport Plan (in terms of the Urban Transport Act of 1977) was completed in 1980.

Although, down the years, the plan was often revised, it never underwent a five-year review, as specified in the act

It goes without saying that Cape Town (along with the rest of the country) has seen profound change in the intervening years One need only think of the scrapping of the Group Areas Act and Influx Control Act – among other reviled pieces of apartheid legislation

"We are now launching a total review . almost a new beginning, appropriate to the new politics of the country," said Mr Eadie.

"It will be a dynamic document, to be updated annually . . . a participative and consensus-seeking project

"We will interact extensively with established stakeholders, including non-governmental and community-based organisations, and all levels of government "

Mr Eadie said the drafters of the plan would avoid being prescriptive at all costs

Twenty-five "tasks" had been identified for study and analysis. Each task would require expert input and contributions from affected stakeholders.

Tasks included: Vision and goal formulation, spatial development, demographics and economic forecasting, demand modelling and analysis, road and traffic analysis, public transport analysis, directional signs, traffic management, bicycle and pedestrian facilities, parking, airport and harbour, safety and security, an environment plan and an evaluation of the regional RDP.

"The existing public transport system has some positive and many negative characteristics. The challenge is to build on the positive and take appropriate action to counter the negative aspects," said Mr Eadie.

Operators should be developing strategies to deal with their problems, but most of them lacked information and marketing skills and tended to offer services lacking sensitivity to passenger demands

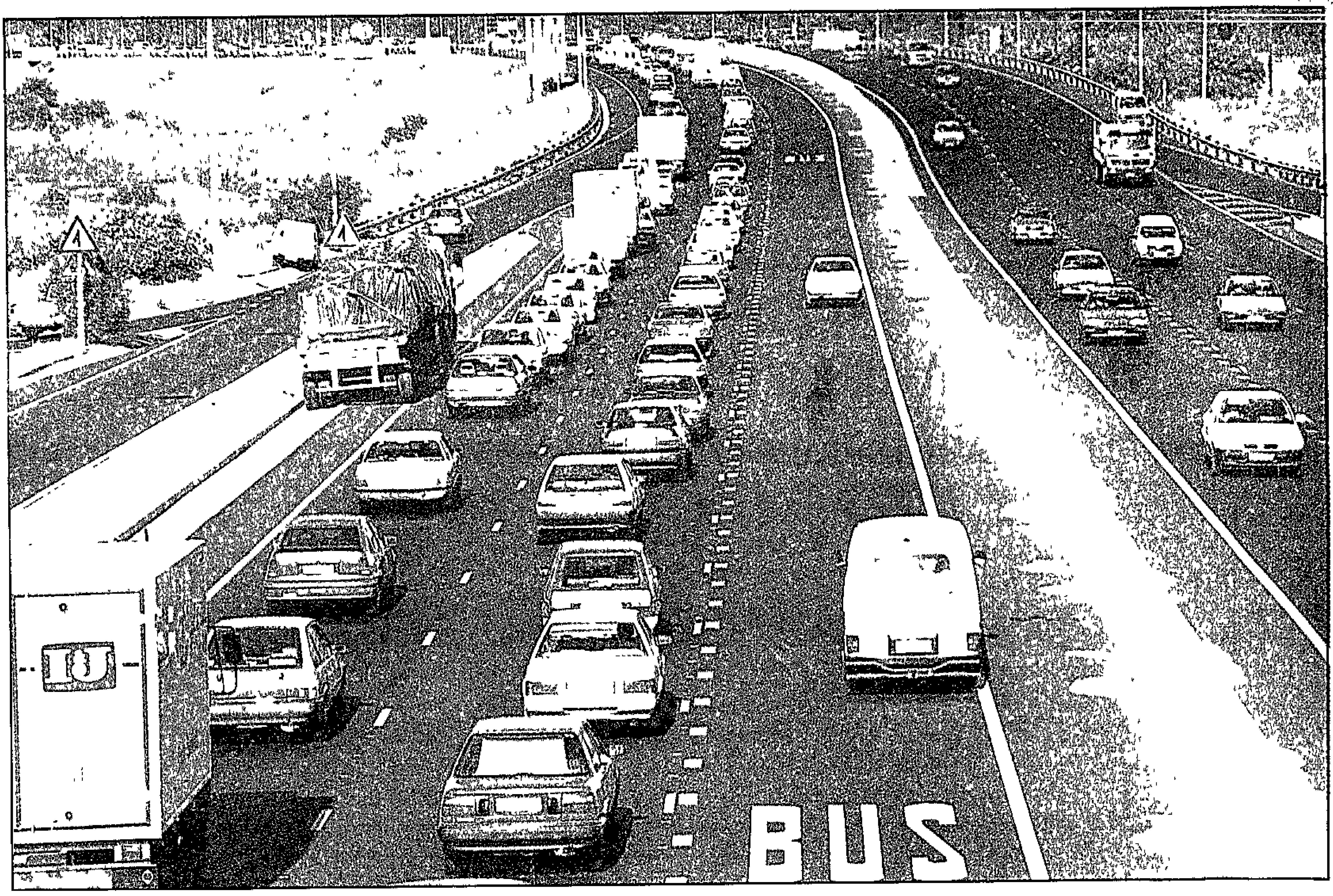
Better training in driving, maintenance and business skills could uplift the minibus taxi industry; bus services could become more attractive if they used more appropriate vehicles, and rail services could only benefit from increased security, better scheduling and refurbished trains.

Mr Eadie said enormous benefits could be derived from bringing all the operators together to find ways of collaborating – but still competing – to upgrade and uplift the entire public service system.

Within this context, and given the devolution of responsibility for regulating and subsidising public transport to the provinces, now was the ideal opportunity to start working towards establishing a Metropolitan Transport Authority (or Public Transport Authority).

Such an authority should have full powers to control and manage operations to ensure the effective and efficient provision of public transport throughout the metropole.

The first step towards establishing such an authority was the creation of a Section 21 (non-profit) company to lay the groundwork for upgrading public transport.



CAPITAL CONGESTION: With Cape Town's population set to grow from 2,8 million to about 4,2 million by 2015, urgent measures are needed in the public transport industry to prevent further congestion to the city's already clogged infrastructure.

R3,5-m grant for Cape public transport system

(269)

☐ Council project could become model for national policy

ARG 19/2/96

ROGER FRIEDMAN
Provincial Affairs Reporter

CENTRAL government has granted the Cape Town City Council more than R3,5 million to establish a non-profit company aimed at regulating, co-ordinating and improving public transport in the Cape Metropole.

The "demonstration" project, to be administered by the Cape Town City Council as the core city in the Cape Metropole, is seen as the first step toward establishing a Metropolitan Transport Authority.

Should the venture prove successful in Cape Town, it could become a model for national transport policy.

Initial talks have already been held between city transport officials and representatives of the taxi, train and bus industries.

Director of the council's Metropolitan Transport Planning Branch, David Eadie, said it was envisaged that the various components within the industry would second officials to work on the project.

The objective of the proposed Section 21 (non-profit) company was to devise ways for all those involved to co-operate for mutual benefit and for the benefit of the community, he said.

The company would set up an office or offices where all operators could be represented, to liaise with the public.

The office would provide a 24-hour hotline to provide information, receive and investigate complaints, and ensure appropriate action was taken to deal with problems.

The company would play an active role in facilitating the management of public transport interchanges, and in the planning and design of such facilities.

Financial assistance would be provided for the establishment and operation of interchange or taxi rank management committees.

Mr Eadie stressed the company would not have the power to enforce rules or regulations, but he believed transport operators would soon see the advantages in rationalising public transport.

The potential advantages to operators, commuters and the community were enormous:

● Operators would get up-to-date information on all aspects of public transport which would enable them to keep abreast of trends and develop inter and intra-sectoral relationships.

● Commuters would benefit from an integrated public transport system where operators make profits and have confidence to invest in and upgrade their services. They could integrate ticket services and timetables. A single timetable booklet covering all modes of public transport is envisaged.

● The community would benefit because a healthy public transport system is essential for an urban economy and would make the city more attractive to tourists, investors and the International Olympic Committee.

● **Reinventing the wheels — see page 9.**

Govt must help bus firms — union

BD 20/2/96 (269)

Theo Rawana

A MAJOR flaw in the draft green paper on a national transport policy was that it assumed that passenger transport could be provided on free market principles, the Transport and General Workers' Union (TGWU) said yesterday.

Union general secretary Randall Howard said his union differed with government on that approach, because transport was a social service. Passenger transport called for maximum state involvement — it should be nationalised, Howard said.

He said government seemed to fall in line with international trends of privatisation and deregulation, but in SA that would affect low-income earners. "That is not the way to go — it would deepen the crisis in the passenger transport industry," Howard said.

He said the document was silent on the thorny question of bus subsidies. "Our key concern is the importance of subsidies to the economy of the country. The minister (of transport, Mac Maharaj) is not prepared to reverse his decision not to increase bus subsidies for 1996 and employers have already told us they will be forced to cut down staff."

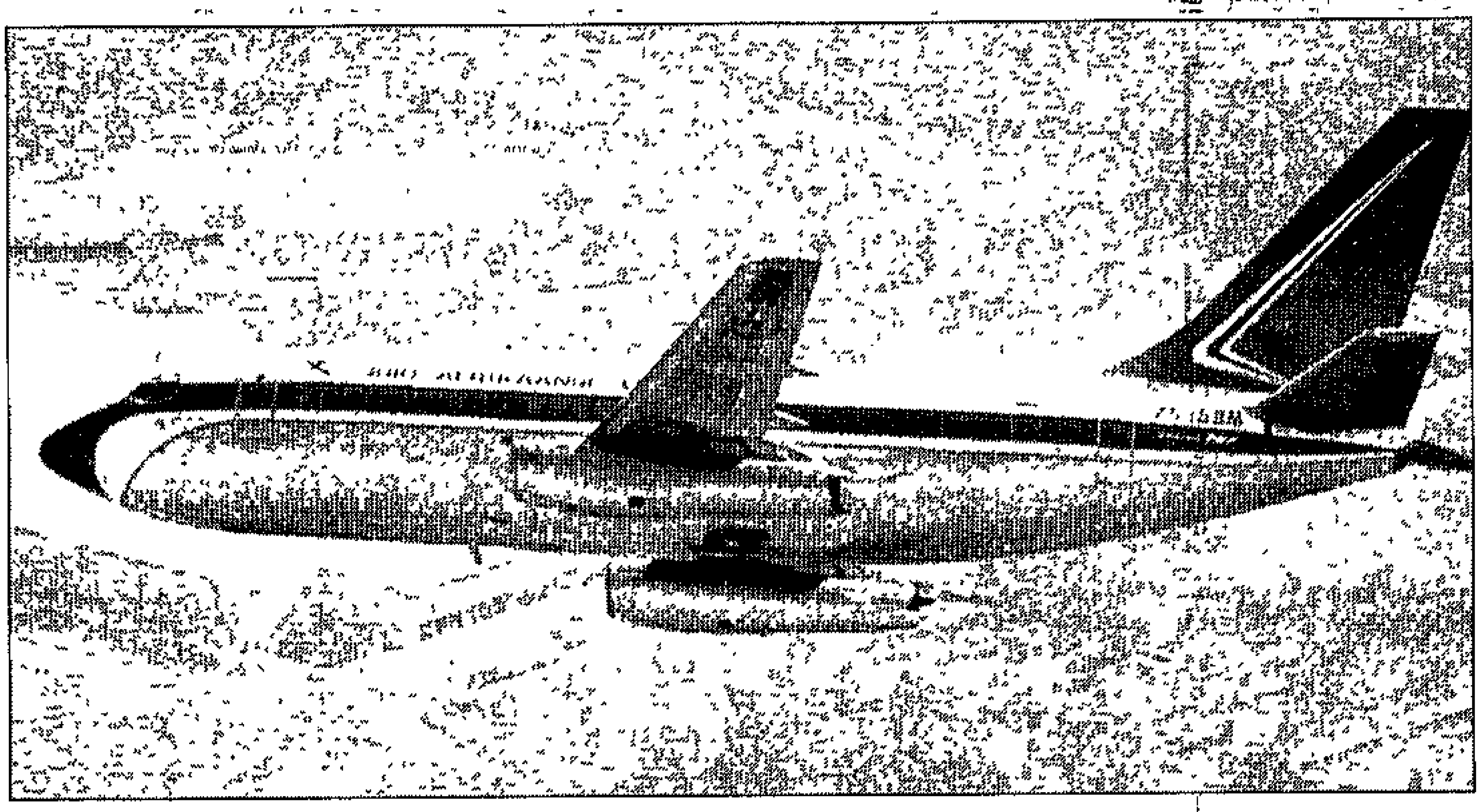
The bus companies had said they would have to cut out some uneconomic routes. "We will make a last attempt to get the minister to reverse his decision and grant subsidies to avoid job losses."

There should be talks on subsidies or there would be chaos in the whole commuter sector.

Howard said the paper seemed intent on taking the taxi industry out of the rut, a move the union supported because it would cut down on violence and address peace and profitability.

But government needed to balance its injection of funds into the taxi industry with input to the bus industry. That was necessary because a lack of funds for the bus industry would affect commuter mobility. "We feel the bus industry should be given what it needs to serve the country. Subsidies should not be cut overnight."

See Page 9



IN THE AIR *The civil aviation department is preparing its position on sharing routes with other carriers before it goes into talks with US officials, who are pressing for a more open sky deal*

New aviation policy underway

(269) CT(BR) 20/2/96

By Audrey d'Angelo

Cape Town — The civil aviation department is hammering out a new policy on codesharing before the next round of talks with its United States counterparts on changes to the bilateral agreement, according to Japie Smit, the department's deputy commissioner.

He said last week that codesharing — the practice by which airlines share a route by marketing seats on each others' planes — had become "a burning issue".

"We have set up a study group so that we shall have a clear policy before starting the talks this time, instead of being told what is good for us, as happened last year."

Last year's talks broke off when the department balked at allowing Northwest, which has an extensive network in the Far East, to have a codeshare agreement with KLM Royal Dutch Airlines on the routes to Johannesburg and Cape Town from Amsterdam.

Smit and SAA executives saw this leading to a situation in which US airlines would use code-sharing as a means of cabotage — picking up passengers in a foreign country and taking them on to destinations in other countries without calling at their home countries.

This would please passengers and the travel trade by offering a wider choice of direct flights But Britain, South Africa and many other countries have resisted opening their skies to this extent to protect local carriers and avoid the risk of a few large foreign competitors dominating all their routes.

An international system has developed in which major airlines establish hubs in their base countries, from which routes radiate like the spokes of a wheel.

European airlines with large domestic markets like this system. But the carriers of countries with smaller domestic markets, such as Singapore Airlines, KLM and Austrian Airlines would prefer to offer direct flights between popular destinations

Most of these airlines' passengers are foreign nationals and visit their hubs only to catch connections to a third country. They support US calls for open skies.

Smit and senior executives of major European airlines believe the term "open skies" seems to have different meanings

British Airways' senior executives have pointed out that the US authorities are not prepared to allow foreign carriers to pick up passengers on US internal routes, though they want their own airlines to have this freedom within Europe

But the situation has been complicated by the fact that airlines are forming international alliances to become more competitive, which usually lead to codeshare agreements.

SAA has formed such an alliance with Lufthansa and has a codeshare agreement with American Airlines on the routes from Johannesburg to New York and Miami. It also has one with Emirates Airlines on the route to Dubai Emirates is allowed to pick up South African passengers bound for a third country, the Comores islands.

American authorities got tough with South Africa when last year's bilateral talks broke down. They withdrew permission for SAA to increase the number of its flights to the US from six a week to eight

SAA is the only airline offering direct flights between the US and South Africa and has admitted that its six flights cannot cope with the demand.

But senior executives of major US airlines — United, American and Northwest — have all told Business Report the South African market on its own is too small to make it worth their while to fly here at this stage. They are prepared to serve it only through codeshare arrangements, building up an international market in this way.

There have been bitter complaints from businesspeople who have found it difficult to get to the US at short notice during the height of the tourist season, even by indirect routes

Smit said no date had been fixed for the resumption of the talks.

When they do start, it is clear that some concessions will have to be made, he said.

New Road Bill amendment will allow small contractors in, says national tar body

(29) (269) Star 21/2/96

The SA Bitumen and Tar Association has come out in support of the National Roads Amendment Bill which they say will include small contractors in road construction and also decrease toll charges.

The Bill, to be tabled in Parliament shortly, includes amendments which allow for the development of partnerships between the public and private sectors. Under the Bill, the SA Roads Board is able to authorise any person to plan, design, construct and operate any portion of a national road. It allows for the operator to charge a toll to recover costs for building roads. – Staff Reporter.

Bus commuter subsidies up by eight percent

(269)

Political Correspondent

ARG 21/2/96

SUBSIDIES for bus commuters are to go up by eight percent on April 1, Transport Minister Mac Maharaj announced today.

Mr Maharaj said some of the funds available from savings in the Department of Transport would be used to adjust the current low economic tariff structures of some bus operators to ensure services would continue.

The announcement of the increase was made much earlier than in previous years to stave off uncertainty among operators and commuters.

"I trust this advance notice of the increase will assist bus companies to plan rationally with respect to their operations and passenger fare increases for the year to come."

The government intended changing from the current subsidy system to one of tendered contracts, with interim contract as a first step.

The first interim contract would be finalised by the middle of this year.

The tendered contract system would ensure a more stable public transport system.

The changes in the bus subsidy transport system were consistent with the strategy being developed for the total public transport system, also involving rail and taxis.

Mixed reaction to 8% bus subsidy hike

(269) BD 22/2/96

Lukanyo Mnyanda

BUS operators welcomed Transport Minister Mac Maharaj's announcement of an 8% subsidy increase for the 1996/97 financial year, but warned that it would not cover losses caused by last year's freeze.

Maharaj said yesterday the increase, effective from April 1, had been made possible by careful management and adjustments in his department's budget. Of the funds available, a limited amount would be used to adjust the current low tariffs of some bus companies to ensure their continued services.

The department was working on implementing a new system of tendered contracts for routes, with interim contracts as a first step. The aim was to conclude the latter by the middle of this year.

SA Bus Operators' Association (Saboa) executive manager Nic Cornelius said the increase was positive, but did not cater for the losses suffered during the 1995/96 financial year. Individual companies would have to decide on additional rationalisation measures.

Describing the increase as reasonable, Golden Arrow Bus Services chairman Nic Cronje said government would have to look at individual companies and assist them in resolving problems caused by the previous subsidy freeze.

The increase would not affect Putco's decision to increase fares from next month and the company would still have to evaluate all its operations, MD Michael Oldham said. He said the 10% fare increase announced earlier this week would recover only about 40% of their losses.

However, SA Commuters' Organisation president Steven Sangweni said people would seek alternative transport if Putco did not reverse the fare increase.

The Transport and General Workers' Union welcomed the subsidy increase but did not rule out mass action "should it become apparent that the 8% increase falls short of what is needed to avert the crisis in the industry". Secretary-general Randall Howard said the union would oppose a system of tendered contracts for routes which would put jobs at risk. "For us, an efficient public transport system cannot be at the expense of job security."

Howard said government's decision to freeze subsidies for 1995/96 demonstrated its insensitivity to the needs of commuters, and called on all employers to suspend plans to close down their operations.

"Let us rather put our collective energies together to bring government to its senses."

□ Putco's Oldham, referring to the article "Putco's operations in KwaZulu-Natal to close down" published on Monday, said no such decision had been taken.

Closure was just one option the bus company was considering.

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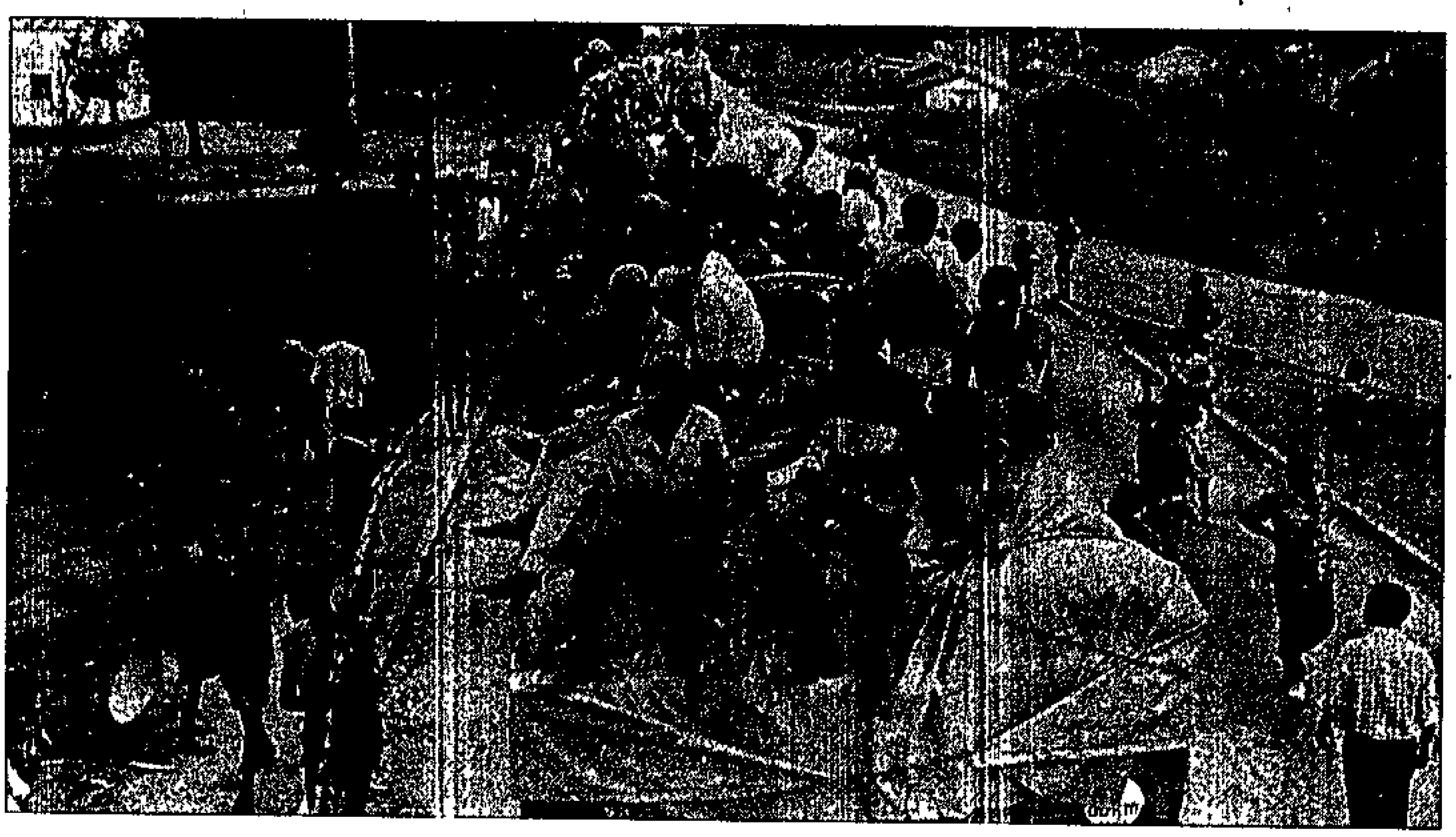
PRIVATISATION



AFRICAN LINK *Six consortiums have approached the government in a bid to get a slice of the road building contract which will link Witbank in South Africa with Mozambique's capital Maputo*

Maputo toll road attracts offers

CT(BR) 22/2/96 (269)

BY ANN CROTTY

Six consortiums have approached the government in a bid to get a slice of the road-building contract, worth about R600 million, involved in the revival of the Maputo corridor.

Details of the tendering process have still to be worked out, but in a significant departure from similar projects in the past, the proposed toll road, which will run from Witbank to Maputo, will cost the government nothing. The initial building and maintenance will be funded by the private sector. Returns to the private sector will be generated by the toll fees, which means that if the road is not adequately maintained that source of income will be under threat.

Referring to the proposal, the director-general of the transport department, Ketso Gordhan, said the government would be exposed to no financial risk on the road-building contract This would be carried by the private sector

While the proposal is in line with the operation of a large percentage of infrastructure projects in the major international economies, it marks a change for the South African construction industry.

As the chief executive of one of the major South Africa building groups pointed out: "We're used to being part of a financing package, but the difference now is that whoever gets the contract will own and run the toll facility"

While he pointed out that the parties were still involved in the details of the tendering process, he remarked: "This is the only way we will be able to expand and maintain this country's infrastructure."

For the purists, it represents a form of privatisation But for those who oppose it in principle it probably represents the most acceptable form of privatisation With the enormous pressure on the government to develop the country's infrastructure restrained by its financial resources, it is likely that many projects will not happen unless they are led by the private sector

At this week's conference on restructuring of state-owned enterprises, organised by Cosatu-linked research unit Naledi, such projects seemed to represent the only scope for agreement between the government, labour and the private sector

The trade unions are vehemently opposed to privatisation — at the Naledi conference, Cosatu general-secretary Sam Shilowa referred to the government's obligations in terms of the RDP; the government's attitude seems uncertain with different players in different departments expressing conflicting views — Gordhan noted that the government was trying to formulate a national strategic vision and to this end a document would be presented to Cabinet this week; the private sector is virtually unanimously supportive.

> *'This is the only way we will be able to expand and maintain this country's infrastructure'*

Without a coherent strategy, the government and its alliance partner could lose the initiative to the private sector and that restructuring/privatisation policy will be affected on an ad hoc basis determined by the objectives of public enterprise managers and private sector players This, despite the existence of the National Framework Agreement that exists between government and labour

There is little doubt that the resources available to Telkom management and its potential international partners ensure that they are directing the process of introducing a strategic equity partner to Telkom with labour left running far behind.

The international success rate of the sort of strategic alliance that Telkom is considering is between 20 and 30 percent Speaking at the conference, the deputy director-general in the state enterprises ministry, Sipho Shabalala, said that in the sort of competitive collaboration alliance with enterprises like Telkom, "the strategic interest of achieving the long-term win/win outcome tends to be unlikely or is contingent on the equal distribution of the partners' learning capabilities and their equal ability in accumulating the invisible assets These include management and organisational skills, knowledge of the market and technological capability".

Shabalala urged caution in regard to strategic alliances: "The critical issue is whether our state enterprises are ready for the marriage do they have tacit knowledge, skills, organisational learning capabilities and right attitudes to benefit from strategic alliance managements?

"The organisational capability and the willingness to learn is the key to protecting competitive advantage in competitive collaboration and in the control of the strategic direction of the venture."

Even in ideal circumstances, strategic alliances either fail or benefit one partner at the expense of the other.

While Telkom management has in part based its request for an equity partner on the need for technology transfer, Shabalala argued that technology transfer was not an assured process and outcome: "The ability and commitment to pass and to receive and internalise acquired technology is critical In general, partners bringing in pioneering proprietary technology tend to raise walls to make sure that their core competitive competence is not passed to the other partner."

Bringing an international perspective to the debate, British-based consultant Brendan Martin warned of the dangers of transferring too much control of SA's infrastructure and utility services to transnational corporations "whose growing power will rapidly come to dwarf that of the nation-states and municipalities with which they are doing business"

Karen Harverson went to Mozambique to be briefed on a possible boost to the economy

The R1-billion corridor to success

(269) M+G (Am) 23-29/2/96

THREE industrial projects — still just a glimmer in the eye — may be built in Maputo, if the R1-billion infrastructural corridor project to improve road and rail links between South Africa and Mozambique is successful

Primary aluminium producer Alusaf may consider building a second smelter in Maputo as part of its long-term strategic planning "The temptation would be to use power from Cahora Bassa," says managing director Rob Barbour adding that it is still just a concept

The company is busy commissioning its R5-billion double-size smelter plant in Richards Bay with a production capacity of 460 000 tons. The first smelter was commissioned in December 1995 and completion of the second phase is expected by July this year

Barbour says other international companies had looked at the Maputo option before but rejected it because of the lack of infrastructure "Now, hopefully this won't be such a big factor in the future"

Two other projects, still under discussion, both involve state-owned Foskor and the international fertiliser market.

The first fertiliser project concerns Indian company Southern Petrochemical Industries Corporation (Spic), expected to arrive in South Africa within a fortnight to evaluate building a plant in Maputo to process phosphate rock, mined by Foskor, into phosphoric acid for supply to India.

Foskor managing director Danie Vorster says interest has been expressed by certain companies in India to establish a phosphoric acid project in Maputo based on phosphate rock from Phalaborwa. "It is possible that Spic is part of such a consortium but we have not had a direct approach from Spic in this regard."

He said the company had previously had discussions with Spic

If the project in Maputo got the go-ahead, it seems likely that Foskor would increase its production

about the possible supply of phosphate rock to its facilities in India, but to date no real interest has been shown on their part for such a supply

Foskor's phosphate rock is of a high grade and some 25% of production is railed to Indian Ocean Fertilisers in Richards Bay — jointly owned by Foskor and the Togolese government — both for beneficiation and export.

If the project in Maputo got the go-ahead, it is likely that the company would increase its production as its reserves are believed to be enormous.

Two options for transporting the rock to Maputo could be considered: one involves the building of a slurry pipe to transport the rock but this is dodgy because of the general shortage of water in the area. The second option would be to rail the rock, and this could be facilitated by the plan to build an artery off the main development corridor from Witbank to Maputo up into the Tzaneen region.

"At present, there are no pipeline facilities for the delivery of rock to Maputo and phosphate rock is not exported via Maputo by Foskor," says Vorster

In the second proposal, Maputo is being considered as a second option only It involves a large fertiliser complex being built in Richards Bay with players Sasol, Phalaborwa-based Foskor and Norwegian company Hydro Agri each bringing their competitive advantage to the table.

Sasol would supply gas from Secunda, Foskor would provide the phosphate rock and Hydro Agri would supply its marketing network in the international fertiliser market. "As an option, other sites such as Maputo could be considered because it is closer to Phalaborwa," says an industry source.

Link-up: Matthews Phosa and Mac Maharaj on board for the Maputo development corridor PHOTO: KAREN HARVERSON

Bid for the best route

THE squalor of Johannesburg Station was momentarily lifted last Sunday evening with the arrival of the Minister of Transport Mac Maharaj and Mpumalanga Premier Matthews Phosa bound for Maputo

The press was invited along to savour the delights of Spoornet, while the minister briefed us on a scheme to develop a R1-billion infrastructural corridor to boost economic activity

The train trip, while enjoyable, took more than 19 hours and we arrived in Maputo more than two-and a-half hours behind schedule One of the first issues to be tackled in the project, says Maharaj, will be to set up a one-stop immigration, customs and excise structure to speed up border crossings

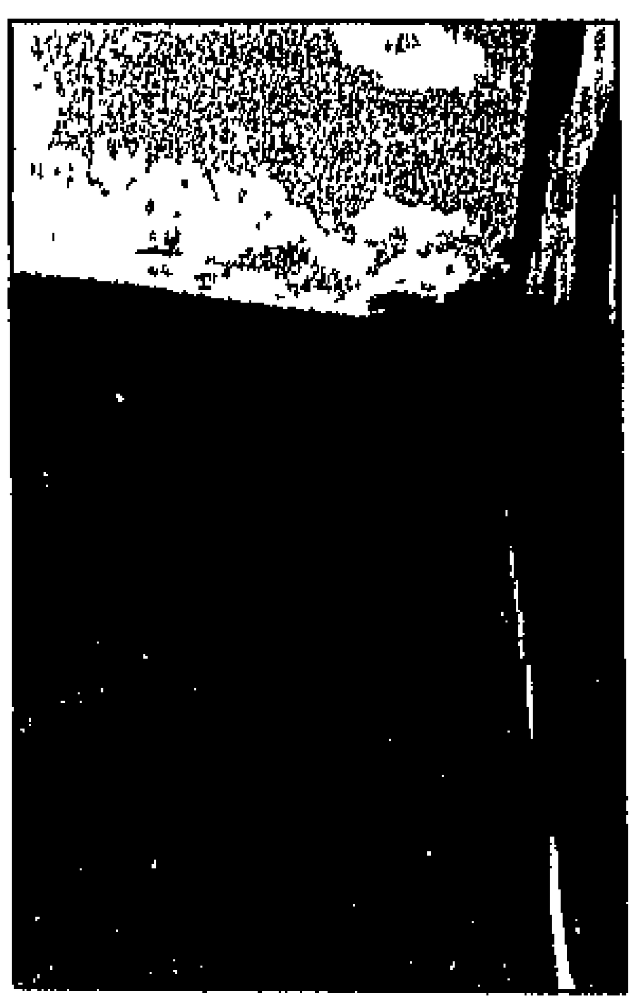
The rest of the proposal, outlined by Transport director-general Ketso Gordhan, is ambitious, and if successful, will help rebuild the economy of Mozambique as well as offer business opportunities in mining, tourism and agriculture.

The main thrust of the developmental corridor is to build a tollroad between Witbank and Maputo. Gordhan says local companies, in consortiums with international partners, are lining up to bid for the contract.

"We will invite companies to submit proposals by mid-March to build, operate and maintain the road and the contract will be awarded in June," says Gordhan.

The concession will require regular upgrading to the road. Completion of the first set of improvements is expected at the end of 1997

The tollroad, which will involve upgrading the existing N4 in South Africa and building a new road from Komatipoort to Maputo, is expected to top the R1-billion mark, including maintenance and improvement costs over a 25 year period.



On track: Locals will benefit from the corridor PHOTO: KAREN HARVERSON

The road from the South African border to Maputo will shorten the 120km distance to 86km. Upgrading the road between Nelspruit and Komatipoort will begin this year, while the second phase into Mozambique will start in early 1997 at an estimated cost of R2-million a kilometre Extensive work will be needed in the Waterval Boven area, which could include widening the existing tunnel where the cost a kilometre may reach more than R4-million.

About R78-million will be spent on rehabilitating the railway line on the Mozambiquan side to curtail derailments — a not infrequent occurrence, judging by the rusted coaches littered along the route.

Some $50-million is to be spent on Maputo's port to upgrade the terminal facilities. The harbour will provide highveld companies with an export destination 150km closer than Durban's congested port.

Boycott not terminated

BD 23/2/96

A BOYCOTT of housing bond repayments had not been called off as reported earlier, the SA National Civic Organisation said yesterday.

But general secretary Penrose Ntlonti told a news briefing Sanco remained committed to ending the boycott.

Sanco leaders met housing director-general Billy Cobbett on Tuesday. In a joint statement after the meeting, Sanco said it viewed the era of boycotts as over. Reports said Sanco had called off the boycott.

Ntlonti said yesterday the meeting had been a step towards ending the boycott Talks with the department had been aimed at preventing the eviction of 5 700 non-payers. — Sapa

New transport diploma to help develop industry

(269) BD23/2/96

Theo Rawana

TRANSPORT Minister Mac Maharaj would launch a transport executive management diploma on Monday, which was expected to play a major role in the development of professionalism in transport, the transport department said yesterday.

The department, in conjunction with the Rand Afrikaans University, was introducing the diploma which aimed at improving the level of professionalism in transport management and planning, the department said.

In terms of its commitment to human resource development and to further the objectives of the RDP, the department would fund the full cost — about R400 000 — of the establishment of the diploma and would support the studies of a number of students in the first year.

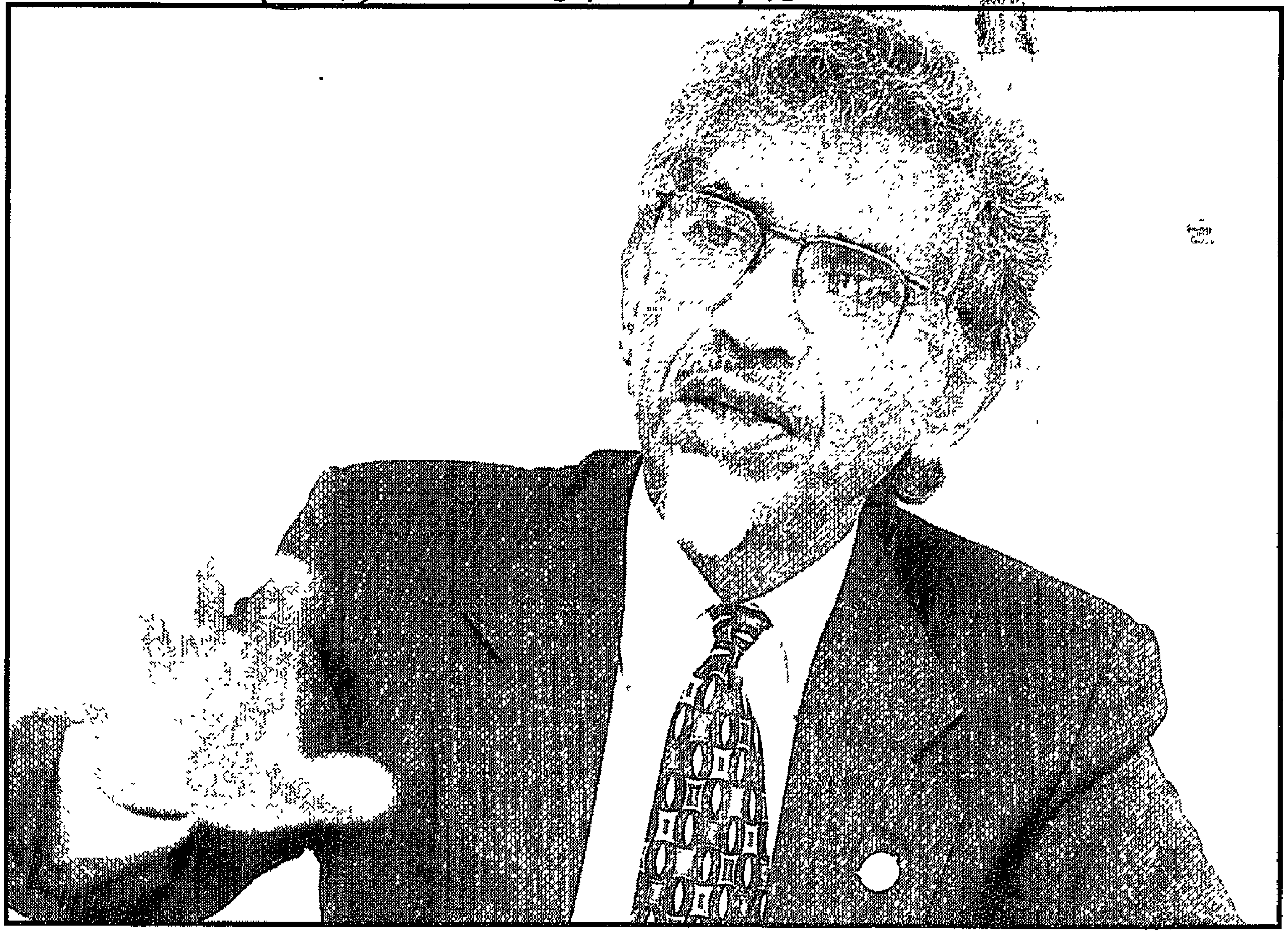
The course — equivalent to an honours degree — would offer university graduates from all backgrounds the opportunity to enrol on a full time basis to further their knowledge of transport-related matters.

After successful completion of the course, the student would be issued with the RAU transport executive management diploma which would enable him to enrol for a masters degree (M Phil) at the RAU department of transport economics.

Transport gives Big Ma

(269) ST 25/2/96

By RAY HARTLEY
Political Correspondent



IN THE DRIVING SEAT . . . Mac Maharaj has begun a steady journey back to political centre stage Picture: TERRY SHEAN

MAC MAHARAJ lectured a group of activists in 1954 on the virtues of total commitment to the struggle.

The Minister of Transport recalls. "I said: 'Look chaps, you need to be full-time revolutionaries, no side interests, no careers.' They asked me about marriage and I said: 'Hey, that will be a distraction too — no marriage.' "

Laughing with the benefit of hindsight, he says he told the incredulous activists three months later that he had changed his mind: "How can we fight the revolution and allow the oppressors' children to inherit the victory?"

Mr Maharaj — who had masterminded Operation Vula, co-chaired the Transitional Executive Council and steered multiparty talks with the NP's Fanie van der Merwe — was expected to inherit a senior portfolio when the ANC took power

His assignment to the Ministry of Transport — a junior post — was a source of puzzlement

But, like the Minister of Water Affairs, Kader Asmal, Mr Maharaj has begun a steady journey back to the centre stage

His ministry is at the centre of the "development corridor" — the new buzzphrase in the reconstruction agenda.

Underlying the concept is Mr Maharaj's belief that "hardcore infrastructural investment generates growth with the strongest multiplier effect".

This week Mr Maharaj visited Mozambique to promote his most important development corridor — between Gauteng and the Maputo harbour.

The vision goes something like this: by investing in development of transport infrastructure between Mpumalanga and war-ravaged Mozambique, the government and business creates the possibility of huge development.

The Maputo corridor — the shortest route for Reef goods to the coast — will cut transport costs and attract investment, kick-starting growth, says Mr Maharaj

But it depends on huge private-sector investment, which Mr Maharaj is still seeking, and the holding of the peace agreement in Mozambique.

Mr Maharaj has also initiated the planning of four "urban corridors" for Durban, Pretoria, Johannesburg and Cape Town, which are to fall under provincial governments

Another recent development buzzword — "urban densification" — is seen by Mr Maharaj as critical to improving urban transport. By transforming South Africa's sprawling townships into denser accommodation, developers would cut the costs of transport and other infrastructure, he says.

"In Brazil, each bus carries 6 000 passengers a day Once you carry 6 000 passengers, you're sure to make a profit "

South Africa's ports, roads and railways have begun to decline Without proper maintenance, the road network will collapse in four to five years, he says.

"Like any major engineering structure, you don't notice it until it collapses, then it's beyond rehabilitation "

To stop the slide, Mr Maharaj intends to restructure the South African Roads Board, which has been unable to maintain road surfaces.

"It had a road fund of R8-billion to R12-billion (former State President) P W Botha raided it for the Angolan war," he says

Mr Maharaj once again says he will have to "get the private sector in" to help maintain the roads.

He plans to do this by "full build, operate and transfer" schemes, where business builds roads, operates them at a profit for about 20 years, then hands them to the government

Roads that will be funded this way include the M4 from Gauteng to Maputo, the road from Gauteng to Pietersburg in the Northern Province and one along the North Coast

Perhaps more challenging for Mr Maharaj is the question of the giant transport operator Transnet

"You can do nothing in developing and implementing transport policy without bumping into Transnet," he says.

With 260 or so "business units" — including Spoornet, Portnet, Petronet, Autonet and South African Airways — the parastatal's restructuring is of great interest to Mr Maharaj, although it officially falls under the Minister of Public Enterprises, Stella Sigcau.

The company inherited a R17-billion pension deficit and medical-aid commitments when it was formed in 1990, which led its management to make debt its priority.

Although the issuing of debentures had reduced the deficit to R4,2-billion by March last year, the figure casts a long shadow over efforts to restructure its spending patterns.

For now, Mr Maharaj must live with baffling internal convolutions. For example, the SA Rail Commuter Corporation has a contract with Spoornet to provide a service, so it set up a division called Metro Rail under Transnet.

Following negotiations Metro Rail is to be shifted from Transnet to the corporation, with the corporation's managing director as its chairman. It's confusing and inefficient, says Mr Maharaj.

"Let's cut all the crap and get it structured properly," he says.

Mr Maharaj is also fighting his "annual battle" to find out on what basis buses are subsidised by the government.

It is a very different battle to Operation Vula, but it has stirred the revolutionary in Mr Maharaj in the same way the strategic pros and cons of marriage did in 1954

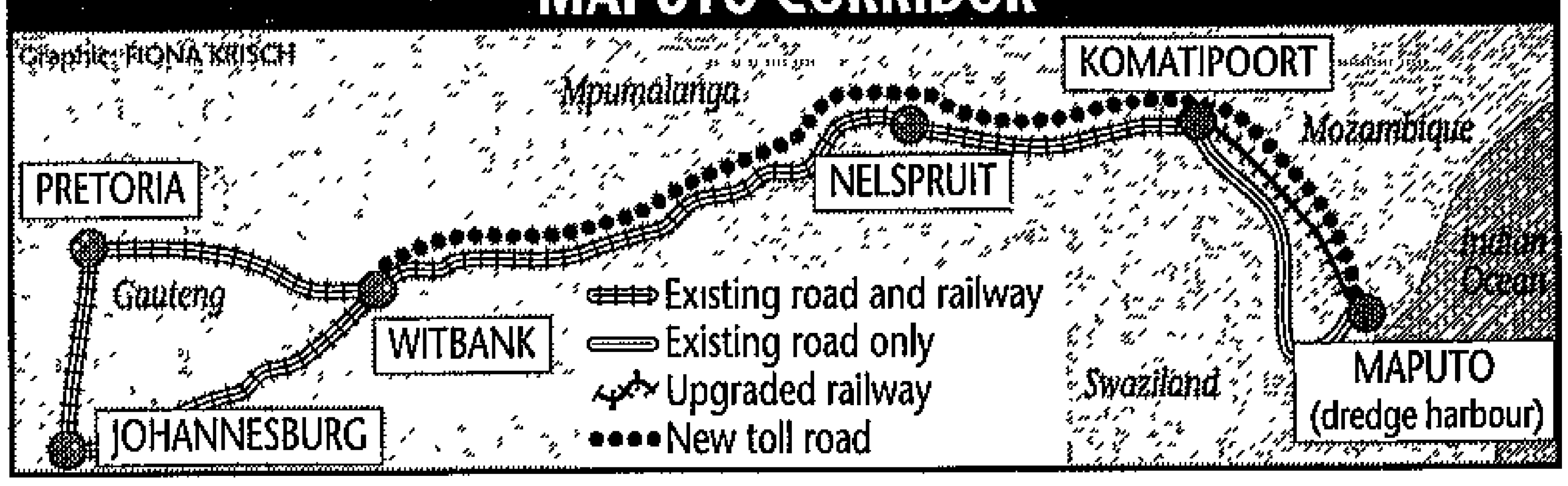
269

ST 25/2/96

c his new Vula

By SVEN LUNSCHE

MAPUTO CORRIDOR



On the road to a new way to travel

AFTER a hiatus lasting almost 18 months, Mac Maharaj's Department of Transport has sprung to life in recent months with a series of policy measures whose impact promises to spread well beyond the realms of his ministry.

In December the department kicked off a controversial restructuring and privatisation programme for public-sector corporations by announcing new ownership structures for companies in the Transnet stable.

The exercise was followed earlier this month with a sweeping initiative to clean up the crime-ridden taxi industry.

Finally, the department this week released a Green Paper outlining a transport policy that recognises the need to involve private enterprise.

While these measures are still largely in the formulation stage, Mr Maharaj has launched a number of projects which show he means business.

More than 1 000km of national road are being handed over to the private sector in an effort to relieve the Transport Department of building and maintenance costs (see Business Times).

But Mr Maharaj's most headline-grabbing project is the Maputo development corridor, which will spend R1-billion improving the transport infrastructure between Gauteng and Maputo to revive the economy of the region.

Several new private-sector ventures, including two mines, could get off the ground as a result.

The Maputo corridor was officially launched by Mr Maharaj and Mozambican government officials last weekend with a train ride from Johannesburg to Maputo. The project will officially open in the middle of the year when the government will award a tender for a R600-million toll road between Witbank and Maputo.

The project also includes an upgrade of the rail link between Komatipoort and Maputo and dredging operations at Maputo harbour to allow larger vessels to enter the port. Mr Maharaj's director general, Ketso Gordhan, explains that the aim of the corridor is to divert Gauteng's trade through Maputo rather than the congested ports of Durban and Cape Town. Only five percent of Gauteng's trade goes through Maputo, compared with 40 percent in the early 70s.

The policy underlying the corridor finds its theoretical roots in the Green Paper. The two key threads of its proposals are the involvement of the private sector and the integration of modes of transport.

The paper lists a number of key strategic objectives: a ratio of 80 to 20 between public transport and private car usage; limiting commuters' walking distances to 2km; and reducing people's spending on public transport to 10 percent of their disposable income.

Against these broad objectives, the country's transport infrastructure needs to be upgraded at a cost of R300-billion.

Not surprisingly, therefore, the paper says "users of urban transport should pay for all or most of the costs incurred".

But public transport in metropolitan areas will be supported by seed funding from the central government, and the Transport Department will seek powers for provincial and local governments to raise finances through levies and taxes.

The department proposes that a road levy be added to fuel sales to support the national road network.

Further savings will be made by changing the subsidies awarded to bus companies like Putco from passenger-based ones to a route tender system. Provincial transport authorities will award a route to one operator only.

The paper also reiterates the department's proposal on Transnet's ownership structures, calling for the partial privatisation of South African Airways and the Airports Company, and a commercialisation of port facilities.

Government to cede N3 to private sector

ST(BT) 25/2/96 (269)

By SVEN LUNSCHE

THE government is to cede control over a large part of the N3 national road to the business sector.

The Department of Transport this week announced plans to award a concession over the N3 between Heidelberg and Cedara, near Pietermaritzburg, to a private sector company. The concession will run for about 25 to 30 years.

The company will have the right to levy tolls on the N3 in return for upgrading and maintaining the road during the concession period.

Four major construction consortia submitted proposals to the department earlier this month. The winning group will have to detail plans to build two new toll sections on the route:

□ A R800-million road over the De Beers pass linking Warden and the Tugela toll station near Ladysmith, to by-pass Harrismith and the Van Reenen's pass.

□ A R300-million section to replace the road between Heidelberg and Villiers.

The winning consortium will have to finance construction of the two sections as well as maintain the entire route at an estimated yearly cost of R40-million.

Over a 25-year period the project could cost R2- to R3-billion, says Malcolm Mitchell, deputy-director general of the Department of Transport.

Revenue to finance the costs will come from toll charges, which could amount to about R200-million a year, but Dr Mitchell says the tolls will not be increased inordinately

"In terms of the agreement, toll charges will not be raised above the CPI and even then they have to be approved by the Minister of Transport," he says.

After the period of concession the state will regain control of the roads or renew the concession.

The Heidelberg-Cedara link is the third so-called BOT (build-operate-transfer) project launched by the department in recent months. Last year Murray & Roberts and LTA were awarded a 23-year concession over the N1 between Nylstroom and Pietersburg, which will cost R800-million to construct.

As part of the Maputo development corridor, the department has asked for BOT proposals on a toll road between Witbank and Maputo at an estimated cost of R600-million. The tender closes next month and will be awarded in May.

The most controversial aspect of the Heidelberg-Cedara link is the De Beers pass, which cuts the route from Warden to the Tugela toll plaza by about 15 km.

The new route by-passes Harrismith and the Van Reenen's pass, which rely heavily on traffic flow for the income of garages. Dr Mitchell says plans for the De Beers pass were first announced 15 years ago. Discussions with the Harrismith town council will continue.

Dr Mitchell says the existing road will not be able to cope with vehicle traffic flow, which has been growing at an estimated 8% a year over the past few years and will continue to grow at similar levels. Heavy-vehicle growth is approaching 11% a year, he adds.

Furthermore, the 7% gradient of the Van Reenen's pass is above the 5% maximum stipulated for national roads.

The full contract will be awarded later this year. The four consortia that have submitted proposals are:

□ The N3 Toll Consortium, comprising LTA, Grinaker and M&R;

□ Mafube Consortium, which includes Group Five, Concor and Wilson Bayly Homes;

□ Freeway Enterprises, consisting of Basil Read, Stocks and Stocks and a major French contractor; and

□ Khadravia Consortium, which includes big Arabian contractor MAK.

Explaining why concessions had to be handed over to the private sector, Dr Mitchell says the Road Fund, needed to maintain the 7 000km of national roads, now stands at a mere R500-million, its lowest level since 1970 in real terms.

"There is simply no money for new roads at a time when the national road network should be expanded to 16 000km," he says.

About 15% of national roads are toll roads, a ratio which Dr Mitchell feels will not increase substantially.

The remainder will be financed by a possible road levy on the petrol price, a proposal which is being propagated by the department.

The Green Paper on Transport, released this week, envisages the creation of a Primary Road Network Agency to administer the country's national roads.

The fall in the rand could mean an increase in airfares.

Rand's volatility set to push up airfares

(269) BD 26/2/96

THE volatility in the rand may cause airfares to rise sharply in the coming year.

This means companies will have to keep a weather eye on their travel budgets and may have to restrict travel, particularly overseas journeys, to those that are absolutely essential.

SAA senior manager, corporate relations, Leon Els says that the rand-dollar exchange rate is cause for concern.

The airline is making a full evaluation of fuel price increases, the rate of exchange and the higher levies imposed by the Airports Company (10,1%) to determine the full effect on its domestic and international fare structure.

Els says: "We will be making a decision in the next few days, but there will be increases."

There are numerous costs that affect SAA's business, he says. The rate of exchange has a particular impact on international operating costs with around 60% of these costs being paid in dollars. Furthermore, the jet fuel price is based on international prices.

Els says the airline will try to contain price increases to once a year, apart from price rises on international routes directly related to the rand exchange rate.

"We will continue to have our discounted fares to stimulate volumes," he says.

SAA return fares on the Johannesburg-London route are: first class R15 240, business class R10 710, standard economy R8 850; New York-Johannesburg first class R18 210, business class R13 070; standard economy R11 360; and, Hong Kong first class R17 450, business class R13 660, and standard economy R11 870.

Currently, Comair's return fares on the Cape Town-Johannesburg route start at R661 for flights booked seven days in advance, R889 for those booked three days ahead, and the standard economy fare is R1 094. Fares on the Durban-Johannesburg route are in the R661 to R410 range.

Commercial director Bert van der Linden says the airline is trying to hold down fare increases to once or twice a year.

Van der Linden says: "Comair plans to increase fares as seldom as possible." However, the airline's plans in this regard assume a stable inflation rate.

"If costs rise in line with current inflation we would expect fares to increase between 7% and 10%," he says.

"However, aviation fuel prices leapt dramatically in the December/January period (around 25%). While there has been a slight drop in fuel prices recently, the volatility of the rand has become another cause for concern."

Van der Linden notes that a drop in the value of the rand against other world currencies will be felt in all the imported components such as spare parts, fuel, and replacement aircraft.

"It is a bit early to say what impact the rand will have and we are waiting for the situation to stabilise before deciding on fares.

"Our feeling is that there will be an increase, but we have no idea how much, he says."

Eastern Cape wins first round in rail tariff row

(269)

Own Correspondent

BD 27/2/96

PORT ELIZABETH — In what could amount to a substantial economic boost for the region, the Eastern Cape has gained solid ground in the struggle to gain equitable rail tariffs.

Proposals by a regional delegation at a meeting at the weekend were unanimously accepted by the full plenary after six commissions (including transport and maritime) met in Gauteng to draw up a draft national transport document

Leader of the Eastern Cape delegation, Port Elizabeth Chamber of Commerce and Industry CEO: chamber division Kevin Wakeford said the delegation's full recommendation had been included in the revised green paper.

He said this was a giant step forward for Port Elizabeth and East London. Despite being 400km to 500km closer to Gauteng, they have had to pay the same rail tariffs as the Western Cape. This has meant the two ports have remained underutilised — East London has only feeder port status and has failed to attract international lines.

As a result the Eastern Cape cities have also been avoided by some foreign investors.

Cape Town's rail tariffs were lower to enable Spoornet to compete with road haulers.

Wakeford said the Eastern Cape recommendation pointed out that "serious consideration" needed to be given to the rail tariff structure.

It said the principle of equity — based on economic principles — should be applied to ensure that no rail route drew benefits above another. The principle should be regulated until competition evolved between rail routes and operators.

Govt starts new course

(269) (~~179~~)

Theo Rawana

BD 27/2/96

IN AN effort to address the "desperate shortage of suitably qualified transport professionals", the transport department had set up the transport executive management diploma, Transport Minister Mac Maharaj said in Johannesburg yesterday at the launch of the project.

The project, set up in conjunction with the Research Unit for Transport Economic and Physical Distribution Studies at Rand Afrikaans University, was intended to enable graduates "from any background" to enrol on a full-time basis to further their knowledge of transport-related matters by means of an accelerated programme of theoretical and practical training, Maharaj said.

"Initially the course will focus on those already serving in government departments at both central and provincial level," he said.

Transport professionals and organisations involved in transport service provision would assist with training. The department would fund the cost — about R900 000 — of establishing the diploma.

2 more tolls on Durban road

(269)

OWN CORRESPONDENT

Durban – A roads project costing between R2-billion and R3-billion has been handed over to the public sector for privatisation – which will mean two extra tolls on the N3 between Cedara, outside Pietermaritzburg, and Heidelberg.

The concession, which will run for 25 to 30 years, will go to the private sector company or consortium whose detailed plan is accepted, following the submission of proposals earlier this month.

Four major construction groups have reportedly made submissions.

The winning tender will include two new toll sections on the route to cover the costs of building a R300-million section to replace the road between Heidelberg and Villiers, and an R800-million road over the De Beers Pass, linking Warden and the Tugela toll station.

This would bypass Harrismith and Van Reenen's Pass.

Star 27/2/96

(269)

Maharaj moves to upgrade skills of transport workers

JOHANNESBURG. - The "desperate" shortage of suitably qualified professionals in the transport industry had prevented government at all levels from exercising its strategic role in transport policy formulation, the Minister of Transport, Mac Maharaj, said.

He made this point yesterday while opening a transport executive management diploma (TEMD) course, funded by his department, at Rand Afrikaans University (RAU) in Johannesburg.

Mr Maharaj said the transport sector had also been unable to make a full contribution towards the broader objectives of economic development and social equity.

ARG 27/2/96

To this end the Department of Transport had contracted with the RAU to launch the TEMD.

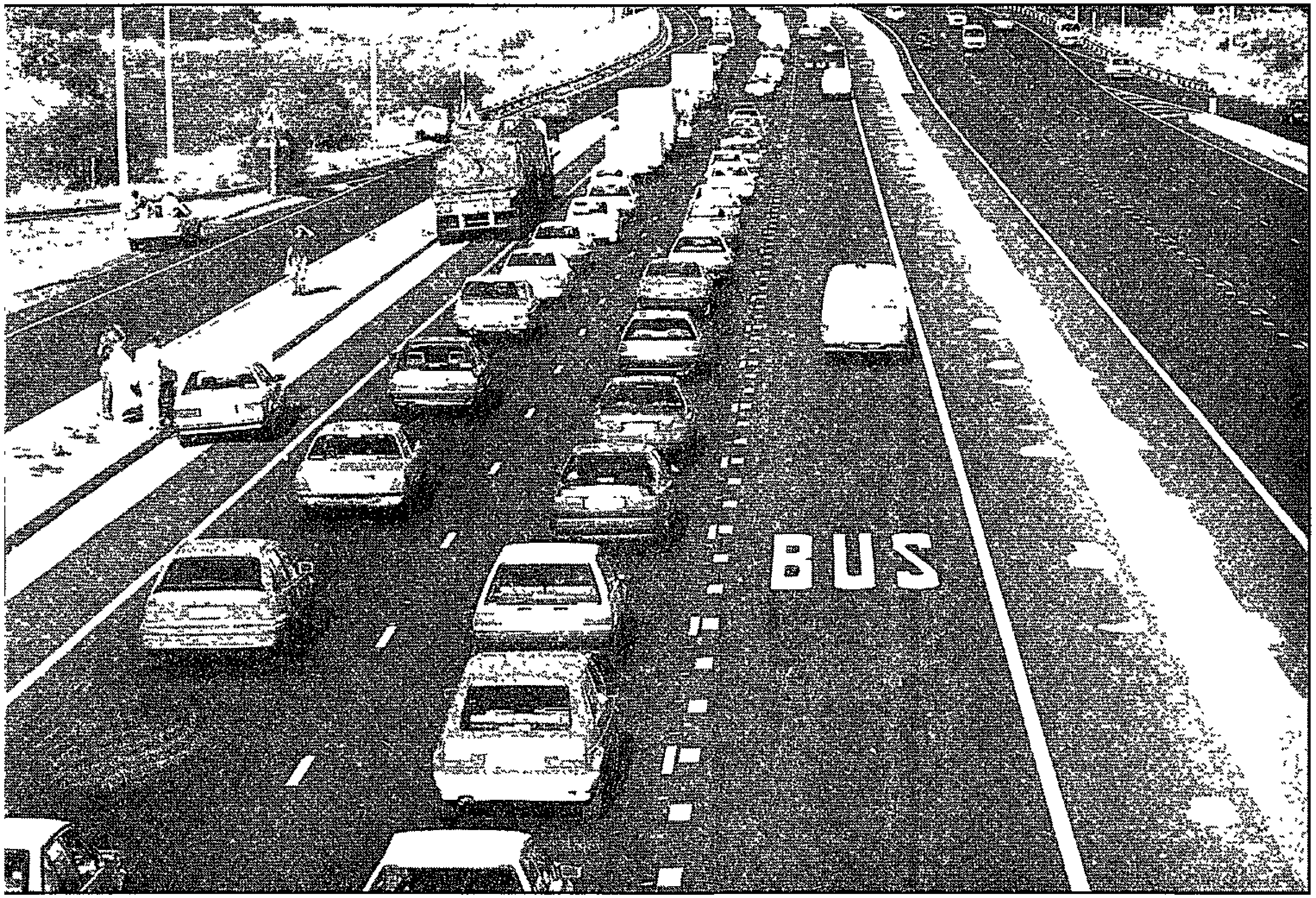
The aim of the diploma was to improve the level of professionalism in transport.

"RAU has already become well known for its active role in teaching transport economics at graduate and undergraduate level as well as for its certificate course in road transport," Mr Maharaj said.

"This worthwhile project is intended to enable university graduates from any background to enrol on a full-time basis to further their knowledge of transport-related matters."

He said this would be by means of an accelerated programme of theoretical and practical training.

He said the course would initially focus on those already serving in government departments at both central and provincial levels, and reflected the government's desire to upgrade the transport skills of the public sector as quickly as possible. - Sapa.



BUSES AND TAXIS ONLY: The controversial bus lane on the N2

Making transport public . . .

(269) ARG 27/2/96

We need to change the pattern – Minister

Critics of the new buses-and-taxis-only lane on the N2 freeway into Cape Town hold tight! Further steps are in the pipeline to encourage you out of your expensive, polluting, collision-prone, congesting private vehicles. Western Cape Transport Minister **LEONARD RAMATLAKANE** spoke to Provincial Affairs Reporter **ROGER FRIEDMAN**.

BUSINESS executives, doctors and judges travel by train in major cities across the world - but n[illegible] South Africa

Mr Ramatlakane said motorists would soon start to subsidise the public transport sector through a [illegible]

Here, public transport is for poor people who cannot afford their own cars. And public transport is itself poor - marginalised as the people who use it.

Owning your own car and being able to drive to work is a status symbol.

South Africans want more cars, more and wider roads and more parking areas. Are they not, after all, the trappings of a prosperous nation?

The answer, according to Western Cape Transport Minister Leonard Ramatlakane, is a resounding NO.

"Public transport is not only for those who live in Guguletu, Manenberg, Khayelitsha or Bonteheuwel.

"We need to change this pattern. If we are successful, it will resolve congestion, pollution, accidents and all the attendant costs," he said on his return this week from the Seventh World Conference on Urban Transport in Developing Countries, held in New Delhi.

"The entire world is experiencing congestion problems, and the problem of single people in vehicles. There are too many individual motorists because there are too many freeways.

"The world must change focus and move to public transport. South Africa must begin to be biased towards public transport.

"The private motor vehicle will have to suffer in the process. It is a focus that begins to move away from building more and more freeways," said Mr Ramatlakane.

"It is important that we begin to control private motor car behaviour before it is too late. Presently, ownership of cars is increasing, the market is absorbing new entrants. Executives are being offered better car packages . . ."

Mr Ramatlakane recognises the crucial role of public transport operators and the State in luring potential commuters away from their private cars.

Many would-be public transport commuters are simply too frightened to go by train, terrified of taxi conflict or scared off by user-unfriendly schedules.

"For there to be voluntary compliance from the motorist, obviously the services must be relatively cheap, easy, safe and regular.

"Obviously, it is going to be a painful experience for some motorists, but transformation to reach permanent solutions is always painful," he said.

"This is only the beginning of our promoting the use of public transport, and we intend to take bold steps to achieve our aims."

Bold steps could include severe parking restrictions in central business districts, and steeper costs.

"All of this will be included in my department's transport policy plan, which will be completed in May for public comment.

"That document will be taking us forward by promoting public transport at the expense of congestion."

Mr Ramatlakane said: "Public transport is crucial to the development of our country. Experts tell us that transport is second only to education in its contribution to economic growth through the multiplier effects of investments.

"The priority in providing cost-effective transport is public passenger transport."

Motorists (and politicians) harping on about being "unfairly disadvantaged" by the exclusive public transport lane on the N2 freeway into Cape Town lacked vision and were simply missing the point, said Mr Ramatlakane.

Dedicated public transport lanes were a key element in the policy document presently being prepared by his department.

"We do not intend paying lip service to public transport, but promoting it vigorously. We are making a complete break with the past."

The N2 project was at a "pilot stage". It was the first dedicated public transport lane on a freeway in South Africa and much could be learned from it.

His department would evaluate the project in September, when all opinions and concerns would be taken into account.

"The real question surrounding the dedicated lane is what the people want. The people must talk, not just the motorists.

For every boss driving to work in a BMW - complaining about traffic all the way - there were 10 or 20 employees who used public transport.

"People forget their debate is about cars, not about people. It is an elitist argument as hundreds of thousands of people are commuters on public transport.

"The debate as to whether the dedicated lane should be on the left or the right is altogether more appropriate.

"We need to begin to dedicate more lanes, whether on the left or the right."

27/2/96

ARG

269

New transport strategy to play crucial role in reshaping of cities

(269) Star 29/2/96

By Shirley Woodgate

The focus on transportation systems in South Africa is to be radically altered from the present emphasis on private cars for privileged individuals to public transport in the shape of buses, trains and taxis.

This was the gist of the keynote address by Transport Minister Mac Maharaj at a Southern African Bus Operators' Association (Saboa) conference in Pretoria yesterday.

Maharaj sketched the new long-term vision for passenger transport to the year 2020 and the steps that had to be taken towards implementing the short-term public transport plans.

Transport would have to play a crucial role in reshaping the country's cities, he said. "Regulated competition" was seen as the cornerstone of the provision of services, aimed at introducing a more cost-effective system.

"Three elements are crucial: proper planning of services by provincial, metropolitan and local authorities down to route level; a consistent regulatory framework that can be administered efficiently; and a system of law enforcement that ensures adherence to the framework," he said.

On the touchy issue of subsidisation, Maharaj said this would be on the basis of tendered contracts for all road-based public transport, which would be provided as far as possible by private operators.

Not all road-based transport services would be subsidised, however, only those considered essential.

Plans for the taxi industry are to be restuctured to allow the industry to play a more meaningful role in the formal transport system.

Proposals to be considered centred on economic assistance, formalisation of training, regulation and control, and the proposed structures for implementing the proposals, he said.

"The current subsidisation and operational structure of rail-based transport would be altered in favour of concessioning."

SPOORNET

CO-OPERATION ON TRACK

(269) FM 23/2/96

During the years of isolation, covert co-operation existed between Spoornet and other international railway systems. The State body became a world leader in 1 067 mm gauge railway technologies

Now that SA is out of the political dog-box foreign operators are beating a path to Spoornet's door to share in its technical developments.

At the head of the queue is Japan. The head of that country's Rail Research Institute is expected soon for meetings with Spoornet. About 90% of Japan's railways are also 1 067 mm but have not approached the high, safe speeds Spoornet has achieved. Spoornet holds the world speed record of 245 km/h on 1 067 mm gauge Its PX goods trains, which depart from Johannesburg and Bellville every afternoon, are the world's fastest, regular scheduled trains on that gauge. They cover the 1 600 km between the two points in 17 hours.

Like Spoornet, the Japanese mostly use their 1 067 mm gauge trains for slow traffic. Loads are light. But they have also expressed interest in the mammoth train Spoornet ran between Sishen and Saldanha on August 26 and 27, 1989. More than 7,3 km long, its 660 wagons hauled by 16 locomotives that could generate 53 000 hp and with a payload of nearly 56 500 t, it was the biggest train operated by any railroad system on any gauge. Its average speed was 40 km/h but at times topped 80 km/h.

The Japanese would probably also be interested in the 200-wagon coal trains Spoornet operates daily on the Ermelo-Richards Bay line.

But the exchanges with Japan won't be one-way traffic. Spoornet CE Braam le Roux says the two national administrations intend signing a technical agreement that will also benefit SA. "They have the money to spend on technical research and they will share their findings with us. Rather than each party doing its own research and developing its own designs and specifications, we can rather share training skills, pool our knowledge and standardise on the more successful designs."

Spoornet also has access to the results of most rail-related research and development worldwide. ■

ARG 2/3/96

Mass action threat over promise of 8% bus subsidy

B42
269

Own Correspondent

JOHANNESBURG. — The taxi industry has threatened to embark on a nationwide mass action campaign culminating in a two-day strike to protest against the government's increase in bus subsidies.

John Ledwaba, Gauteng spokesman of the taxi component of the National Taxi Task Team (NTTT), said the taxi industry had decided to take a "firm stand against the unilateral decision taken by Transport Minister Mac Maharaj to increase bus subsidies by eight percent.

"We will meet the taxi industry leaders from the other provinces next week to finalise the mass action programme and decide on a further course of action," Mr Ledwaba said.

The taxi industry has also decided to boycott all further meetings of the transport policy review of the Department of Transport.

It also said it is unwilling to further participate in any of the meetings of the NTTT.

"This decision unanimously upholds taxi operators rights to boycott as a fundamental human right when authorities disregard bilateral talks and take unilateral decisions," Mr Ledwaba said.

Earlier this week the taxi industry released a joint statement slamming the Minister of Transport's announcement of the eight percent increase in the bus subsidy.

"At a meeting between the taxi industry and the government on February 17 Minister of Transport Mac Maharaj indicated that the government of national unity inherited a bankrupt government from the past regime.

"Therefore his department can only subsidise our (taxi) industry with R10 million, but hardly four days thereafter the minister approved giving R90 million to the Putco bus company.

The taxi industry accused Minister Maharaj of using the NTTT for his own political gain.

(1) The Office for Serious Economic Offences confirmed that an enquiry was instituted on 17 January 1996 into the affairs of Phoenix Airways (Pty) Ltd. This followed on information which led to the suspicion that a serious economic offence had been committed or that an attempt had been made to commit such an offence in respect of the airline and/or by officials or employees of the airline The enquiry is at an early stage and will take some time to complete. No findings have therefore yet been made regarding the investigation.

(2) According to the Office for Serious Economic Offences it is still premature to say that the collapse of the airline "constituted" a serious economic offence It must be stressed that this investigation does not fall within the jurisdiction of the Department of Transport.

NSRI: funding

*10. Mr J A JORDAAN asked the Minister of Transport

Whether he intends increasing the amount of funding allocated to the National Sea Rescue Institute; if not, why not, if so, (a) when and (b) by what amount? N117E

The MINISTER OF WATER AFFAIRS AND FORESTRY *(for the Minister of Transport)*·

An amount of R250 000 was provided to the NSRI for the financial year 1995/96. This amount is to be increased to R269 000 in the 1996/97 financial year The contribution to the NSRI for the financial year 1997/98 will be R290 000 This is an annual average increase of 7,6%.

(269)

Maputo corridor: projects

*16. Dr P J WELGEMOED asked the Minister of Transport·†

(a) When are the first projects on the so-called Maputo corridor expected to commence, (b) what is the total estimated cost of the whole project, (c) what amounts from the budget will be spent on the various projects and (d) what are the dates envisaged for the (i) completion and (ii) implementation of the various projects? N123E

The MINISTER OF WATER AFFAIRS AND FORESTRY *(for the Minister of Transport)*.

(a) The first projects are expected to start in the second quarter of 1996.

(b) The South African Government has spent R5m on the planning process for the entire project.

When implementation goes ahead, the expected total costs of the project will be of the order of R1bn A rough breakdown of this figure is as follows:

- ±R600m on road rehabilitation and upgrade [±R400m for the Witbank to Nelspruit section of the N4; ±R100m for the Nelspruit to Komatipoort section; ±R100m for the Komatipoort to Maputo route]
- ±R300m for the rehabilitation of Maputo port facilities
- ±R75m for dredging of Maputo port
- ±R25m for upgrading the Komatipoort-Maputo rail link.

(c) It is envisaged that the major part of the costs will be borne by the private sector through mechanisms such as joint ventures and Build, Operate and Transfer projects For example, it is proposed that the Witbank-Maputo road link would be entirely financed by the private sector on a BOT basis

New questions·

Masterbond: findings of Nel Commission

*1. Prof B TUROK asked the Minister of Finance.

(1) Whether the Nel Commission investigating the affairs of Masterbond over the last four years has made any interim findings and/or recommendations; if not, why not; if so, (a) what were the findings and/or recommendations and (b) when is it anticipated that the Commission will conclude its investigation,

(2) whether any wrongdoing by persons other than the directors of Masterbond has been uncovered, if not, what were the findings in this regard;

(3) whether any steps have been taken in this regard, if not, why not; if so, what steps? N179E

The MINISTER OF FINANCE.

(1) No;

Note· Basically, the terms of reference of the Commission consist of—

(a) An inquiry into the affairs of Masterbond and persons or institutions who have been involved therewith.

(b) An investigation regarding protection of investors by existing legislation and possible legislative proposals to ensure more adequate protection.

As a result of the activities of the Commission it was possible to successfully prosecute the main directors of Masterbond The completion of this part of the inquiry had to await the finalisation of the criminal trial before the directors could be interrogated A report in this regard is being prepared

Existing legislation does not afford adequate protection to investors and far-reaching amending legislation is necessary not only to the Companies Act, but also in respect of, *inter alia*, regulating authorities, intermediaries, auditors and the prosecution of so-called white-collar criminals. It is evident that there are serious shortcomings in this regard ranging from a total lack of prosecution to a totally unacceptable delay prior to prosecution or ineffective prosecution

Various aspects of the Companies Act have been referred to the Constitutional Court and judgments in respect thereof may have far-reaching implications for the protection of investors.

In ofder to make meaningful proposals, the legislation of all modern countries is being researched This part of the inquiry has not been completed, however, interim reports will be issued during this year

(b) At this stage it is foreseen that the investigation will be completed during the course of this year.

(2) Yes

(3) In terms of the provisions of the regulations governing the activities of the Commission, these wrongdoings have been referred to the Office for Serious Economic Offences.

Prof B TUROK. Mr Speaker, I would like to thank the hon the Minister for that very comprehensive reply Arising out of that reply, does the Minister agree that a reading of the evidence, such as the evidence by Mr Jonker to the commission of inquiry, which I have here, shows that the regulatory processes under the previous government were not properly observed, and that the possible inference is that there was a cover-up by a number of people in different institutions? Does the Minister agree with that inference?

The MINISTER OF FINANCE. Mr Speaker, I cannot really respond to that with any authority. I have not studied the evidence to that extent, and I will take the inferences that are drawn at face value What it does show, as I have said in my reply, is that there would appear to be certain gaps in the regulatory system that we have in South Africa There is definitely not enough protection for investors Further investigation is certainly necessary and the Nel Commission is busy with that

Prof B TUROK Mr Speaker, further arising out of the hon the Minister's reply, does the Minister agree that the excessive leniency exercised by officials in various institutions amounted, in fact, to a total disregard of the interests of the investors? Furthermore, does the Minister agree that Parliament and its committees should exercise greater vigilance over the range of financial institutions which are there really to regulate the industry, but also to protect the interests of ordinary people? That is my second follow-up question.

The MINISTER· Mr Speaker, my response to the second part of the question would be yes, it would be wonderful if Parliament could take a greater interest to see that the regulatory systems that we have in South Africa are better and more adequately dealt with Again, not having studied the evidence to the extent that the hon questioner has, I really cannot respond to the inferences that are made from it

SIMON'S TOWN

New safety trains for southern suburbs line

ARG 6/3/96 (269)

Coaches will be vandal-resistant, doors will have warning buzzers

PIETER MALAN Staff Reporter

THE Simon's Town line will most probably be used to launch a new safety commuter train for the Cape which has been designed to reduce commuter deaths and injuries.

The eight-coach train is scheduled to go into service in October.

The new commuter-friendly coaches will feature buzzers which sound a warning before the doors close. The train will also have several "vandal proof" features currently being built into the coaches at yards in Gauteng.

Initial experiments with on-board surveillance cameras to curb crime have been successful, but Metro has decided not to install them at this stage.

The decision to build the special coaches follows a study done by the Medical Research Council which found that 379 people were killed in the Western Cape in rail-related accidents over a 30-month period ending last year.

The study found that 37 of these were passengers on commuter trains while the rest were so-called "line injuries" - people walking next to or crossing a railway line.

The MRC report said although violence was a problem on trains in the Western Cape, it was not the main cause of injuries and accounted for 20 percent.

The violence was not political or factional, the report said. Violence was the cause of 18 percent of injuries to women on the trains.

Special safety features would be incorporated in the new coaches, the first of which would be on the tracks in October, Metro rolling stock engineer Brian Carver said.

Apart from using fire resistant and vandal-proof materials, the new coaches would have an improved door closing system ensuring that people were not injured when the door closed on them.

To prevent injuries to people jumping on moving trains, the coaches would sound a buzzer before the doors closed and passengers would not be able to force open doors.

Mr Carver said although experiments with on-board surveillance cameras to curb crime had been very successful, the corporation decided not to install them on the new coaches.

"Our first priority is making stations safer, so we will rather spend money on that project now, before installing cameras on trains."

The first complete train of eight coaches will most probably be used on the Simon' Town line, he said.

Final policy paper on transport is out

BD 8/3/96 (269)

Tim Cohen

CAPE TOWN — The transport ministry released the final copy of the national transport policy green paper yesterday, excising critical statements about several transport parastatals which appeared in the draft version.

The final version maintained much of the draft version released two weeks ago, including its proposals for a big role for the private sector in the development of transport infrastructure.

Transport spokesman Elsa Kruger said the dropping of sections on Transnet, Spoornet, Autonet and other parastatals did not imply the ministry had changed its position on the institutions.

"It just means a lot more consultation needs to be done," she said. The changes were agreed to at a seminar held two weeks ago, attended by almost all interest groups in the transport sector.

The draft green paper stated that Transnet, which was technically under the jurisdiction of the public enterprises ministry and not the transport ministry, was "both a monopoly and oligopoly ... Government should take decisive action to address the unhealthy dominance of this institution."

Transnet's pension fund liability had clouded the structure and management of Transnet, making it difficult to think strategically about the role of Transnet as a major transport operator and had affected development of balanced policy decision-making.

These comments were not included in the final version. In their place was the comment that a "close interactive and formal" working relationship between the transport department, the public enterprises department and Transnet should be established.

On Spoornet, the draft green paper stated that the parastatal ought to focus on its core business and concentrate on its competitive areas. "The aims for Spoornet should be full commercialisation with an eventual possibility of corporatisation. Immediate possibilities for franchising and outsourcing" should also be investigated."

The final version maintained that an independent regulating authority be established to restrain the Ports Company from abusing its monopoly.

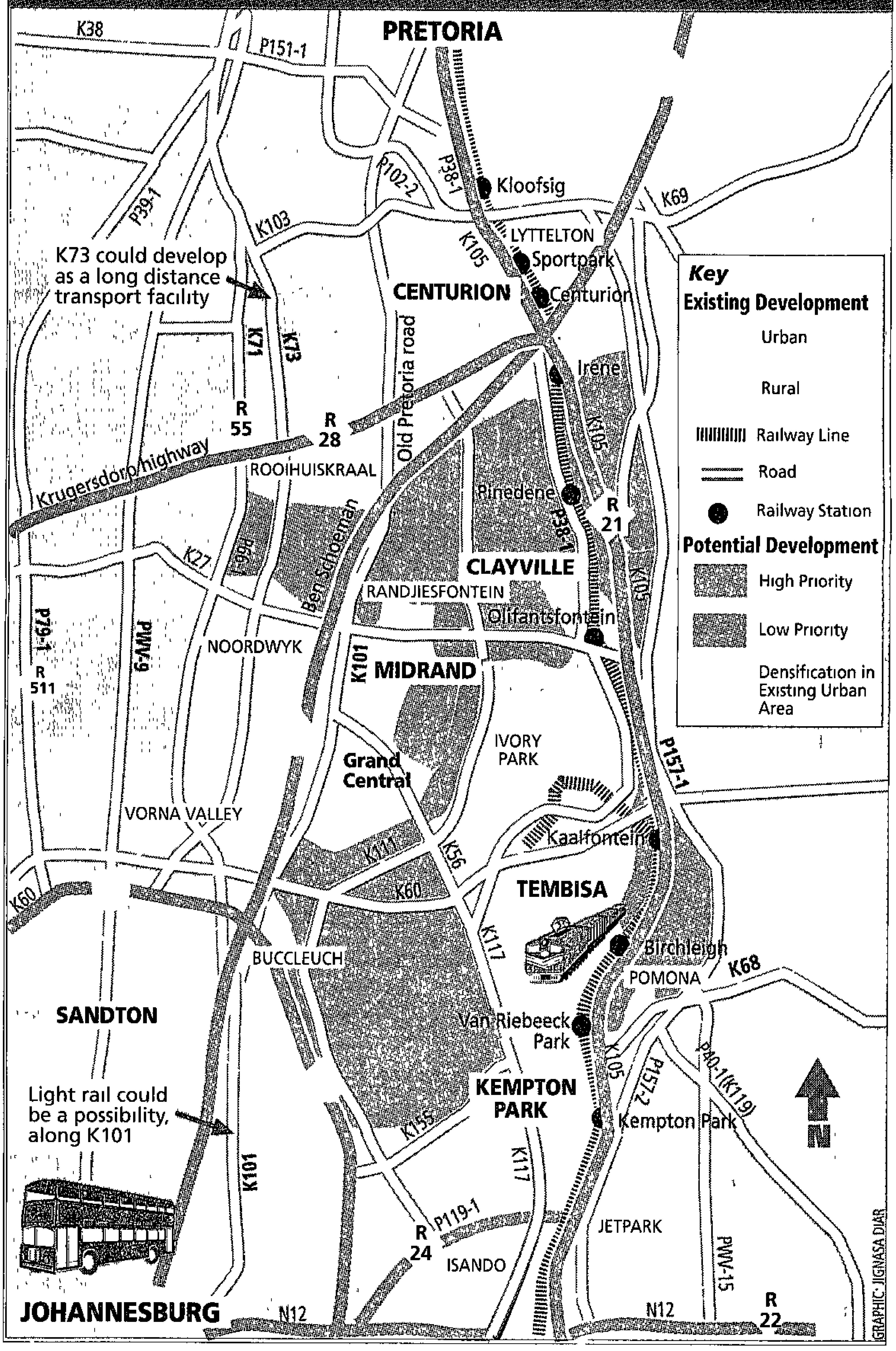
The draft included the comment that Autonet was involved in road transport operations in the cargo, tanker, refrigerated cargo, luxury and semi-luxury intercity passenger and coach charter areas. "There seems to be little reason for not privatising this section of the business," it said.

The final paper maintained as its thrust the recommendation that a diverse, efficient and competitive industry be created.

to use public transport

Star 12/3/96

PRETORIA - JO'BURG TRANSPORT GRID



10 corridors identified to spread the load

(269) Star 12/3/96

Ten traffic corridors were identified and analysed in the Vectura report.

Corridor 1 – Mabopane to Pretoria. Extensive high-density residential development expected between Soshanguwe and Rosslyn.

Population of Pretoria's northern townships expected to increase from the present 570 000 to 1,8 million in 2010. Focus is on development along the two railway lines, but a need exists to upgrade roads.

Corridor 2 – Siyabuswa (KwaNdebele) to Pretoria. Uncertainty about the future development of this corridor and proposals should therefore be flexible, focusing initially on road transport.

Population expected to increase from 573 000 in 1991 to 1 173 000 in 2010.

Corridor 3 – Pretoria to Johannesburg. Massive growth expected. Roads currently carry mostly private transport. Present population which includes regions near the N1 and PWV9 is 80 000. Expected to increase to 970 000 in 2010. There is no rail service, few bus facilities and minibus taxi ranks. Present needs are served by the N1, the K101 and the K71, but capacity problems are expected by 2000. The K73 east of the PWV9 could develop as a long distance transport facility.

Light rail could be a possibility, possibly along the K101, linking with the Masstran system.

Corridor 4 – Pretoria to Germiston. Has considerable potential for high-density residential and activity development.

Has four major routes. Population expected to increase from 370 000 in 1991 to 1,2 million in 2010 (if Tembisa develops east of the Pretoria/Jan Smuts freeway).

The railway line dominates public transport in this corridor.

Corridor 5 – Randfontein to Johannesburg. Major residential expansion expected in the Kagiso-Rietvallei, Doornkop-Soweto areas, and in Mohlakeng in the northern suburbs of Krugersdorp and Roodepoort.

Population expected to increase from 463 000 in 1991 to 1,2 million in 2010.

Corridor 6 – Springs to Johannesburg. Serving Benoni, Boksburg, Brakpan, Germiston and Springs with a total population of 1,1 million, which is expected to increase to 3,4 million mainly in the high density areas of Daveyton and Kwatsadzu by 2010.

Potential for new high-density development east of Benoni CBD and south of the N12 and east and west of Daveyton, where public transport will be needed.

Rail transport is the main form of travel but a moderate increase in motor vehicles is expected at peak times. Train increases are expected to be about 2,8%.

Corridor 7 – Vanderbijlpark-Evaton-Johannesburg. Has great potential for high-density development, mainly in the northern and southern extremes. Links the commercial areas of these areas with the Witwatersrand.

The 1991 population of Sebokeng-Evaton, Ennerdale-Orange Farm and Lenasia-Eldorado Park was 354 000, 343 000 and 130 000 respectively and is expected to increase to 1,7 million in 2010.

Corridor 8 – Vanderbijlpark-Meyerton-Johannesburg.

Linking the Vaal Triangle with Alberton, Germiston and Johannesburg. The best potential for development is in the northern sector near Alberton.

The 1991 population in Vereeniging-Meyerton and the northern part of this corridor was 160 000 and 140 000 respectively and is expected to increase over the entire area to 874 000 by 2010.

Corridor 9 – Katlehong- Johannesburg.

Transport corridor connects high density residential area of Katlehong, Tokoza and Vosloorus with Alberton and Johannesburg. The southern and south-eastern parts, which are currently agricultural, have potential for development.

The 1991 population of 335 000 was expected to increase to 920 000 in 2010.

Corridor 10 – Kwasudza - East Rand.

Has considerable potential for development south of Springs. Is expected to house 619 000 by 2010.

STAR 12/5/96

Govt plans to get growing population

(269)

Final report of the PWV Transportation Study stresses transport 'corridors' and fewer private cars

By Shirley Woodgate

Sweeping changes aimed at getting people out of private cars and into buses, trains and taxis are being considered for the entire Pretoria, Johannesburg and Vereeniging region as well as the east and west Rand.

The proposals, contained in the final report of the Vectura PWV Transportation Study completed in June 1994, are being studied and will be submitted to Gauteng transport MEC Olaus van Zyl with appropriate comments, said Hartmund Hoffman, chief director, strategic planning, in Gauteng's department of public transport and roads.

The report is in line with future government plans to focus on public transport countrywide and the findings are based on investigation into projected population increases into the next century, an analysis of land use, available route capacity and transfer and terminal facilities.

Transport "corridors" (road networks) were envisaged as an encouragement for an affordable, efficient, sustainable and environmentally friendly public transport system. It was hoped that this would be seen as having a dramatic and far-reaching effect on the viability and prosperity of the region.

Recommendations included an appeal to authorities to adopt a policy statement emphasising that public transport was essential for the social and economic wellbeing of the region

It said: "An efficient and affordable public transport system will be supported through subsidisation, provision of infrastructure, land use policies, legislation and administrative structures."

Vectura said public transport would have dramatic and far reaching effects on the viability and prosperity of regions, and the best solution was to integrate as many transport modes as possible.

It urged steps to shorten home-to-work trips by encouraging increased residential and employment densities, as well as reversing current policies which separate economic activities from residential land use.

Shortening home-to-work trips urged

Higher densities of land use at important transport nodes were proposed.

Every effort should be made to use and expand the "excellent" main road network to the best advantage for public transport, with the informal sector, including minibus taxis, encouraged to supply a distribution service.

New heavy rail passenger transport was proposed as the long term solution in some areas, and high-occupancy vehicles (HOV) and bus lanes were suggested as short and medium term solutions.

Increases in residential and activity densities would have to be structured in support of public transport.

Statistics on which the findings were based range from the projected population increase from 4,4 million in 1970, to nearly 7 million in 1985, 9 million in 1991, 13 million in 2000 and 20 million by 2010.

At the same time the economically active population was expected to decrease from 45,8% in 1991 to 43% in 2010.

Only 194 000 ha or 8,1% of the 2,4 million hectares in the region was urbanised in 1991.

The Vectura report indicated the ratio of the white/black population changed from 30/70% in 1985 to 25/75 % in 1991 and was expected to alter to 22/78% in 2000 and 17/83% in 2010.

In 1991 the total of 247 900 vehicles in the region comprised 232 000 private cars (93,6% of the total, accounting for 2 600 000 or 43,3% of the daily trips per person, 14 600 taxis (5,9% accounting for 1 600 000 or 26,7% of the daily trips per person), 1 300 buses (0, 5% accounting for 600 000 or 10%) and an unspecified number of trains carrying 1 200 000 or 20% of the population.

The report found that a private vehicle uses high energy inefficiently compared to other modes of transport.

The operational cost of a car per km in 1991 was 27,6c, taxis 8,3c, buses 3,8c and trains 2,3c.

Star 13/3/96 (269)

Wheels coming off subsidies for SA transport

Minister warns that the time for handouts is drawing to a close, and companies must be prepared to compete, writes Mandla Mthembu

For how long will transport organisations rely on subsidies? The minibus taxi industry is demanding subsidies on a par with those of the bus and rail industries, which amount to about R1-billion annually. And if that is granted, it may double the amount, taking into account that taxis are transporting over 50% of commuters.

However, to alleviate the demand for subsidies by the taxis, the Government last week announced a two-year R80-million financial assistance plan to cover the formation of co-operatives, such as cheaper capital, insurance and spares, as well as training in business and management skills.

The Government's move follows complaints by the taxi industry about the 8% bus subsidy increase from April 1. The industry had been insisting on nothing less than direct subsidies or the phasing out of current bus and rail subsidies.

Earlier demands by taxis to be subsidised have led the Government not to increase bus subsidies from the R770-million level for 1995-6, making Putco threaten to cut jobs and routes if subsidies were not increased. The company indicated it was considering closing its operations in KwaZulu Natal as they were operating at a loss.

But Transport Minister Mac Maharaj indicated very clearly that the direct subsidisation of the taxi industry was not considered a viable solution to problems experienced in the industry.

He said bus and rail subsidies were costing the Government a lot of money. Bus subsidies – to be divided among 28 bus companies according to distances and commuter volumes – were increased to R830-million for 1996-7, while loans, apart from subsidies, to the SA Rail Commuter Corporation (SARCC) amounted to R1 074-million a year.

Maharaj has warned that the Government could not afford to continue subsidising long-distance commuters, a policy implemented during apartheid rule.

Buses were operating on uneconomical routes as the state was paying R109-million a year to subsidise fares of 23 000 commuters from the former KwaNdebele and Moutse areas. The cutting of subsidies was likely to put jobs out of bounds of most commuters in those areas, as many earned less than the R5 000 spent on each commuter a year.

In addition to the worries, Putco increased its fares by 10% on March 1, leading commuter and community organisations to threaten bus boycotts if the decision (to implement the increase) was not suspended.

Solution is to relocate commuters near jobs

Putco managing director Mike Oldham argued the fare as well as the subsidy increases would enable the company to recover about R14-million of last year's R32-million loss.

SA National Civics Organisation spokesman Dumisani Daniels pointed out that subsidies were a short-term solution.

"A solution lies in the relocation of commuters near their jobs," he said.

However, the Government's intention was to scrap subsidies within three years and also reduce the SARCC loan obligations over the short term. In the process, no construction of new rail lines will be considered until the policy, institutional and financial issues have been resolved.

National Taxi Task Team chairman Dipak Patel said the scrapping of subsidies would pave the way for a tendered contract system (TSC). "We want to create a transport system which does not rely on subsidies," he said.

Seeing that bus companies were not satisfied with the 8% subsidy increase, Maharaj warned the companies to realise it was time to overcome their dependency and be prepared to compete.

On the other hand, the (bus) subsidy increase had sparked anger in the taxi industry which complained the move was an insult to their industry. Taxi associations, in an attempt to voice their dissatisfaction, boycotted a recent transport plenary session on the green paper and were also threatening a national strike.

Although Maharaj was convinced that "efficiency" could be achieved by the TSC, he said the bus industry has been reluctant to begin the process even if it supported it. He called for the bus sector to assist his ministry to develop a new subsidy policy which would be accessible to smaller, emerging operators, and in which the playing fields would be levelled without setting preconditions.

But the success of the TSC would be determined by the channelling of funds – estimated at about R20-billion – to the maintenance and extension of the SA road system.

Very few new roads have been constructed during the past five years, and even resources allocated to maintenance have been insufficient.

The lack of funding would have an inflationary effect on the transportation infrastructure as there could be fare and price increases on commodities distributed by road, suffocating much-needed economic activity.

Investors eye Maputo corridor

(269)

Nicola Jenvey BD 14/3/95

DURBAN — Opportunities for massive private sector investment into the Maputo corridor have gained momentum with tenders for the road and railway infrastructural development going out next week and an investors' conference scheduled for May.

Addressing the intermodal Africa conference yesterday, transport director-general Ketso Gordhan said phase one, to re-establish the transport infrastructure between SA and Mozambique, demanded eliminating road bottlenecks to the border and reducing the border-to-harbour distance by 33%; improving Maputo railway and port infrastructures; and harbour-dredging.

The Maputo corridor includes Maputo and subsidiary port Matola, and three rail links with Maputo — the Limpopo line to Zimbabwe (534km), Ressano Garcia line to SA (88km) and Goba line to Swaziland (68km).

Mozambique ports and railways board chairman and president Mario Dimande said Maputo had a theoretical capacity of 14-million tons a year, and in its current state it could handle 7-million tons.

Present investment incentives for amounts greater than $50 000 included corporate income tax and dividend holding tax exemptions for two to 10 years, dividend remission rights, protection against nationalisation and the right to repatriate capital in the event of disinvestment.

Gordhan said that road development would be based on the build-operate-and-transfer system used in India where the private sector built the road and levied tolls on it during a particular loan period. The infrastructure was then handed over to government.

He said the two governments would finalise a concessionary joint venture agreement to improve the railway and port infrastructure on the corridor within months.

Another joint venture between the Mozambique state dredging company and the private sector to dredge the harbour was also under consideration.

Dimande said the combined port traffic of Maputo, Beira and Nacala rose 20,9% to 7,5m tons between 1994 and last year.

Traffic through the country's three transport corridors — Maputo, Beira and Nacala — were projected to rise 15-20% a year during the next decade.

Details about a new joint venture company between the two governments, parastatals and private sector interests would be announced at an investor conference on May 6-7.

Transport faces a 'bumpy ride'

(269) ARG 16/3/96

PRETORIA. — Sacrifices were inevitable in transforming the transport industry, Transport Minister Mac Maharaj said in reaction to National Taxi Task Team (NTTT) concerns about an eight percent bus subsidy increase.

"We need to accept that the transition may be a bumpy ride," he told the NTTT in a letter released to the media.

Mr Maharaj reminded the body that all interested parties in the industry had agreed on a long-term vision for a new passenger transport system.

"To arrive at such a vision from where we are will not be easy and will require that we all make sacrifices," he said.

After having received no subsidy increase last year, the bus industry was granted an eight-percent rise in the 1996/97 financial year.

Mr Maharaj said he had inherited a crisis-ridden public passenger transport system.

"It was based on apartheid spatial planning... propped up by a badly run down rail network, an irrational, subsidised bus operation and a violence-torn and effectively deregulated taxi industry."

He said rectifying this was a complicated process and would take time. All interested parties had agreed on a broad transformation framework, entailing changes in all modes of transport.

Mr Maharaj called on all parties to commit themselves to this long-term vision.

"We may not agree on the best route, and government will play the role of facilitator in ensuring that we do move in the same direction, as long as we agree on the destination," he said.

■ Disagreement over operating areas resulted in about 300 minibus taxis affiliated to the Alexandra-Midrand-Sandton Taxi Association (Amsta) clogging up Midrand's business district for three hours yesterday.

The dispute began on March 14 when the Alexandra Taxi Association allegedly demanded that Amsta operators stay out of Midrand.

Police yesterday warned the taxi drivers to disperse within 30 minutes or face arrest. Taxi drivers heeded the demand after handing a memorandum to police. — Sapa.

Maputo links encouraged

BD 20/3/95 (2BE) (24E) (269)

Ingrid Salgado

MPUMALANGA premier Mathews Phosa urged government and business yesterday to join hands in developing the Maputo corridor to create jobs, develop skills and create links between industries.

Speaking at an investor seminar on the Maputo corridor in Nelspruit, Phosa said the initiative was the first step in "dynamically developing" the regional economy with Mozambique and Swaziland, based on the principles of soft political borders and mutually beneficial regional co-operation.

The project was launched last year when Mpumalanga signed sister agreements with Mozambique's Gaza and Maputo provinces. Phosa said local government should be involved in promoting "spin-offs" of the initiative for local small business, whose contribution to economic development was sometimes neglected.

Phosa said the tourism industry and agricultural development in Mpumalanga, Gaza and Maputo provinces had the potential to contribute "enormously" to their upliftment, if planned correctly.

A number of pilot projects in the agricultural sector were being investigated in Gaza.

Construction of the N4 road between Witbank and Komatipoort was well under way. The road would be extended to Maputo.

It was vital that roads and railway lines between Gauteng through Mpumalanga to Maputo harbour were optimally developed, he said.

Agreements signed with Gaza and Maputo would see public administration training in those provinces, including training Mozambique government officials in "business English".

He said border post control had been identified as a "problem area" and co-operation in this regard would continue.

Mpumalanga economic affairs and tourism MEC Jacob Mabena said the project would turn the province into Africa's "industrial development mecca". A provincial participation mechanism would be set up to facilitate further projects in line with the Maputo corridor initiative.

Law firms slate transport department

(269) ([scribbled out])

Mungo Soggot

LAW firms have criticised the transport department's decision to appoint Ismail Ayob & Associates — attorneys for President Nelson Mandela — and three other law firms to work on the Maputo development corridor project without advertising the posts.

Transport department road division head Nazir Ali said the department and the Development Bank of Southern Africa, which is also in charge of the project, had not advertised for the lawyers' positions, but had picked them from a selection of eight.

"We invited eight law firms to come to the bank and then we selected four after we saw their proposals," he said.

He rejected criticism from other law firms, who asked to remain anonymous, that the appointments breached tender procedures. He said the process had been open, transparent and in accordance with departmental and SA Road Board requirements.

Continued on Page 2

BD 22/3/96

Lawyers

([scribbled out]) (269)

BD 22/3/96

Continued from Page 1

In any case, there would not have been enough time to advertise, and the complaints were a case of "sour grapes", he said.

The other appointees are US law firm White & Case, Philip Loots & Associates and Mozambican firm José Manuel Caldeira.

Ayob, who also represented former Wits University deputy vice-chancellor William Makgoba during the recent controversy at Wits University, could not be contacted for comment.

Ali said the department was also recruiting financial advisers to help draw up tender documents, but had not yet taken a decision on who the advisers should be. It had not advertised for these posts either, but had contacted every merchant bank in the country. "There is not a single one we have not spoken to," Ali said.

The project involves construction of a toll road between Witbank and Maputo, a revamp of Maputo harbour and improvements to rail links between SA and Mozambique. Transport director-general Ketso Gordhan has estimated the infrastructure will cost R1bn.

Ali said foreign contractors had already expressed "tremendous interest" in the project, which was likely get started in 18 to 24 months.

Overhauling a transport system from the past and preparing for the future is a long winding road

(269) Star 27/3/96

The lack of professionalism and of suitably qualified officials in government, commerce and industry have contributed to the problems being experienced by the transport system.

But there is hope because the Government has begun a process to change the present transport system which had reflected the goals, decisions and investments of the past.

South Africa's priorities have changed and the system now needs to adapt accordingly.

However, it's no wonder that some officials are still being confused by the operation of some policies, such as that related to subsidies, which were implemented during apartheid rule.

In addition, the lack of business and management skills of many operators in the R7-billion-a-year industry is costing them dearly, making it difficult for the industry to get any subsidies.

"If there was professionalism in the taxi industry, it could be one of the largest corporations in the Johannesburg Stock Exchange," predicted SA Long Distance Taxi Association spokesman, Boeti Letsoela.

These instances, and many others, have fashioned the transport system as it now exists.

It is therefore vital that SA has a clear vision for its transport system. Such a "vision" has already been formulated in the Government's green paper on transport, which states:

"The transport system will provide safe, reliable, efficient and fully integrated operations and infrastructure which will best meet the needs of freight and passenger customers by improving levels of service in a fashion which supports government strategies for economic and social development, while being environmentally and economically sustainable."

Transport Minister Mac Maharaj said this "vision" implies the involvement of various role-players, among others, the users and suppliers of transport, government agencies and environmental groups.

Because of this "derived" nature of transport, policies in the transport sector must be outward-looking, shaped by the needs of society, of passenger and goods customers in particular, and of the economy that transport has to satisfy.

Maharaj said the "vision" shared for an effective transport system will only be achieved "through the sum of actions of key players". "These players must, in turn, be backed by administrative support systems, coordinated planning and integrated decision making," he explained.

He admitted the Government was aware of the desperate shortage of suitably qualified transport professionals in commerce, industry and government.

"At government level, this has resulted in a partial vacuum in policy-making and management," lamented Maharaj, adding that this has prevented the Government from exercising its strategic role in transport policy formulation as well as contributing towards the broader objectives of economic development and social equity.

TRANSPORT INDUSTRY

By Mandla Mthembu

Desperate shortage of qualified people

In the light of this, the Department of Transport, in conjunction with the research unit for transport economic and physical distribution studies at the Rand Afrikaans University, has introduced a Transport Executive Management Diploma (TEMD) aimed at improving the level of professionalism in transport management and planning.

"The course would enable the provision and usage of the transport system to be consistent with goals that have been set for the whole country," Maharaj pointed out.

RAU's Prof Jacky Walters said the TEMD, launched in February, will help graduates from any background further their knowledge of transport-related matters by means of an accelerated programme of theoretical and practical training.

Initially the course would focus on those who are already serving in government departments, then next year, the course would be expanded to include graduates from other transport sectors or who wish to join the transport industry.

Although the course is being offered at RAU, in the programme extensive use will be made of a wide range of transport professionals to assist in education and training, as well as a number of organisations currently involved in transport service provision.

Transport organisations would be requested to take students on board for a specific period to enable them to obtain practical experience.

RAU has already become known for its active role in teaching transport economics at graduate and undergraduate level for its certificate courses in road transport.

Since 1980, the university has trained over 19 000 people in the transport sector on semi-correspondence courses. RAU projects manager Tshepo Koka said during 1995 more than 1 800 students enrolled for certificate courses in road transport. Over 50% of these represented racial groups other than whites.

Transnet gets R1,2bn loan for restructuring

(269)

BD 29/3/96

Mungo Soggot

TRANSNET had secured ¥30bn (R1,2bn) in loans from Japan's Export Import Bank to revamp SA's ageing railways and harbours, the transport parastatal said yesterday.

A spokesman from Transnet's treasury department said the R1,2bn would be drawn over the next three years and paid back over the next 10 years at Japan's prime rate.

In December, Transnet launched a five-and-a-half year ¥20bn Samurai bond in Tokyo with a rate at 75 basis points above Libor.

Meanwhile, the parastatal said it was holding a media conference this morning on its "transformation". A spokesman said Transnet chairman Louise Tager would discuss the parastatal's restructuring, which was expected to include the sale of road transport division Autonet and the sale of a stake in SA Airways.

The sale of Autonet and a slice of SAA featured in the first wave of privatisation announced by Deputy President Thabo Mbeki last year which angered Cosatu and led to the drawing up of the National Framework Agreement.

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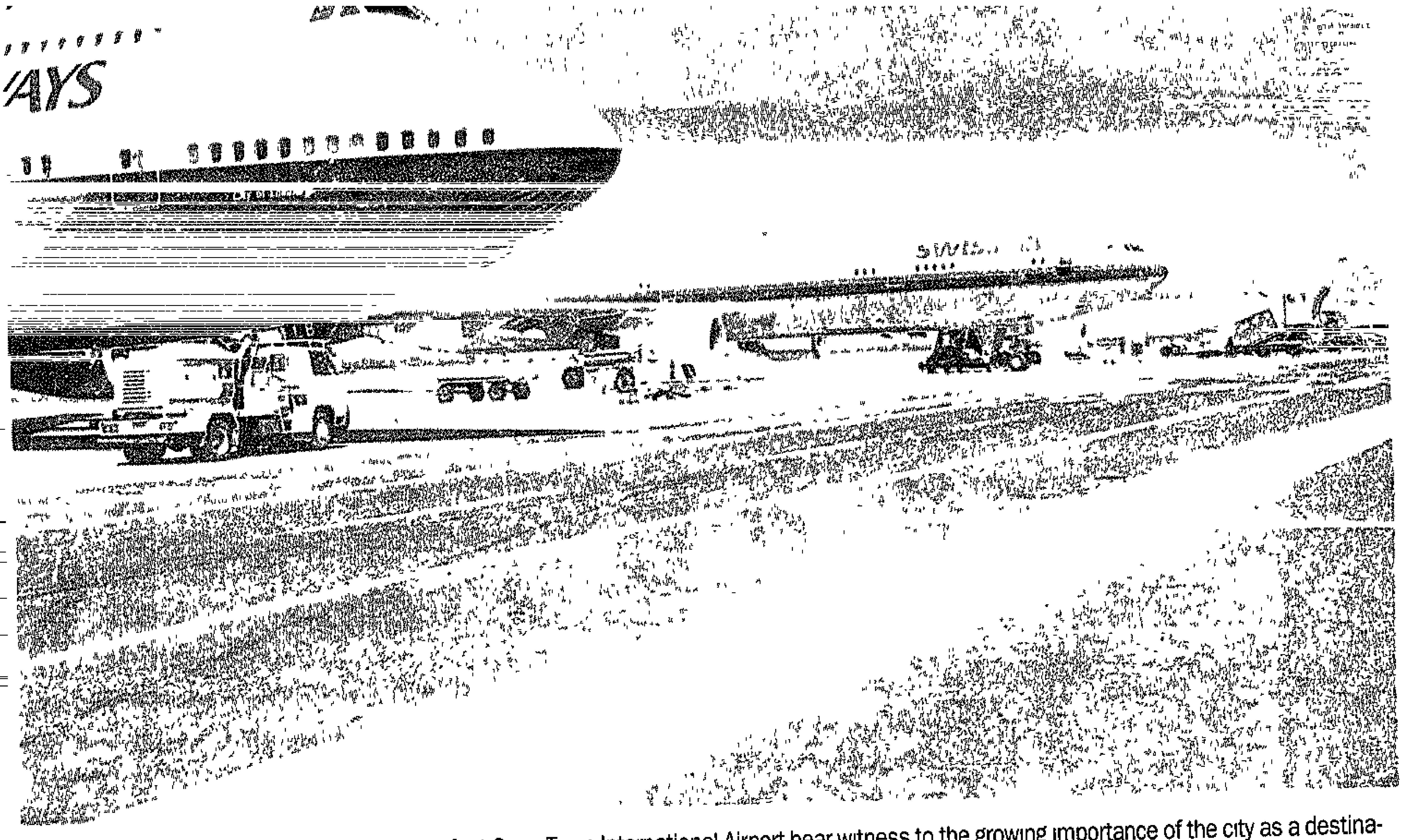


GROWING AIRPORT: Increased lines of aircraft at Cape Town International Airport bear witness to the growing importance of the city as a destination. The number of passengers is expected to double by the year 2000.

Airport gets ready for the year 2000

Big changes on way as millions more fly in

CT (BR) 29/3/96

Cape Town International has been rated as the sixth busiest in Africa, handling 3,2 million passengers during 1995, with some seven million passengers expected to be handled by the year 2000.

Over the past two years regular passengers will have noticed a vast improvement in the airport's facilities.

Major alterations are to commence shortly with the upgrading of the international terminals, which will in the short term be able to cope with current traffic increases.

These improvements are not part of the long term development plans for the airport, but will ease passenger handling in the short term

Passengers entering the international departures terminal will proceed up escalators to the first floor where they will pass through check-in and immigration

An enlarged ground floor area will allow for a more spacious departure lounge capable of handling sufficient passengers for five simultaneous departures of jumbo jets.

Airline offices are to be moved to the first floor allocating more area of the ground floor to passenger services.

The recently opened world standard first and business class lounges have been well received by travellers and offer full phone, fax and secretarial services. Passengers have also complimented the new duty free shop and VIP lounges.

The international arrivals hall will also receive an upper floor while new carousels will assist arriving passengers with the speedier retrieval of luggage

A recently created area for the departure of pilgrims has been welcomed by the Muslim community.

A special events terminal is to be built shortly according to Hennie Taljaard, manager of Cape Town Airport.

This facility will not only cater for pilgrims but will also be used for other events.

However, as the terminal will primarily serve the Muslim community, the Airports Company has had consultations with the community with regard to their own architects designing the project and implementing their ideas to suit their needs.

This terminal will assist in taking pressure off the international terminals as friends and families of the pilgrims will be able to greet them in the new terminal

The green light has been given for a railway service to be established from the airport to the centre of Cape Town.

Mr Taljaard sees this rail service as not only serving airport passengers and workers, but hopes to draw in commuters from Somerset West and surrounding areas who would park their cars at the airport and take the 15-minute train journey into the city.

A multi-story parking garage is to be built as well as a hitec filling station which will cater for exotic car rentals.

Plans are well advanced for the longterm development of the airport and final proposals are presently being studied by the Airports Company.

Proposals include the establishment of a new central terminal with departure and arrival areas extending on either side.

Enlarged tarmac areas extending to a new set of buildings, the creation of an additional runway and redesigning the airport to cater for the expected increase in passenger and flight movements is part of the long term plan.

The Airports Company has already put in motion plans to cope with the 2004 Olympics should the games be awarded to Cape Town, and according to Mr. Taljaard the facilities will be in place and fully functional before 2004.

(~~232~~) ~~27~~ (269)

vey a legal maximum of 8 200 kg (89%); Henren Transport conveyed chemicals weighing 29 040 kg on a truck that had a legal maximum capacity of 16 400 kg (77%), and Rollco Roofing loaded a truck with 34 040 kg of sheeting (62%).

The four companies with the highest average overloads named in the report are Romatrans (4 815 kg per axle), BVB Transport (4 625 kg), Rabes Transport (4 524 kg) and Hobtrans (4 365 kg).

The Road Freight Association, which represents more than 50% of transport contractors, says it's joining the campaign to curtail overloading.

As a voluntary organisation it cannot take punitive action against its members found guilty of overloading, other than ask them to resign. "But," says CE Herman Lemmer, "we are doing our best to convince members not to overload as a matter of policy, and to try to guard against accidental overloading."

The association also wants regulations to be amended so that action can be taken "against shippers who aid and abet carriers in gross policy overloading."

Lemmer says factors leading to overloading include economic pressure on transport contractors and shippers, and lack of proper law enforcement, except in KwaZulu-Natal where the main routes are well controlled.

"Law enforcement doesn't appear to be a high priority with the authorities," he says. "The lack of law enforcement is encouraged by the shortage of funds needed to place weighbridges, and to pay well-trained staff to enforce regulations."

Like other provinces, KwaZulu-Natal has the power to stop and weigh all vehicles and punish offenders, but unlike the other provinces, it's determined to do its best to stop overloading.

Provincial authorities believe overloaded heavy-duty vehicles cause about 60% of the damage done to SA's roads. ■

MAPUTO CORRIDOR

269

EASTERN PIPELINE

FM 29/3/96

Government took a step towards creating the Maputo Corridor this week when it called for tenders to upgrade the N4 highway which links Witbank in Mpumalanga with Maputo in Mozambique.

It sees the corridor as an economic pipeline that will lead to the development of new industry and unlock the mineral and agricultural riches of Mpumalanga. The corridor will also draw Reef-Natal traffic and reduce congestion in Durban's port.

The project is budgeted to cost almost R1bn. R600m for the road, R300m to dredge and upgrade Maputo's port and R25m to improve the rail link. Joint ventures with the private sector will see government contribute only 10% of this.

The road tender will probably go to a consortium, which will have to find R540m to finance the highway. It will, however, be able to recoup this as it will have the right to run three toll plazas on the road, two of them in SA.

The contract will be awarded in May on a build, operate and transfer basis. The successful contractor will be expected to be on site in June or July.

The SA road and Mozambique's will have to be upgraded and a stretch built to shorten the Mozambican part by 36 km.


Malcolm Mitchell

Road Freight Association executive director Herman Lemmer is happy about the shorter travel distance. Heavy duty truck operators will save R700 a journey in operating costs. But, he says, the association opposes tolls on the road.

The Automobile Association's Robin Scholz says: "We're not happy with an existing road being tolled." The Afrikaanse Handelsinstituut is also "against putting tolls on roads that have been paid for through fuel levies and other indirect forms of taxation."

But they were warned. At the end of January, roads chief director Nazir Alli said Cabinet had approved the submission to parliament of a National Roads Amendments Bill which, among other new provisions, allows Section (9)(3)(9a) of the National Roads Act to be deleted. That relieves government of the obligation to provide or maintain alternate routes to toll roads.

The Bill also allows government to enter into a contract with a private company "to plan, design, construct and operate a portion of a national road and to charge a toll as approved by the Minister."

Transport Department deputy DG Malcolm Mitchell says the building, operation and transfer course of action is necessary. "We need R7bn-R8bn a year to wipe out the backlog on all inter-city roads over the next 10 years and to bring them up to a reasonable standard. But there is no way government will increase the R3bn budget." ■

AIR TRAVEL

DOG FIGHT OVER DURBAN

Privately owned Comair has stepped aside to let government-controlled SA Airways and Sun Air fight it out for supremacy on the lucrative Johannesburg-Durban route.

When Sun Air began flying the route on February 1 it directly challenged Comair, which had for years shared the route with SAA, and caused it to freeze plans to increase flights to Durban.

Says Comair MD Piet van Hoven: "We took out the two midday flights which we were planning to introduce and reduced our projected offering by more than 10 000 seats to 25 300 a month. With Sun Air coming in, there will clearly be over-capacity on the route. There isn't enough traffic to warrant the 136 000 seats SAA provide each month, together with Sun Air's 33 800 seats and the 35 500 we planned to offer."

Comair has shown a profit each year since it was founded in 1946. Van Hoven wants to keep it that way. Speaking with the acquired wisdom of a man who saw Flitestar's previous challenge to SAA collapse, he adds: "From an industry perspective, it's better to reduce capacities in the short term and let the route develop. Last year, when we had two flights a day out of each city during peak periods, our load factors averaged a profitable 75%. I believe we can still maintain an average 75% load factor with our lower flight frequencies."

Van Hoven is optimistic the Johannesburg-Durban route will develop.

Sun Air chairman Dirk Ackerman says its decision to start flying the route is backed by market research "and by requests from our corporate passengers, who like the product we offer."

Ackerman believes Sun Air's load factors will range between 60%-70% and claims that "it isn't always possible to get a seat on a flight to Durban when you want it."

SAA CE Mike Myburgh says the market will decide. "That's the beauty of competition. However, history records that over-capacity eventually leads to airline loss." A veiled threat to Sun Air? ■

29/3/96

Cars overtaken in policy paper

(269) ST (BT) 31/3/96

BY DON ROBERTSON

THE Department of Transport wants to restrict the use of private cars and promote greater use of public transport.

In its *Green Paper on National Transport Policy* it also proposes that the State reduce its ownership of airlines and harbours as well as parts of the railway network.

The paper says "unrestrained" use of cars and subsidised car parking should be "contained through the application of policy instruments including strict parking policies, access restrictions for private cars, higher licence fees, road pricing and area licensing".

The plan is to promote a ratio of 80:20 between public transport and private use of vehicles. Public transport must become more affordable, costing commuters less than 10% of disposable income.

To achieve this, the Green Paper wants to promote "an efficient and effective, co-ordinated, integrated, affordable, safe, reliable and environmentally friendly land passenger transport system in urban and rural areas, managed in an accountable manner".

The proposals suggest that the minibus taxi industry be formalised and put on a more viable economic footing.

It should obtain permission to operate on particular routes, either with no subsidy or at a tendered contract price.

"Financial and technical assistance will be offered to minibus taxis to enable them to obtain permissions or contracts and to improve their economic viability."

Bus companies must be privately owned or controlled by municipal or parastatal groups and efforts should be made to encourage competition from small, medium and micro enterprises.

The Green Paper proposes that the rail network be developed into centrally controlled inter-city corridors. Transfers of ownership of certain lines to local authorities, communities or private enterprises are recommended.

On the civil aviation industry, the report says the State should reduce its direct involvement in airlines in order to offer equal treatment for all participants in the market. It suggests that new entrants to the aviation market be monitored to ensure financial reliability.

The report says a lack of resources may add to the deterioration of air services. This could affect trade and tourism.

Through Transnet, Portnet operates a legally structured monopoly, but competes with private operators for services.

Implementation of road traffic management has been hit by a critical shortage of funds and the introduction of traffic management levies on vehicle licences and fuel sales is suggested.

The inability of courts to finalise a large percentage of traffic prosecutions should lead to the urgent decriminalisation of certain traffic offences, the report says.

The Green Paper concludes that consideration should be given to the idea of creating a climate that encourages private participation in the ownership, planning, financing, construction, maintenance and management of the transport infrastructure.

In addition, a new forum between the private sector and the Department of Transport should be considered so that both sectors share profit opportunities and risk-taking in the transport industry.

US, SA agree on air services treaty

Simon Barber (269) BD 2/4/96

WASHINGTON — The number of airline flights between the US and SA is set to increase dramatically after an agreement last week on a new bilateral air services treaty to replace the one scrapped by the Comprehensive Anti-Apartheid Act 10 years ago.

A "memorandum of consultation" signed by US and SA negotiators will, when formalised as a treaty, permit SA Airways and US carriers to operate 11 weekly passenger round trips apiece between the two countries in the first year after the agreement comes into force, up from the present maximum of seven.

After five years, that number will rise to 21, with each side permitted four all-cargo flights a week in the first year, rising to nine over the phase-in period which the US accepted after SAA's concerns about being swamped by US and other competitors.

A major sticking point in the negotiations, which began last June, has been over "third country code-sharing". Essentially, the American side wanted US carriers to have an unlimited right to enter alliances with foreign airlines that would enable them to sell seats to SA on those airlines without having to use their own aircraft on the route.

SAA has had such an arrangement with American Airlines since 1994, but was concerned that if giant US competitors like United and Northwestern were given unrestricted rights to do the same thing with major European carriers such as Lufthansa on the SA route, potential SAA/American passengers might be siphoned away.

At the outset, US transportation department officials took a hard line on this issue in line with their stated goal of deregulating airline travel worldwide, but it is now agreed that within 18 months of the treaty going into effect, the US will be permitted two third country alliances, increasing to four by the fourth year. It remains unclear when the new bilateral agreement will go into effect. US Vice-President Al Gore, who is deeply concerned about the US-SA relationship disintegrating over Armscor's unresolved sanctions-busting indictment, is understood to have pressed the transportation department to ease its negotiating stance.

See Page 18

Bilateral air treaty could have come months earlier

BD 2/4/96 (269)

SIMON BARBER in Washington

AMBASSADOR Franklin Sonn had to hurry home last week to discuss the Armscor matter. Like many short-notice travellers between the US and SA, he had a tough time finding a seat and had to pull strings with SA Airways management in New York. Had he been able to wait a week, he might have had no difficulty. The day after he left, US and SA negotiators reached agreement on a bilateral air services treaty which should start clearing the bottleneck immediately.

It was one of the happier moments in what has lately been an increasingly testy relationship between the two countries. Air treaties are dry, technical things dealt with at boffin level. They normally do not count for a lot in the overall tenor of state relations. So it was noteworthy that US Vice-President Al Gore weighed in to hail Friday's initialling of a "memorandum of consultation" as a "significant" achievement that "underscores the importance" of the US-SA binational commission he chairs with Deputy President Thabo Mbeki.

It is unclear how much the binational commission had to do with the agreement, though Gore may have pushed US transportation secretary Federico Pena to have his negotiators be more accommodating than they were last year. What is certain is Gore has been worrying about the future of the commission.

Not only did it receive less than flattering notices in SA during its most recent plenary session in Cape Town last December; Mbeki's own legal adviser, Mojanku Gumbi, warned the Clinton administration in February the whole thing might be scrapped if the US continued to pursue charges against Armscor.

The original air services treaty between the US and SA was torn up by the Comprehensive Anti-Apartheid Act in 1986. Negotiating a new one, like resolving the Armscor mess, was one of the bundle of less than cosmic issues the two governments had to take care of under the heading of normalisation.

They did not get off to a good start. The US side came to table last May looking to pursue its global objective of deregulating international air travel and breaking down barriers erected by governments to protect their national airlines; the South Africans arrived expecting to be cut some special slack in view of their miraculous transformation.

The key point of contention quickly crystallised into what is known in the aviation business as "third country codesharing". This is an arrangement under which an airline of one country sells seats on an airline of another to a particular destination. American Airlines, for example, codeshares with SAA. That means that a traveller can buy a ticket from, say, Chicago to Cape Town on American even though he will be flying on an SAA 747 on the transatlantic portion of the trip.

SAA benefits because it gets plugged into American's US network; American benefits because it can offer service to SA; the passenger benefits because he has to make a single booking and check in once.

First prize for the US in any bilateral air services negotiation these days is "open skies" — unrestricted access by each country's carriers to the other's destinations.

In the SA case, the US realised from the start that that was likely to be unacceptable to SAA. So it went for second prize: an agreed maximum on the number of round trips the carriers of each country could run per week, but with unlimited third country codesharing.

Thus, for example, if Northwestern entered a codeshare with Lufthansa under which Lufthansa would carry Northwestern passengers to SA, this would not count against the limits on each country's weekly frequencies.

SAA was not buying that. It saw itself being ganged up on by major US airlines in alliance with European partners before it had a chance to form alliances of its own. The US walked out of the second round of negotiations in July, figuring that SAA was up to its old monopolistic tricks, and started to apply heat.

In the absence of a treaty, commercial aviation between the two countries was at this point governed by the principal of "comity and reciprocity" under which each allowed the other's carriers to operate the same number of flights between their respective shores.

However, the airline to which the US department of transportation had awarded the SA route, US-Africa Airways, had gone belly up in February. Complicating matters, the bankruptcy court under whose protection US-Africa was trying to reorganise was preventing the department from reassigning US-Africa's rights. So SAA had the route to itself.

It also believed it had the privilege of setting the pace in terms of frequencies under "comity and reciprocity", and announced unilaterally that it would be adding two extra US flights a week to the six (plus one all-cargo) it was then operating. It even began to take bookings.

No dice, said the US transportation department, with the support of United and Northwestern, both of whom were looking to start codeshares to SA with European partners: SAA could not increase its flights until the codesharing matter was resolved.

The SA side, or at least ambassador Franklin Sonn, went into the "this is a personal affront to my president" mode, and started whining about US imperialism. And there things stuck.

The South Africans, who had previously been calling for a "working group" meeting to consider codesharing in more detail, lost interest in that idea. SAA's Washington legal advisers took the view that it was time for SA to play hard-to-get.

This was evidently the pause that refreshed. US-Africa's corpse finally stopped twitching at the start of this year when it lost the protection of the courts for its rights to the SA route.

The transportation department announced on March 14 that it was awarding them to World Airways and Southern Air Transport.

The SA side took some independent counsel on codesharing and arrived in Washington last week with a revised position which the Americans were only too happy to consider seriously, especially now that, for other reasons, Gore was keen for some signs of tangible progress in the broader relationship.

Looking at the final deal, one has to wonder what all the preceding fuss was about. There is nothing in the agreement that could not have been within the grasp of the negotiators months ago.

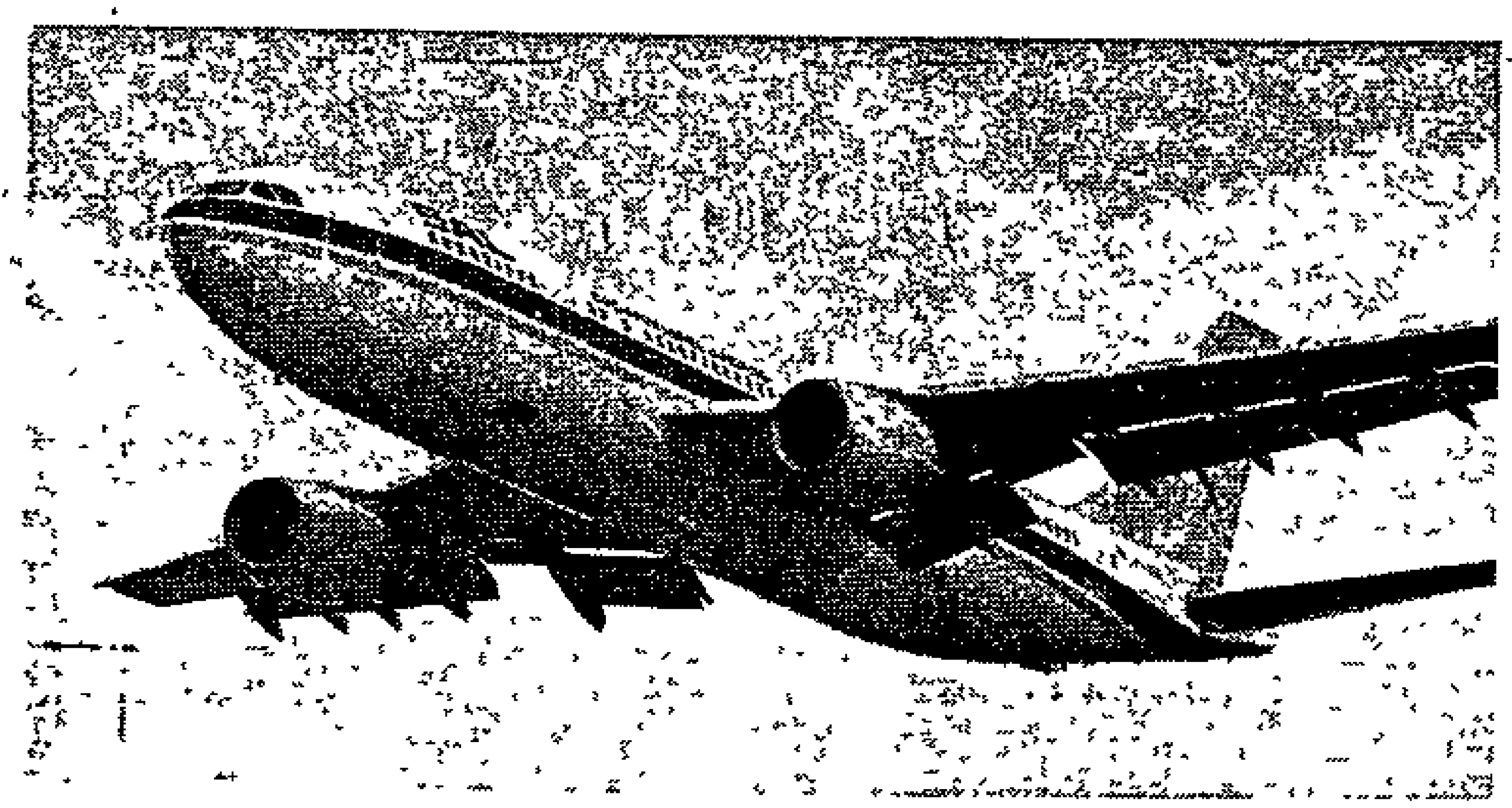
Both sides' access to each other's markets is dramatically increased, both directly and via codesharing, over a five-year phase-in period. SAA has a solid head start.

It is the only airline currently providing direct service, and it is entitled to put on more flights from more cities immediately, while World, which is planning a codeshare with Continental via Dakar out of Newark, will not even begin operations until June.

As for the big US airlines like Northwestern, United and Delta, they do not appear to be contemplating direct flights, but are more interested in third-country codeshares, which SA does not have to permit until late 1998.

And what is the big deal about these arrangements, anyway? Does SAA live in terror of competitors offering service from the US to SA via Frankfurt? Or was its interest merely to engineer a chronic shortage of seats to ensure it was filling its aircraft at a time a bankruptcy court was preventing the US transportation department from reallocating US-Africa's rights to an airline that was actually flying?

Cute, but the idea, surely, is to attract as many people as possible with nice fat wallets of hard currency to visit SA and leave a lot of the stuff behind.



SAA's access to the US market is now dramatically increased

It's time to get SA on the (better) road

(269) 8/4/96.

(269)

Little building and not enough regular maintenance has left us in a parlous position as increasing traffic pounds away at a sub-standard network

Star 8/4/96

TRANSPORT INDUSTRY

By Mandla Mthembu

South Africa has 5 million vehicles of the continent's 8 million, placing road maintenance and construction at the top of the transport agenda.

There are some 1 000 vehicles on every 40km of road in South Africa, compared with an average of only 1 000 per 191km in the rest of Africa.

Also most local roads – some 126 000km of a mapped total of 220 000km – are unsurfaced.

The Department of Transport's green paper, released last month, has stressed the need for infrastructure planning and not only reaction to current traffic requirements.

There were very few new roads constructed in the past five years, and even resources allocated to maintenance were insufficient. Road building firms believe the infrastructure is heading for a collapse unless "billions" are sunk into both development and regular maintenance.

They warn that a lack of this funding would have an inflationary effect on the transportation infrastructure in the form of fare and price increases on commodities distributed by road.

In an attempt to get more funds, the Transport Department has recommended that a road levy be added to fuel sales to support the national road network. Further savings would be made by changing transport subsidies from passenger-based ones to a route tendered system.

Although road maintenance and construction, indicated by national bitumen volumes, reached a 20-year low recently, the SA Bitumen and Tar Association (Sabita) indicated that the last five months have shown the graph has "at last turned upwards".

Sabita chairman Dave Orton said the industry was poised at the turning point of growth. "The political will and understanding of the multiplier effect of adequate roads is there," he said.

But Orton expressed concern over the delivery of road funding, saying the unspent R8-billion of public funds which would be rolled over, should instead be used for roads development.

"With civil engineering at a low point, it is vital that the delivery mechanisms be cranked up in order not to jeopardise the growth of the economy," he said.

Orton welcomed the full acceptance by road authorities of the principles of toll roads and the need for private sector involvement in ownership and operation of roads where appropriate.

"These new methods of funding should increase the size of the pot, and not be seen as substitutes for proper allocations of state and provincial funds," he added.

This follows, among others, the Government's controversial restructuring and privatisation programme for public sector corporations by announcing new ownership structures for companies in the Transnet stable.

The exercise was followed by sweeping initiatives in February to clean up the crime and violence-ridden taxi industry.

While these measures are still at formulation stage, Transport Minister Mac Maharaj has launched a number of projects to support the initiatives

More than 1 000km of national road are being handed over to the private sector to set up a toll road in a bid to relieve the Department of Transport of building and maintenance costs. Another project is the Maputo development corridor, which will spend about R1-billion improving the infrastructure between Gauteng and Mpumalanga to revive the regions' economic activity, as only 5% of Gauteng's trade currently gets through Maputo, compared with 40% in the early 1970s because of the decline in the roads to Maputo.

The project will be officially opened in June when the Government will award a tender for a R600-million toll road between Witbank and Maputo The project also includes an upgrade of the rail link between Komatipoort and Maputo

Maharaj also initiated the planning of four "urban corridors" for Durban, Pretoria, Johannesburg and Cape Town, which are to fall under provincial governments.

On the other hand, local authorities are also busy embarking on projects to develop roads, particularly in townships.

For instance, the Benoni City Council last week launched a R1,8-million road construction for the surfacing of a major taxi route transporting residents to the north-eastern suburbs of Etwatwa in Daveyton.

The project, expected to be completed in June, involves the construction and surfacing of a 2,4km road. Assistant city engineer, Tony Mulder, pointed out that gravel roads may be functional and more affordable than tarred roads, but under heavy traffic they become expensive and cumbersome to maintain.

"Taking into account the safety of passengers, motorists and traffic loads, the council identified this secondary road in Etwatwa for upgrading to a tarred road," explained Mulder

Transport experts hope that the developers of the roads would not repeat the past mistakes by neglecting maintenance, as fully a third of the huge capital sums invested in Africa's roads over the past 20 years has been steadily eroded through a long-term lack of maintenance.

Bids invited for R1bn Maputo corridor

BD 11/4/96 (269)

Robyn Chalmers

THE transport department this week kickstarted the R1bn Maputo corridor after inviting the private sector to bid for the construction of the toll road between Witbank and Maputo.

In an important departure from past road projects, transport department roads chief director Nazir Ali said yesterday the proposed toll road, estimated to cost between R300m and R400m in two years, was not expected to cost government anything.

It would be undertaken on a build, operate and transfer basis. The initial building and maintenance were expected to be funded by the private sector which would generate returns through toll fees.

Ali said there had been substantial interest shown by the private sector on the project. All tenders, local and international, would be considered provided they had a strong social responsibility component. The final deadline for tenders was May 24.

The road component of the Maputo corridor development consisted of construction of about 50km of new road and upgrading of 46km in Mozambique, as well as the upgrading of part of SA's N4.

Ali said about R70m had been set aside in the current financial year for N4 upgrading, to be reallocated to other areas should private sector funding be secured.

The moving ahead of the road component of the Maputo corridor was expected to spur on those departments handling harbour and rail linkages. To dredge and upgrade Maputo's port, R300m would be needed, and another R25m to improve the rail link.

An investors' conference was scheduled for May 6 and 7 in Maputo, to secure private sector investment in infrastructure in the area.

It's make or break for Alliance Airlines

(269) CT(BR) 11/4/96

BY JOE KHAMISI

Nairobi — It could be make or break time for troubled Alliance Airlines when top aviation chiefs from South Africa, Uganda and Tanzania meet in August to discuss the future of Africa Joint Air Services (Ajas), the airline's holding company

Officials of the national airlines and civil aviation authorities will attend the meeting in the Ugandan capital of Kampala.

The seven-month-old airline has been beleaguered by internal differences that threaten to shut down operations. Sources said more effort had been spent on wrangling than on marketing the airline in an already competitive industry.

Ajas was founded in December 1994 as a regional effort to deal with growing competition on international routes for cargo and passengers. But sources said SAA, which commands a 40 percent share, had received little co-operation from Uganda Airlines and Air Tanzania. The two airlines insist on maintaining their traditional routes and ignore any attempts by Ajas's executives to chart new joint circuits.

According to the ministerial accord governing the operation of the regional company, Alliance was designated as the flag bearer of the two countries

But sources say that instead of assisting in promoting Alliance, the two state-run companies had been competing with it

This has led to a loss of about $7 million during the past seven months

Although SAA is said not to be overly concerned about the losses during the initial months of operations, it does want to see Alliance work more independently as a commercial entity

Sources said the dispute was being left to drag on until August because of the upcoming general elections in Uganda, scheduled for next month

President Yoweri Museveni's government, which pushed hard for the realisation of the regional dream, wants the new government to handle the matter

Uganda Airlines and Air Tanzania are scheduled for privatisation within the next two years, although Uganda is said to be having second thoughts.

The idea was mooted a few years ago when the companies were making huge losses, but sound restructuring has kept the airlines profitable

Alliance has shown some interest in buying into the two airlines. It wanted a 20 to 40 percent share in Uganda Airlines, said Fred Ochieng-Orbo, the legal adviser for Alliance But the proposal has received a hostile reception from east African officials, who accuse SAA of wanting to dominate the regional aviation business.

As the rift widens, some media reports said Uganda Airlines could already have entered into an agreement to sell some of its routes to Al Redwan, a Saudi Arabian company.

The reports said Uganda gave the Arabs routes they could not reach, including Bombay, which in terms of the ministerial accord is allocated to Alliance. — Independent Foreign Service.

SA 'not ready' for open skies

(269) CT (BR) 11/4/96

By Thabo Leshilo

Johannesburg — South Africa is not ready to allow unfettered competition from foreign airlines despite the increasing liberalisation of its air traffic policy, says the transport department.

The assertion comes in the wake of fresh appeals by Swissair to abandon its protectionist policies against foreign airlines. The Swiss airline said recently that South Africa was losing income from tourism by not allowing the airline to have more than four flights a week to the Republic.

Johann Bierman, the deputy director responsible for international liaison at the transport department, said yesterday that South Africa needed to be careful about allowing the kind of competition demanded by some Western countries, given its unfavourable geographic location and relatively limited routes.

"We are located far south in Africa and therefore have very limited scope to develop into a hub similar to those found in Europe and the Far East," Bierman said.

He said South Africa would be severely harmed by competition from much stronger airlines if it were to have as liberal an air policy as Singapore, which is well placed as a gateway to major destinations in the world.

Bierman said that South Africa already had a well-advanced, liberalised skies policy. However, a totally open-skies policy was not in the offing in the foreseeable future.

Conceding that the country had moved closer towards the idea of an open-skies policy following the aviation agreement signed with the United States almost two weeks ago, Bierman said: "It is still not open skies at this stage."

The agreement will allow either country to fly 11 direct passenger round trips and four cargo round trips a week, increasing to 21 passenger and nine cargo trips in five years.

South Africa has six passenger flights and one cargo flight a week to the US. An American airline, World Airways, is about to take up some flights previously held by the defunct USAfrica Airways.

Bierman's views were echoed by Edward Salliah, Ghana's transport minister. Speaking after SAA's maiden flight to Ghana last week, Salliah said Ghana had liberalised its aviation policy but would not let foreign airlines into airports without reciprocal treatment.

Air Afrique 'near collapse'

By James Tomlins

Paris — The debt-ridden 15-nation Air Afrique is reportedly on the verge of collapse and major airlines, including SAA, are interested in acquiring its profitable routes, according to reliable aviation sources.

The 35-year old company's outstanding debt of R20 billion is the main factor in its predicted demise, but there are many others, including staff discontent and rising hostility towards Yves Roland-Billecart, the French managing director.

"There is a call for Africanising the airline, starting from the very top. It is a prickly matter of national pride," an aviation expert said. "Another alternative, which is spearheaded by Senegal, is to privatise Air Afrique into separate companies.

"Major airlines like Air France, Sabena, Swissair and SAA are already quarrelling over the possible spoils."

The most profitable routes at present are Abidjan to Johannesburg and west African capitals to Paris.

The big losers will be passengers who use the routes to landlocked African destinations such as Bamako in Mali and Bangui in Central African Republic.

But passenger discontent at Air Afrique is already running high. Ticket prices are judged too high, flights rarely keep to schedule and cabin staff are inefficient.

Last year Air Afrique filled only 60 percent of its seats and lost R9,5 billion.

One possible bale-out being discussed for the ailing airline is a R20 billion loan by France. — Independent Foreign Service.

'Interest in SAA — after privatisation'

(269)

By Audrey D'Angelo

CT(BR)12/4/96

Cape Town — A number of foreign airlines, as well as private investors, had shown interest in taking a stake in SAA after privatisation, a spokesman said yesterday.

But discussions "cannot start until accord is reached between the parties to the national framework agreement. SAA is not yet in discussion with any party concerning privatisation," said John Hare, the deputy chief executive of SAA.

He was reacting to a wire service report, based on a mistranslation from a German newspaper, that the German national carrier Lufthansa was considering taking a 25 percent stake in SAA.

Juergen Weber, the Lufthansa president and chief executive, said at the time that the agreement was signed in December: "We believe in alliances with other airlines but not in taking shares in them."

Meanwhile, as a result of a new bilateral agreement between South Africa and the United States, SAA has announced the introduction of two additional flights — to New York and Miami — from June.

This brings the total number of return flights to New York to five a week and to Miami to three a week.

The extra flight to Miami will begin on June 14. It will leave Johannesburg on Fridays at 17:40 and Cape Town at 20:55, arriving in Miami at 5:25 local time. The return flight will leave Miami at 18:05 on Saturdays.

The additional nonstop flight from Johannesburg to New York will be introduced on June 17. It will leave Johannesburg on Mondays at 20:00, arriving in New York at 7:30.

SAA is the only airline offering direct flights between this country and the US. But foreign airlines which have benefited from the shortage of seats on direct flights are fighting back. British Airways is offering a free flight on to the west coast of the US to South Africans buying Superpex tickets to London.

New squad to smash train thugs

Huge security drive to protect Cape commuters

(269) ARG 12/4/96

TASLIMA VILJOEN
Staff Reporter

HUNDREDS of additional security officers and ticket examiners are to patrol Cape Town's crime-infested commuter trains to clamp down on criminals and freeloaders.

Three-man teams of police and ticket examiners will patrol trains to keep out criminals and fare evaders in a joint operation that will replace the old system of train conductors.

The recent withdrawal of conductors on some trains led to a public outcry that passengers had been left defenceless.

The rising wave of crime on the Cape Metro train service threatens the 325 000 commuters who use the trains every day.

Statistics given by Cape Town Station Commuter Services showed that between January and March this year, seven murders, 90 robberies, 71 assaults and 18 cases of theft were reported on Metro trains.

Spokesman for Metro rail services André Harrison said Metro had developed a new system to fight crime.

He said funds had already been approved for 100 additional "rent-a-cop" community patrol officers – at present only 50 of these officers patrolled the 650 Cape Metro trains. This is in addition to the 270 permanent police at present on duty on the trains, he said.

And another 100 ticket examiners would be deployed to prevent fare evasion, including cases in which passengers bought third-class tickets, but travelled first class, and the practice of travelling further than the station for which the ticket was valid.

Cape Metro is waiting for the official go-ahead from head office to implement the new security plan.

Mr Harrison said the new ticket examiners would be deployed at the entrances to stations, freeing existing examiners to patrol the trains.

The new move adds further manpower to the train service after conductors were removed from some trains.

Mr Harrison said the new ticket examiners would concentrate on fare evasions, leaving whistle blowing to the guard at the back of the train.

The new train patrols will consist of two security personnel and a ticket examiner, working as a team.

He said there would be teams operating on each line. They would move from train to train and would try to make at least three inspection rounds on each train.

The number of teams on each line would depend on the length of the line.

Mr Harrison said Metro was getting no funding for policing from government and that it was diverting funds from its own budget to put the new system into place.

"Combating crime is not our responsibility; it is the responsibility of the South African Police Services. We are there to provide a commuter service, but because the problem of crime is affecting our commuters, we are trying to do something,"

He said crime was a problem throughout the Peninsula and was not isolated to trains.

He called on people to report criminal incidents on trains.

The most problematic line was to Mitchell's Plain and Khayelitsha. Most people assaulted on this line hardly ever reported incidents, which made it difficult for the police to follow up.

Understaffed traffic services 'unable to halt road anarchy'

(269) ARG 13/4/96

WILLEM STEENKAMP
Staff Reporter

CAPE TOWN'S traffic services are demoralised, understaffed and virtually powerless to effectively administer law enforcement as traffic offenders blatantly flaunt traffic regulations with little if any chance of being apprehended.

Wouter Smit, Cape Town Traffic manager, warned that anarchy could reign on roads if no urgent steps were taken to rectify the situation.

He said the city needed at least 100 more traffic officers to combat the rising tide of traffic offences.

An area such as Mitchell's Plain, with a population of 260 000 people, has only two traffic officers to patrol the area on weekends, while only eight traffic officers are available to patrol the area during weekdays.

The Ikapa area – which includes Langa, Nyanga, Guguletu and Crossroads – has a population of about 273 000 people, with no traffic officers at all.

There was a total disregard of traffic rules in the area, and few road signs and road markings. The level of compliance with traffic signs such as traffic signals, stop streets and traffic control measures in these areas is non existent – partly due to the total lack of road signage and markings, said Mr Smit.

In 1990 the Cape Town Traffic department asked for another 100 traffic officers to effectively administer traffic rules and regulations but only 15 new traffic officers were appointed.

Mr Smit said many of the high number of accidents on South African roads could be directly related to the lack of adequate law enforcement. In Australia, a traffic offender had one chance in 100 of being caught committing a traffic offence. Here, a traffic offender had one chance in 10 000 of being apprehended.

The Cape Town traffic department has made an urgent request for 100 more traffic officers, 14 inspectors and four administrative assistants.

The request has been approved by the emergency and protective services committee, but still needs to be approved by the city council.

The increase in traffic personnel will cost the city more than R5 million annually but this is seen by traffic law enforcers as a small price to pay to bring down road accidents and ensure safer roads for everyone.

Forum to thrash out tax indemnity issues

BD 17/4/96

Theo Rawana

THE finance ministry was lending a sympathetic ear to appeals for tax indemnity for small business, Nafcoc president Joe Hlongwane said yesterday.

Nafcoc was a leading partner in a tax indemnity forum working to help the ministry find a solution, he said.

The forum, which comprised business groupings involved in the development of small, medium and micro enterprises, was to produce a report which would be submitted to the ministry.

"We have asked for a moratorium on the taxation of small business while the question is being thrashed out," said Hlongwane.

Tax consultants from KwaZulu Natal and a group of professionals from the Eastern Cape had been brought in by the forum to help seek a solution to the problem.

Nafcoc has been calling on government to extend the tax indemnity, saying black entrepreneurs had been forced out of business because of interest on outstanding tax.

The organisation has been seeking, among other aspects, that small businessmen should be taxed on a cash flow basis.

Receiver of Revenue law application chief director Kosie Louw confirmed that his office had been conducting talks with a working group consisting of several business associations on the issue of taxation of small business.

They had been looking at a number of options and submissions, but there were problems ranging from complications in the calculation of cash flow to the definition of small business.

Hlongwane said Nafcoc had been pushing ahead to unite black business. "Our aim is to unify not only black business, but all business in SA. Our mission is to have one business organisation for SA."

The Nafcoc Investment Holding Company set up last year was an important aspect of black economic empowerment. "Warehousing is needed for all businesses, so the company has not been set up for Nafcoc members only," Hlongwane said.

He said evidence of black business coming together was the joint shareholding Nafcoc had with Fabcos and German truck manufacturer MAN, in a new truck retailing company called African Truck and Bus.

"We call on big business to sit down and talk with us on strategies of building the economy. With the involvement of government we will be able to work out policies that will favour all," Hlongwane said.

Hlongwane said Nafcoc had made its mark in Nedlac and, although it held a third representation in the business caucus, it was not a junior partner. Nafcoc is a co-convenor and was equally involved in discussions with government. It also had veto powers.

SAA 'not yet in talks on privatisation'

BD 11/4/96 (269)

Stephané Bothma

A NUMBER of foreign airlines and investors had expressed interest in entering a strategic partnership with SAA, the airline confirmed yesterday.

However, SAA deputy CE John Hare said the airline was not yet in discussion with any party concerning privatisation. His comment followed a report in a German newspaper which incorrectly claimed that German airline Lufthansa was considering buying 24% of SAA at an estimated cost of $333m.

A spokesman for Lufthansa in Johannesburg said it was not the airline's policy to exchange equity with partner airlines. She said a report published in the Boersen Zeitung was incorrectly translated, which resulted in the misunderstanding of Lufthansa's intentions.

SAA and Lufthansa entered into a cooperation agreement late last year, which included a code-share agreement and frequent flyer benefits for passengers on the two airlines.

SAA said the announcement by the SA government that SAA was a candidate for further privatisation was made in December last year. "SAA has not initiated discussions with any partner concerning future foreign airlines and investors," a spokesman said.

She said the initiation of any such discussions could not occur until an accord was reached between parties on the national framework agreement.

Transport revamp bill likely to top R5 billion

(269)

ANDREA WEISS
Metro Reporter

Arg 18/4/96

UPGRADING Cape Town's transport system to an "acceptable" level for the 2004 Olympics is likely to cost R5,6 billion.

This will be a key issue considered by the cabinet when it meets next week to finalise its support for the 2004 bid.

Bid finance director Mike Fuller was unwilling to release financial details at this point.

But transport experts argue that it will be necessary to spend R5,6 billion on a public transport system to provide for expected growth in the metropole by the year 2010. The Olympics would accelerate this spending to 2004.

CAPE TOWN 2004 CANDIDATE CITY

Meanwhile representatives of local and provincial government met yesterday to discuss a cost-sharing strategy for the Olympics.

Provincial government agreed to pay 15 percent of the total government contribution towards the cost of competition and training facilities and the upgrading of bulk services.

This agreement is subject to central government and local authorities committing themselves financially to supporting the bid.

In a statement, Premier Hernus Kriel said the fact that the Western Cape was supporting the bid financially would have to be taken into account by the Financial and Fiscal Commission when deciding on the province's financial allocation.

Also meeting yesterday, but behind closed doors, was the cabinet sub-committee which will be reporting to the full cabinet next week.

The cabinet meeting on April 24 is a crucial final hurdle before South Africa commits itself to hosting the world's premier sporting event, viewed by its protagonists as the country's best shot at kick-starting economic growth.

Transport costs are being dealt with separately from the projected R1,8 billion cost of building Olympic sporting facilities and training facilities made public last week.

The cost of sporting facilities is likely to be shared between government, the Organising Committee for the Olympic Games and the private sector.

However, transport funding is one of the big budget items for central government.

The thrust of the transport strategy would be to woo Cape Town's residents away from cars on to public transport, with bus lanes becoming a feature of the metro along with an upgraded rail network.

Director of metropolitan transport planning Dave Eadie said the transport plan was not specific to the Olympics, but had been worked out to meet the metro's needs, including demographic changes and population growth, until the year 2010.

Mr Eadie said the plan was aimed at providing public transport which people would find "usable in an acceptable sense of the word and not be dependent on cars".

Although the Olympic Games bid had brought the argument to a head", the issue of funding metropolitan transport was a national one, he argued.

Had the Olympics not been on the agenda, it was likely that the metropole would have been looking at launching a major campaign to increase transport spending which has been declining over the years.

Mr Eadie described the budget as "realistic for a good system".

But he said that his team was being asked to trim it.

Olympic planner Peter de Tolly said transport was being dealt with on the basis of what capital structures should be in place for the future growth of the metro, with or without the Olympics, up until 2010.

(269) Star 18/4/96

Rail corporation promises to improve services

South Africa's public transport system is synonymous with poor service, but there is hope now that the rail corporation is taking steps to improve things.

Commuters in all transport modes have been complaining, with train users saying they are being ripped off by having to pay inflated fares for an inadequate service.

Rail commuters last week marched on the New Canada station in Johannesburg to demand improved services.

A memorandum calling for the provision of alternative transport and the strengthening of communication was handed over.

"We have been complaining for a long time but to no avail," said spokesman Dan Kgala.

The concerned rail commuters indicated that they would boycott trains should their demands not be addressed.

The protest has confirmed market research conducted last year which indicated that besides the "commuter flight" triggered by train violence in the 1980s and 1990s, the lack of cleanliness at stations and in coaches, and the general breakdown of facilities, had done nothing to win passen-

By Mandla Mthembu

ger confidence.

Outraged commuters have often demanded upgrading of Metro Services as they contend daily with hawkers, muggers and dirty trains despite fare increases.

Soshanguve resident Peter Mbali, who works in Johannesburg and uses trains to and from work daily, painted a negative picture of the rail system.

He said seats were often broken or dirty, with broken window panes, making coaches chilly during cold weather.

Mbali lamented hawkers made it difficult for commuters to get on the trains, as "they stand on doors with their wares"

"They try to sell you anything from sweets to beers," explained Mbali, who complained that "train fares have been increased, but the service has not improved"

He expressed despair about the increasing crime on trains, saying passengers were being mugged and robbed by gangs who operated on the trains.

Mbali's complaints are a "tip of an iceberg", compared with those received by Metrorail which has committed itself to addressing the problems.

As a first step, the corporation had admitted that hawkers were a major problem for the service, but indicated a hawker policy was being formulated, with input from hawker associations and the relevant unions.

Metrorail said the problem had become difficult to control as hawkers bought tickets as passengers then sold goods on trains.

In an effort to woo commuters lost to other modes of passenger transport , Metrorail announced it would be spending about R2,8-billion in the next 15 years to clean and upgrade stations, clean, paint and "modernise" more than 4 000 coaches.

About R25-million has been set aside for this year's refurbishment of 32 coaches.

In November, the first 16 coaches on the Cape Town-Simon's Town line and in Soweto will be introduced The remaining 16 would be completed in March and would be used in Durban and Pretoria.

According to Metrorail's executive manager, Brian Carver, the upgrading of trains is part of the organisation's overall objective of improving its service levels.

He said the "modernised" coaches would be different from the old ones in a lot of ways. Among others, each would have a fire- and vandal-proof interior, better lighting to deter criminals, new and improved floors, and more comfortable seats.

Shatter-proof hopper windows and sound buzzer fitted doors for passenger safety are some of the features. "Unlike the current doors, the new doors would not be easily forced opened," explained Carver.

Although commuter organisations have welcomed the plans, they also want more trains during peak hours.

Bureaucratic bungling could cost SAA millions

(269) ST(BT) 21/4/96

By ROGER MAKINGS

SA AIRWAYS's expansion plans have been dealt a blow following the loss of production slots for vital new aircraft.

Boeing informed the carrier this week that it had forfeited its slots for the first two of seven new B777s because of delays in confirming the engines for the aircraft. This could have a domino effect on the other five B777s and possibly on two 747-400s, worth R3,5-billion. Bureaucratic bickering over RDP spin-offs in the R1-billion deal for 22 engines from Rolls-Royce, believed to have been selected by SAA to power their new jets, delayed the go-ahead for production at Seattle.

The loss of the slots means the cost of the aircraft could go up substantially in view of the collapse of the rand against the dollar and the fact that SAA's orders could be pushed to the back of an already extended queue.

Business Times reported in February there was a danger of this happening when the Department of Trade and Industry refused to confirm SAA's selection of Rolls-Royce as the manufacturer of the engines, ahead of competitors Pratt & Whitney and General Electric.

It was reported at the time that the government was seeking a sweetening of RDP spin-offs from the deal.

However, besides having to pay more for the aircraft — the rand has dropped 17% against the dollar since mid-February — SAA will also lose revenue on its high-yield routes to the US, UK and Far and Middle East.

The first of the seven twin-engined 777s was due to be delivered in July next year and the first 747-400 in the last quarter of next year. These aircraft would have immediately been put to work on planned extra flights to the Middle East, UK and US.

According to sources, when Transnet's newly appointed executive director for SAA, Zukile Nomvete, was asked by the Department of Trade and Industry to rubber stamp the Rolls-Royce award, he requested more time to study the deal — time that Boeing did not have. SAA awarded the contract to Boeing early in December.

Asked for comment, Mr Nomvete denied the slots had been lost: "I don't want to comment because of contractual obligations."

SAA is believed to have chosen Rolls-Royce and Boeing strictly on performance and profitability. Tender documents stated that RDP contributions would have to be a percentage of the cost — the greater the price the greater the contribution to the RDP. Most tenders are believed to have fallen in the same range, about R110-million, closely matching each other's contributions.

Co-operation the way to go

CT(BR) 23/4/96 (269)

By Audrey D'Angelo

Johannesburg — Co-operation between southern African airlines would be better than head-on competition in their domestic markets once the network of bilateral agreements had expired, Mike Myburgh, the chief executive of SAA, said yesterday.

He told delegates to a conference in Johannesburg, organised by the British-based African Aviation publications, that unrestricted competition in southern African markets, in which SAA took part aggressively, would "turn it into a battlefield second to none".

He thought the Alliance Airline, launched last year, in which the governments of Tanzania and Uganda and SAA had a stake, was a better way to go.

Admitting that Alliance had "not been as successful as we hoped in economic terms".

Myburgh said this was because, though the Ugandan and Tanzania governments had co-operated enthusiastically, certain individuals had felt threatened.

Myburgh compared running an international airline with playing poker and listed good protection provided by bilateral agreements as a good card to be dealt.

He said SAA, as the national carrier, had the lion's share of routes out of this country.

But it was now operating in a market that was becoming increasingly deregulated, in an international environment that was becoming more liberal.

However, deregulation presented opportunities to increase market share.

A growing airline should take the opportunity to expand by attracting equity and forming global alliances.

Myburgh said that once the bilateral agreements had gone, the slots airlines were able to obtain at airports would be of vital importance

It would also be important for airports to be sufficiently attractive for passengers in transit to want to pass through them.

Agreements 'under attack'

By Audrey D'Angelo

Johannesburg — Aviation agreements between countries, which govern international flights, are under attack from the increasing globalisation of the industry, Japie Smit, the deputy director-general of the civil aviation department, said yesterday.

He told a conference organised by African Aviation, a British-based publication, that alliances and code-sharing agreements between international airlines were eroding the system.

Code-sharing is the practice of airlines selling seats on other aircrafts.

Smit emphasised the need for co-operation between countries in southern Africa to achieve an integrated open-skies market if their airlines were to survive.

He said there had been two initiatives towards this. They were the Yamassoukra declaration of 1988 and the proposed establishment of the southern Africa regional air transport authority in 1994.

Smit said these provided a sound basis for the industry to build on, but there were too many airlines in Africa.

There were also too many airports designated as international gateways and they were barely used, he said.

Smit said the agreement would also affect southern African interests.

However, he said co-operation could gradually be achieved

The Star

Maputo Corridor will create 100 000 jobs

(269) Star 23/4/96

By Jovial Rantao
Political Reporter

The Government has committed R1,5-billion to the Maputo Development Corridor, a job creating several multi-million rand projects aimed at increasing transport links in southern Africa.

Mpumalanga MEC for Finance Jacques Modipane told The Star the move by the national Government was a challenge to big business to claim a stake in the development which will yield an estimated 100 000 jobs.

Modipane also disclosed that substantial resources in the R4,8-billion provincial budget that he presented last week would be focused on making the Maputo Development Corridor a reality. "We call on local, national and international businesses to join us in this development. The national Government's commitment of this substantial amount of money proves our desire to make this development a reality," Modipane said.

He added that the corridor initiative formed part of the provincial government plans to reduce unemployment.

"The long-term benefits of these initiatives will manifest themselves in further bilateral development programmes that will assist the sub-region in infrastructure upliftment, job creation, improvement of skills and the establishment of big and small business," Modipane said.

Other objectives of the development corridor include the revitalisation of economic links between South Africa and Mozambique, and to enhance the process of economic integration within southern Africa and improving the region's global competitiveness.

It will also create opportunities for the private sector and stimulate small and medium-sized entrepreneurs.

The initiative also intends to cement regional ties between the parties involved and to benefit the communities by creating jobs, developing skills and creating links between industries and businesses on an ongoing and growing basis.

The project is also a way of establishing the first step in developing the broader regional economy with Mozambique, Swaziland and possibly Botswana. Discussion have been held with authorities from Botswana. There has also been talk of linking south and west Zimbabwe with the corridor.

Mpumalanga Premier Mathews Phosa said the corridor will have a number of spin-offs for his province, Gauteng, the North West and Northern Province.

"It will increase our tax base and have countless spin-offs for emerging business who will benefit from out-sourcing programmes from the large corporations," Phosa said. Malaysian and local business had shown interest.

Poverty, politics hinder regional air services

ET(BR) 24/4/96 (269)

By Audrey d'Angelo

Johannesburg — Narrow nationalistic policies were the chief obstacle to the development of an efficient regional air service in Southern Africa, said Don Wallace, the outgoing chief operations officer of South African Express.

At a conference organised by African Aviation Publications yesterday, Wallace said the poverty of some of South Africa's neighbours would also make it hard for a regional service to be profitable at this stage.

He also blamed political factors for the difficulties which had caused SA Express to withdraw from Zambian Express at the end of last year

SA Express' majority share holder is Thebe investments. South African Airways also holds a stake

Wallace said SA Express, which was started two years ago, carried 50 passengers a month on routes inside South Africa and Namibia.

The service holds a Livingstone-to-Johannesburg licence that could be a source of future profit. "However, for the time being, we believe it best to continue serving this market on a charter rather than a scheduled basis," he said.

SA Express was trying to obtain a licence for the Johannesburg-to-Gaborone route.

Its route from Johannesburg to Walvis Bay was so successful that a second service from Johannesburg to Windhoek had been started

Wallace said the sad state of the economies of neighbouring countries gave pause "when one contemplates expansion to the north of the Limpopo river".

Though the total populations of the seven neighbouring countries was 50 percent greater than that of South Africa, the countries gross national products totalled only $20 billion. South Africa's GNP was $120 billion.

Therefore, with the exception of Namibia and Botswana, expansion prospects in these countries did not appear promising.

The biggest obstacle to expansion was that despite their weak economies, "these small nations insist on hanging on to their own tiny and inefficient airlines," he said.

Zambia

Musho Shandavu, the general manager of Roan Air, a parastatal that serves the internal Zambian market, told Business Report that Zambian Express had used aircraft too large for the market.

Shandavu said Roan operated 18-seater Beechcraft planes. Its passengers were mainly business-people travelling between Lusaka and the copper belt and its load factors were above 80 percent. He said Roan was "very viable".

Anglo American has a 27 percent stake in Roan and the Zambian government owns the rest.

Zambian Express operated one flight a week from Johannesburg using a chartered aircraft, but SA Express has no connection with it.

AeroZambia, which operates as a regional airline, also provides a service from Johannesburg.

Maputo project set to blast off

Sowetan 25/4/96 (269) (28)

By Maxwell Pirikisi

The continued fall of the South African rand and the landmine question in Mozambique must not be allowed to prevent investment in the Maputo Corridor, says the Department of Transport.

Special assistant to the director in the Department of Transport Karin Pearce says the instability of the rand, and the threat of landmines in Mozambique must not derail the Maputo Development Corridor investors' conference scheduled for the Mozambican capital next week.

Over the past few weeks the rand has lost considerable ground against the American dollar and there are rumours in business circles about an imminent flight by investors from the country to more secure economies

However, Pearce is confident the rand's behaviour will have little or an insignificant impact on fresh and big projects like the Maputo Development Corridor joint venture

Presidents Nelson Mandela and Joaquim Chissano are to jointly host the Maputo meeting

Delegates to the conference will be drawn from the business communities, public and the private sectors as well as potential investors from across the globe

Pearce, who is also South Africa's national projects manager for the Pretoria-Maputo project, says efforts have been made to remove landmines that were scattered throughout Mozambique during the civil war.

The area through which the proposed toll road will stretch, from Maputo to Witbank, has already been cleared of landmines and other potentially dangerous explosives like handgrenades.

"And, in fact, the main focus and thrust of this conference remains that of stimulating growth and development within Mozambique and South Africa," Pearce.

The Maputo meeting will be founded on the basis of mutual understanding between the two participating countries, with a strong call for the public and private sectors from both countries to become active participants in the project.

Policy framework

The main objective of next week's gathering is to market the concept of the Maputo Development Corridor to would-be investors A draft investment policy framework will be announced and tabled, and investment pledges will also be taken before the close of the conference

The toll road, Pearce says, has already gone out on tender and construction companies from both Mozambique and South Africa are now bidding for the lucrative contract.

She appeals to the business communities and other potential investors to take full advantage of the conference and to consider the benefits of investing in the development corridor.

Mpumalanga and the southern part of Mozambique are set for a major economic growth as the road will increase access to the Maputo port Mozambique, in particular, seems poised for the better share as South Africa's wealth is expected to start spilling over into Mozambican markets.

President Joaquim Chissano's government is currently battling to rebuild Mozambique's economy after it was ravaged by two decades of civil war

Expectations are high in that country that the project will become a landmark in Mozambique's reconstruction efforts

According to Pearce, about five sectors have already been identified for development: manufacturing, mining, agriculture, forestry and tourism.

Commitments have also been made by the two governments in the infrastructure needed to support developmental projects in both countries

Maputo and Mpumalanga are the fastest growing centres in the the countries, with almost unlimited potential for growth and development

Benefits from the establishment of the Maputo Development Corridor will not be confined to South Africa and Mozambique alone. Other countries in the Southern African region will also see their quest for economic growth and development receive a lifeline.

President Nelson Mandela

Harbour business booming

(269)

New cranes will boost capability

ARG 25/4/96

CHENE BLIGNAUT
Staff Reporter

HARBOUR business is booming in the Western Cape, with predictions by Portnet that the expansion of the port will boost the industry even further

Container cargoes have seen the biggest growth from 2,1 million tons handled in 1990/91 to 4,5 million tons budgeted for the 1996/97 financial year

The 114,3 percent increase was mainly in the chemical, meat, mechanical, agricultural, acid and deciduous fruit product categories

The overall cargo growth for the same period was 73,2 percent

Shipping movement was also at its highest monthly level ever in March this year with 1 007 ships calling at the port.

Adri Bootsma, communications manager for Portnet, ascribed the boom in harbour activity to South Africa's return to global markets and improved confidence in the country's business sector The unexpected growth in container activity was the cause of serious congestion problems at the harbour last year, which led to a R110-million expansion drive.

The arrival of two huge imported Noell gantry cranes from Dubai this week is the final phase of the programme and will dramatically increase the container-handling capacity of the harbour, at a cost of R46 million

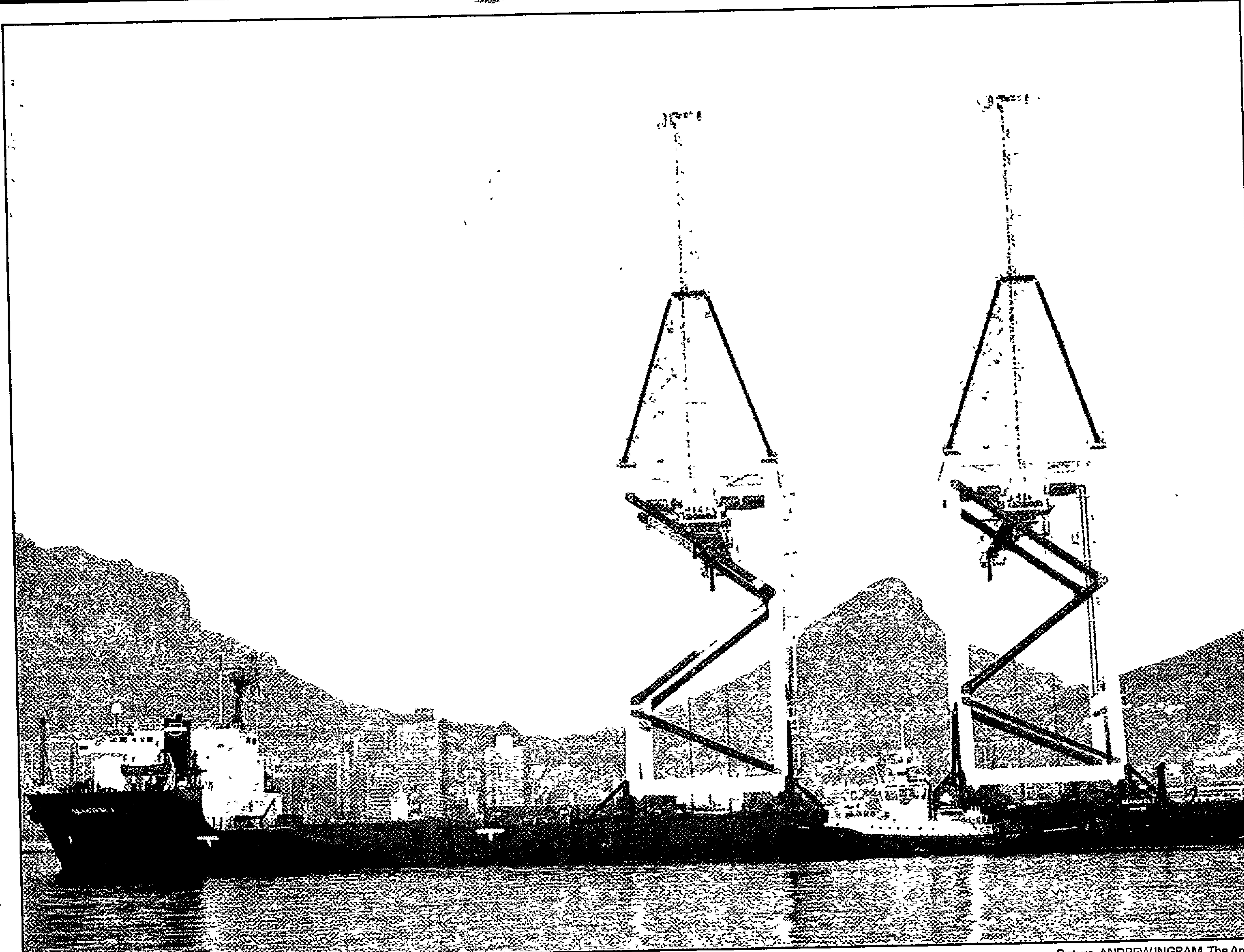
"There is great excitement in the port community about the cranes because they are far bigger than our existing cranes For the first time we will be able to accommodate post panamax ships (larger container vessels)," said Ms Bootsma

The vision is to double the annual container-handling capacity of the harbour within the next few years, she added.

"This could only be interpreted as a major boost for the Western Cape economy"

The cranes were assembled in Dubai so as not to cause a major disruption in port productivity in Cape Town.

The upgrading of the port further included the addition of several other container-handling vehicles, an increase in stacking space, as well as the creation of more jobs at the container terminal.



Picture ANDREW INGRAM, The Argus

ARRIVING IN THE MOTHER CITY: Two Noell gantry cranes, which will dramatically increase the harbour's handling capacity, arrive from Dubai.

Fare row: Police plan go-slow on Metro trains

(269) CT 25/4/96

METRORAIL'S DECISION to charge police officers full fare when they travel to and from work seems set to spark protest action. Crime Writer **JACKIE CAMERON** reports.

POLICE have vowed to stop crime prevention patrols and searches of suspected criminals on Peninsula trains unless Metrorail allows them to continue travelling to and from work free of charge.

About 270 angry commuter unit police members have threatened to embark on an indefinite go-slow in protest against the decision that they must now pay full fare on trains.

Many have called for the disbanding of the unit, and said they would prefer to work at police stations where they can pay R27 for monthly transport on police vehicles — considerably cheaper than paying for train tickets.

Unit members have asked for an urgent meeting with Metrorail and police management tomorrow. If their demands are not met, the go-slow will start on Tuesday, South African Police Union and Police and Prisons Civil Rights Union spokesmen said yesterday.

Meanwhile, at a highly-charged meeting at Cape Town railway station yesterday, many community policing officers — paid for by Metrorail — said they would join the protest action.

The decision to make all police members pay for their transport on trains is unlikely to be changed and, if police embark on the protest, commuters can expect the crime rate on trains to soar.

"Last year on Peninsula trains, at least 20 women were raped, about 23 people were murdered and more than 470 people were robbed, according to police statistics.

Metrorail spokesman for the Western Cape Mr André Harrison said the decision to make all police members pay full fare had been a police management decision.

"We were going to give them a concession rate like we give our own staff. Police headquarters came to us and asked us to keep the current status quo until July, and then make all police members pay full fare."

He said Metrorail in Gauteng had liaised with police in Pretoria about the matter and that he would not be in a position to negotiate with local police.

Harrison said police — the only civil servants permitted to travel free on trains — had been given this benefit with a view to them helping Metrorail fight crime.

"They have not been assisting us. They would all group together on first class coaches and refuse to help out our staff if there was a crime. There have obviously been exceptions."

Harrison said many police members had also abused the benefit by helping friends and relatives to travel free.

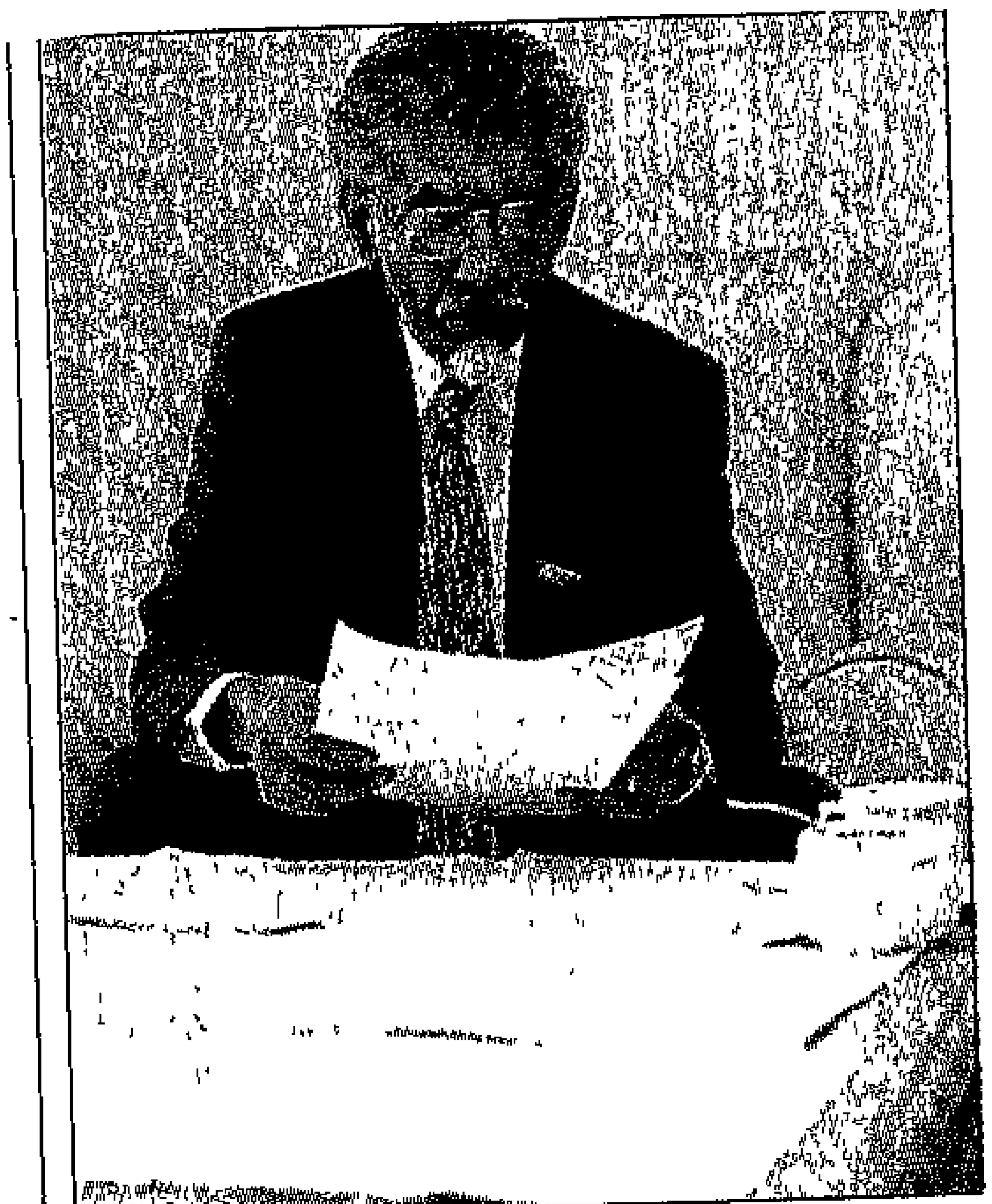
Police spokesman Senior Superintendent John Sterrenberg said: "If they want to make us pay, there is nothing we can do. It is a private business, not a state department."

He said it had not come to the attention of provincial police management that protest action was in the pipeline.

Sergeant James Davids, Sapu representative for the unit which polices trains, said: "We will have to pay to get to work on a train which we will then spend the whole day policing. This is a ridiculous situation."

Other unit members told how they were primarily responsible for controlling unruly crowds returning from protest marches in the city, a task which should be undertaken by the internal stability division members who received a special danger allowance.

Others said they found it "disgusting" that police management made decisions of this nature "when they have made statements that they want to improve our work conditions".



NEGOTIATED RIGHTS *Mac Maharaj proposes 'co-operative arrangements' between airlines*

Maharaj calls for 'calculated' flight protection

(269)

By Audrey d'Angelo CT (BR) 25/4/96

Johannesburg — South Africa must have an international aviation policy of "calculated protectionism" until its markets have been developed to their full extent, Mac Maharaj, the minister of transport, told the Aviation Africa show in Johannesburg yesterday.

Maharaj was unable to attend in person but his speech was delivered by Japie Smit, the deputy director of the civil aviation department.

The transport department had started to investigate co-operative arrangements between airlines, Maharaj said.

"One of the major trends in global aviation is co-operation between airlines, in various ways. Such co-operation includes the forming of alliances, equity exchanges, code-sharing and franchising. These forms of co-operation potentially conflict with regulating regimes, could be anti-competitive and could potentially not be in the interest of users," he said.

A formal research project aimed at ultimately developing policy on airline co-operation in collaboration with all stake holders would be launched in the near future, he said.

The minister said that air transport had a direct regional influence which would become more profound as improving relationships with neighbouring states resulted in more cross-border transport.

However, South Africa's transport policies might not always correspond with those in the southern African region. The creation of a regional transport authority by the Southern African Development Community, intended to negotiate traffic rights with third countries, was a good example of this problem.

At this stage South Africa did not support this initiative since it was in conflict with its own policies.

The minister therefore proposed that a co-operation co-ordinating body rather than the proposed regulating authority should be set up.

He said that such a body could be based on the following criteria:

- Sovereignty of member states over their own air transport markets must be accepted.
- States should work progressively towards integrating their internal markets by removing obstacles to the free movement of people, goods and services.
- Integration should be obtained for growth and commercial forces in the market.
- Distinction should be made between economic matters and technical standards.
- Each individual country must retain the right to negotiate traffic rights with third countries.

The minister said, in light of these suggestions, provinces should construct their own airports. His department would consult with stakeholders to form a national policy on airports and air space management.

He said, however, that "the speed of modern aircraft, the cost of air navigation infrastructure and air traffic control procedures dictated a seamless airspace with as much centralisation of control as possible".

Maharaj proposes 14c/l levy on petrol

(269) (~~78~~) (~~220~~)

BD 26/4/96

Linda Ensor

CAPE TOWN — Transport Minister Mac Maharaj has proposed doubling vehicle licence fees and slapping a 14c/l levy on petrol to raise about R4,4bn a year to revive SA's run-down roads.

Maharaj told the annual congress of the SA Institution of Civil Engineers yesterday that the Cabinet had endorsed a plan to create an independent agency to manage and maintain primary roads and mobilise private sector funding. Current funds allocated to SA's roads were sufficient to fund only 60% of maintenance needs, let alone improvements and expansion, he said.

SA would need to spend R7,9bn a year for the next 10 years to address the backlog and maintain the network.

The treasury collected more than R8bn a year in licence fees and fuel taxes, but just R3,2bn was allocated each year for rural roads, he said.

The higher licence fees would generate R2bn of the R5,5bn needed yearly to fund provincial roads, with the rest coming from the exchequer.

There was wide public support for a dedicated national road fund sourced by a fuel levy, and loan funds redeemed through toll charges. Loan financing could raise R400m with the dedicated fuel levy pulling in another R2,4bn. This would set the fuel levy for primary roads at about 14c/l.

"While this might ... be an onerous additional burden on the motorist, it should be noted that the exchequer already collects some 60c/l from the motorist as a tax, and that a portion of this 14c/l could be provided from this tax."

See Page 3

NEWSMAKER

Transnet crown prince to change corporate outlook

(269) ST(BT) 28/4/96

SAKUMZI MACOZOMA, 39, deputy MD Transnet
EDUCATION: Kwazakhele High School, Port Elizabeth; Unisa; Boston University
QUALITY TIME: Reading, listening to jazz, sport

SAKI MACOZOMA, new deputy managing director of Transnet, measures his words very carefully, no doubt a lesson learnt from his two-year stint in Parliament as chairman of the communications committee.

Asked if he is in line to take over the reins at the transport giant when Anton Moolman, the current managing director, retires, Mr Macozoma comments that "it is an inevitable progression to a post-Moolman situation".

Mr Macozoma is considered by many to be the understudy to Mr Moolman, who has indicated that he is unlikely to serve his full five-year appointment. If he does take over from Mr Moolman as expected, he will be one of the youngest executive directors in corporate South Africa.

Mr Macozoma's appointment comes at a time when a growing number of young and able MPs, many disenchanted with Parliament, are leaving for the corporate sector. But Mr Macozoma says his resignation and the axing of Post, Telecommunications and Broadcasting Minister Pallo Jordan were a "complete historical accident".

In the run-up to the recent Cabinet reshuffle he was widely tipped as a successor to Mr Jordan.

He left Parliament, he says, to take the cudgels of transformation to the corporate sector. "The transformation agenda cannot be accomplished by legislation alone and so I had to look beyond that. It was clear to me that society as a whole cannot be transformed by concentrating on Parliament alone. We need to wage the transformation fight on the economic front too."

Interestingly enough, this is almost to the letter the explanation given by Cyril Ramaphosa on his departure from Parliament.

Born in Port Elizabeth in 1957, Mr Macozoma became politically involved in the 1970s. A member of the black consciousness SA Students' Movement in high school, he was arrested in 1977 for organising a student march and sentenced to five years' imprisonment. He spent the five years on Robben Island, where he did his matric.

Though painful, it was an invaluable experience. "There were lively debates about a lot of things. In retrospect, most of my education, knowledge and interpersonal skills come from this period."

He was released in 1982 and joined a blast and excavation company, but left within two months to join the SA Council of Churches. In 1983 he completed a Bachelor of Arts degree in economics and politics at Unisa and was offered a scholarship to study in the US. However, he was declined a passport by the government and had to travel with a Transkei passport after intervention by the US.

He studied for a masters in journalism at the University of Boston and is still waiting to submit his thesis "some day". On his return he rejoined the SACC and was later approached by the ANC to set up a department of information and publicity.

He left the department three years later to take up an executive directorship at Pula, a non-governmental organisation. In 1993, he joined SAB as business development manager, his only experience in the corporate sector.

He decided to stand for election after a discussion with President Nelson Mandela. He was appointed chairman of the parliamentary communications committee in 1994, but resigned in March and was appointed to the Transnet position by Stella Sigcau, Minister of Public Enterprises, as part of the process of the restructuring of parastatals.

His lack of experience in the transport sector should not be a drawback, he says. "I am not sure if the job requires that. I would like to think the job requires skills that would lead the company to provide a service and good returns for shareholders. Maybe I don't have the skills, but in that event I will acquire them."

Mr Macozoma is married and has two sons, seven-year-old Sakizizwe and two-year-old Thozamile. He spends what spare time he has reading, listening to jazz and watching sport. He used to play soccer, rugby and cricket.

Thabo Kobokoane

WAITING IN THE WINGS: Saki Macozoma Picture: CATHY PINNOC

Sumitomo, Absa link up on project

(269)(

Jacqueline Zaina

BD 6/5/96

JAPAN's Sumitomo Bank has joined Absa Bank in supporting a consortium of SA and Mozambican firms bidding for the R1bn contract to construct a toll road between Witbank and Maputo.

The toll road will form the backbone of the SA government's Maputo Corridor project, which gets under way today with a two-day investment conference in Maputo.

By revitalising the transport route between Gauteng and its closest port, Maputo, the two governments aim to generate savings in costs and time and facilitate tourism in Mozambique.

The Via do Sol Consortium, including Group Five, Grinaker Construction, Keeve Steyn, BKS Incorporated and Maputo-based consulting engineering group Profabril, will bid for the contract, which will be awarded on a build, operate and transfer basis.

The Maputo Corridor project constitutes an important departure from previous SA road projects in that it is

Continued on Page 2

Toll road

(269)()

Continued from Page 1

BD 6/5/96

not expected to cost government anything. Transport department roads chief director Nazir Ali said last month the initial building, estimated to cost between R300m and R400m in two years, was expected to be funded by the private sector, which would generate returns through toll fees. The private sector had shown substantial interest in the project. All tenders, local and international, would be considered provided there was a strong social responsibility component.

Consortium chairman Bean Bornheimer said he was confident the consortium would be a formidable contender in the bidding process, which starts on May 24. A trans-border selection process had been under way for nearly a year to match the requisite talents to the tasks involved.

This was the first corridor development since the government of national unity came to power, and its success was vital if similar projects were to follow, said Bornheimer. "We believe the bid will not simply be won by the biggest consortium, but by the group which can demonstrate its understanding of the complex development task which has to be undertaken."

Alan Dawson, the leader of the consortium's delegation to the Maputo conference, said the backing by Sumitomo Bank and Absa, as well as the assistance of UK engineering consultancy the Mott MacDonald Group, would enhance the consortium's bid.

The road component of the Maputo corridor development consisted of construction of about 50km of new road and upgrading of 46km in Mozambique, as well as the upgrading of part of SA's N4.

The development project also included the dredging and upgrading of the Maputo harbour, expected to cost R300m, and improvements to the railway link at a further R25m.

See Page 3

Conference tackles cross-border project

(269) BD 6/5/96

Stephen Laufer

MAPUTO — Presidents Joaquim Chissano of Mozambique and Nelson Mandela of SA are to open a conference in Maputo today which is expected to give impetus to a project to upgrade transport links and generate new investment on both sides of the border.

Potential investors from several countries, ministers and senior public servants would discuss options for the Maputo-Mpumalanga development corridor which include an upgraded toll road from Witbank and improvements to the rail line from the border at Komatipoort to the Mozambican capital, and rehabilitation of the port.

Easier access to international transport links via Maputo could benefit industries in the eastern and northern parts of the country. By cutting costs and turnaround times, the new links have the potential to make marginal operations profitable and to attract new investment able to use local raw materials.

Improved telecommunications links would benefit business and tourism. Mpumalanga premier Mathews Phosa is on record as wanting to develop holiday packages which would include game park visits in his province and beach sojourns in Mozambique.

The SA department of roads has a major tender for the upgrade of the N4, and Transnet and the Mozambican railway system are understood to be negotiating co-operation on improvements to the plant, management of the railways and of Maputo harbour.

Sapa reports that Transvaal Agricultural Union president Dries Bruwer said an accord on agricultural development accord between SA and Mozambique was to be signed.

Mandela aims to attract Maputo-corridor investors

(269) CT(BR) 6/5/96

By Ross Herbert

Maputo — President Nelson Mandela will host a two-day conference starting today to promote investment in the Maputo corridor transportation project.

The revitalisation of the Maputo corridor comes at a time when southern Africa is experiencing an investment boom in port and transportation links, with upgrades under way at Walvis Bay in Namibia, Beira in Mozambique, Mombasa in Tanzania and South African ports.

Mozambique is pinning much of its hopes for development on its programme of re-integrating the Beira and Maputo harbours into the region's international economy.

Before independence in Mozambique, Maputo harbour handled 40 percent of shipping for what is now the Gauteng area. Today it handles only 5 percent. Changing that will be no easy task. Despite offering Johannesburg business a shorter distance to the sea, Maputo is plagued with troubles.

The United States has withheld food aid and threatened to cut off financial support because 1 800 tons of donated food was stolen from Maputo harbour.

The Paris Club of creditor nations, which has been discussing debt rescheduling with Mozambique, has been highly critical of the country's government.

According to the Mozambique newspaper Imparcial, the Dutch foreign ministry slammed the Mozambique government at a Paris Club meeting late last month for "widespread corruption" that "makes it impossible" for economic development to take place.

Large contracts to the upgrade Maputo harbour and the connecting road and railroad networks are expected to be announced at the conference. The organisers also expect to name the winner of the contract to dredge the Maputo harbour channel.

On Friday, Sumitomo Bank of Japan announced that it had joined Absa Bank to support a consortium of South African and Mozambican construction, civil engineering and consulting firms bidding for the Maputo corridor concession.

Sumitomo and Absa are backing the Consortium Via do Sol in its bid to build, finance and operate a R1 billion toll road linking Johannesburg to Maputo.

The consortium includes Group Five, Grinaker Construction, Keeve Steyn, BKS and the Profabil group, a Portuguese-owned consulting engineering firm based in Mozambique.

Despite the controversies, Maputo harbour increased the amount of cargo it handled by 26 percent last year and the country's railway cargo increased by 18 percent

In February, France pledged $4 million to upgrade the railway links to Nacala in northern Mozambique.

Maputo harbour will get a $7,5 million container terminal able to handle 100 000 containers a year by 1999.

The upgrade will be handled by a joint venture company 37 percent owned by Rennies South Africa, 30 percent by P&O Australia and 33 percent by CFM, the Mozambique state-owned railway company. — Independent Foreign Service

Mandela in praise of Maputo corridor

BD 7/5/96

(269)

Stephen Laufer

MAPUTO — The planned Maputo-Mpumalanga corridor fitted firmly into SA's growth and development strategy and would strengthen regional co-operation, President Nelson Mandela told a corridor investors' conference in Maputo yesterday.

Centred on major infrastructure investment projects to improve the port of Maputo and upgrade the rail and road links between the two countries, the corridor aims to attract a significant private sector investment.

Among major projects presented yesterday was a plan by Mozal, in which Gencor and the Industrial Development Corporation are the principal shareholders, to build an aluminium smelter in or near Maputo. Similar to Alusaf's new Hillside plant, it would produce 245 000 tons, a year increasing to 490 000 tons by 2004.

Total investment would exceed $1,825bn and the project would create several thousand jobs

Representatives of SA and international banks, construction companies and suppliers of telecommunications and signalling equipment are among the more than 550 participants at the conference, opened jointly by Mandela and Mozambique's President Joaquim Chissano.

Mandela said the project reflected the SA government's investment strategy as it was seeking public-private partnerships, significant infrastructure investment, stimulation of economic sectors capable of boosting foreign exchange earnings, job creation, and human resource development.

Transnet and the Mozambican railway system CFM took the first step towards a joint venture to upgrade and operate the 88km rail line from the Ressano Garcia border post to Maputo harbour when a declaration of intent was signed at the conference.

It is understood Transnet will own 16% and CFM 33% of the company which will also manage the line and the port's rail facilities. Transnet had initially hoped for a larger stake, but CFM is understood to have responded to World Bank pressure to raise its own stake and that of potential private sector investors.

SA's Pento Marine and Mozambique's state owned Emodraga signed a declaration of intent to form a joint venture to dredge Maputo harbour. The project will significantly improve Maputo's ability to handle larger ships.

Initial investment in the upgrade of the N4 between Witbank and Maputo was likely to be R400m, with a final investment reaching between R1bn and R1,5bn, an official said.

Tenders for the construction and operation of the 30-year toll road concession are due on May 24, but the deadline could be extended by a month.

Among the leading consortiums understood to be involved are the Via Dosol group, and a group including LTA Construction and Murray & Roberts. Stocks & Stocks and Basil Reed are understood to be discussing a joint bid with French construction giant Bouygues. Kharafi of Kuwait was likely to team up with Concor, Wilson Bayley Holmes, Nishai Matsu of Japan and Mota of Portugal, sources said.

Private-sector involvement essential in corridor, says Mandela

Maputo project to 'boost region'

CT 7/5/96 (269) (270)

From Sapa

Maputo — President Nelson Mandela said yesterday that private-sector involvement was essential to the success of the Maputo development corridor.

Speaking at an investor conference in Maputo, Mandela said the governments of Mozambique and South Africa had been working together over the past six months to establish the necessary foundations to launch the project.

"The task now is to maximise the private-sector participation, essential to the success of the project," he said.

"The development and co-operation elements of the initiative will make an important contribution to the peace and stability in South Africa."

He said investors had the opportunity to make the development corridor meaningful and sustainable, while earning profit for themselves.

"Business often, and quite correctly, is in the habit of urging government to create conditions in which investment can thrive This is one good example of such conditions, created with visionary zeal and a knack for practical detail," he said.

Mandela said the conference was the first of many steps to engage the private sector in the initiative. Key infrastructural projects, some subject to agreement at the conference, would improve efficiency in transportation as well as increase the carrying capacity for road, rail and port traffic, he said.

The toll road from Witbank to Maputo, for example, would involve the private sector not only in construction, but also in its operation over a long period. Similarly, the upgrading of the port and rail facilities would be undertaken on a joint-venture basis between South Africa and Mozambique, with the private sector playing a critical role.

"Substantial private-sector interest already exists and preparations have begun," Mandela said.

He told the conference the corridor had strategic significance in more ways than one.

"It is a practical implementation of the commitment of our governments to regional co-operation within southern Africa. Already, the mutual advantages for Mozambique and South Africa stand out for all to see," he said.

"Simply put, the corridor makes access to and from Maputo easier and more efficient. It makes expansion of existing operations in mining, manufacturing, agriculture and tourism feasible, and it opens substantial new investment opportunities in these sectors."

Local benefits, particularly in terms of jobs and the development of social services, would be felt along the corridor and beyond, Mandela said. Sub-corridors would open gateways to communities in Mpumalanga and Northern Province, and in the northern areas of Mozambique.

Maputo Corridor costs R1-bn

(269) Sowetan 7/5/96

Development will eventually benefit entire Southern African region

By Maxwell Pirikisi

THE DEVELOPMENT OF the Maputo Corridor between South Africa and Mozambique will cost both countries more than R1-billion.

This was disclosed by Transport Minister Mac Maharaj in an exclusive interview with *Sowetan Business* in Maputo yesterday.

Maharaj is in the Mozambican capital to attend the Maputo Development Corridor investors' conference which is being jointly hosted by Presidents Nelson Mandela and Joaqium Chissano.

Maharaj said the rehabilitation of the road and rail network between South Africa and Mozambique "is an enormous amount of work requiring an enormous amount of money".

"To get the transport infrastructure in place and fully operational, just the road and rail systems alone will cost us over one billion rands," he said.

Boost economies

The corridor will not only link Maputo with Mpumalanga but will reach out to the entire Southern African region.

It will boost the economies of the region and increase foreign international investment in Mozambique and South Africa.

Maharaj said although a lot of money was going to be spent on the project, it was worth it because transport unlocks the doors to investment.

He said the first step – which will propel the resuscitation of the transport network – is the finalisation of an historic joint rail and harbour venture between the two governments.

This, he said, would attract investors from parastatals and the private sector from the respective governments.

Projected private sector equity in the entire Maputo Development Corridor project stands at 51 percent.

Nelson Mandela

"Construction of the standard toll road linking Mpumalanga and Maputo is expected to start around August this year, and is expected to be completed over 18 months.

"As for the rail, agreements on construction will be ready by November this year and we expect to start the rehabilitation process in January 1997," said Maharaj.

Overall, the transport network is expected to be fully ready in two years' time.

He told *Sowetan Business* at least ten international construction companies are vying for the road and rail rehabilitation tender contract

Union tackles vexing issue of transport

Sowetan 7/5/96

(269)

But it does not say how efficiency can be achieved without competition

TRANSPORT plays a pivotal role in the economy through its ability to link production, trade and consumption. Labour Reporter **Abdul Milazi** looks at proposals by the Transport and General Worker's Union for a national transport policy...

SOUTH AFRICA NEEDS a transport policy that will promote economic growth while ensuring the development of underprivileged communities.

In a document released last week, the T&GWU proposes that the Government should ensure that the transport system is changed from one that was moulded along apartheid lines, to one that will allow the country to grow.

The document highlights what the union sees as flaws in the Green Paper on transport released by Minister of Transport Mac Maharaj recently.

One of the flaws of the Green Paper, says the union, is that it focuses on transport as a separate entity – and not as part of the country's social and economic development programme.

The T&GWU's vision is that the policy should be based on acceptance of the fact that transport is the key integration factor in the economy, and that it has the capacity to enhance economic polarities if it is not properly managed.

The Green Paper proposes that the Department of Transport hands over responsibility for key services to the private sector, and entrusts regulatory functions to independent agencies.

This, it argues, could save the Government much needed funds for the Reconstruction and Development Programme.

However T&GWU general secretary Randall Howard says it is the Government's duty to provide core transport services. "It is also the role of the government to provide monies to ensure access and affordability for key users, particularly consumers."

Howard also argues that a suitable transport policy should be consistent with the RDP in that it must promote job creation, advance the redistribution of wealth, increase access to goods and services in both urban and rural areas as well as ensure that services are affordable.

However, the T&GWU's document is not clear on the issue of efficiency and there is the danger that this lack of clarity could be construed to make it seem that it is in fact supportive of business's view on the issue.

Business has continually argued that as long as Government remains the sole provider of public services like transport, it leaves no room for other competitive providers to offer improved services.

The T&GWU is critical of Minister Mac Maharaj's Green Paper on Transport.

While the union's call for government ownership and control of the transport industry is intended to benefit the majority, the guarantees that efficiency can be obtained in the absence of competition is not explained.

Rejects proposals

Also, while accepting the recommendations of the National Taxi Task Team to level the playing field between the various modes of transport to promote the economic viability of the informal sector, the union rejects Government's proposals for "regulated competition" as a means to achieve this.

Howard argues that this approach contradicts the goals of the RDP and fails to address the basic economic problems in public transport.

But the union provides no viable solution on how the levelling of the playing field can be achieved without regulation. The union's proposed government subsidies for commuters to ensure affordability of services, may not appeal to external investors if it spells interference with pricing in the light of global competitiveness.

The major issue though, which all concerned should not miss, is not really that of the efficiency of public transport – but how to extend provision of such services to communities that were previously denied transport by apartheid's design.

The Star Tuesday May 7 1996

SA, Mozambique sign pacts to boost Maputo initiative

(269) Star 7/5/96

Two historic agreements were signed yesterday between South Africa and Mozambique to finalise co-operation in agriculture, trade and economic development.

President Nelson Mandela and Mozambican president Joachim Chissano signed the agreements at the start of a two-day conference on the Maputo Development Corridor – a job-creating, multi-million rand project aimed at integrating infrastructure network to increase transport links in southern Africa.

The agricultural agreement is to formalise the involvement of South African farmers, led by Freedom Front leader Gen Constand Viljoen and the South African Farmers Union, in Mozambique. The agreement provides for co-operation and protection of SA interests in agricultural and private sector development in Mozambique.

In an address to the conference, Mandela said the development and co-operation elements of the Maputo initiative will make an important contribution to peace and stability in South Africa.

Mandela threw the gauntlet to the private sector and challenged it to match the boldness of the South African and Mozambican governments, who have joined hands to get the initiative off the ground. He said the significance of the conference lay in providing opportunities for investors to help make the Maputo Development Corridor a meaningful and sustainable initiative, at the same time as earning a profit for themselves.

"The corridor has strategic significance in more ways than one. It is a practical implementation of the commitment of our governments to regional co-operation within southern Africa. Already, the mutual benefits of such co-operation for both Mozambique and South Africa stand out for all to see. The South African government is committed to co-operating with Mozambique in its reconstruction as outlined in the Economic Recovery Programme. The Maputo Development Corridor initiative represents one of the major undertakings in this regard.

"The Corridor initiative also fits firmly within South Africa's own strategy for growth and development. In this project are contained the most important elements of our investment strategy, such as partnership of government and the private sector, investment in infrastructure, the stimulation of sectors that boost foreign exchange earnings, the attention to developing our human capital, and the creation of jobs," Mandela said. – Political Correspondent.

Thurs: 16 July 5:30
23 "

Major companies vie for Maputo job

269 Sowetan 8/5/96

By Maxwell Pirikisi

MAPUTO – Major International companies, a top South African construction and road building outfit and a leading Mozambican company are in the running for the Maputo Development Corridor contract.

Speaking shortly after Presidents Nelson Mandela and Jacquim Chissano had addressed the investors' conference for the project in the Mozambican parliament on Monday, Alan Dawson, leader of the Consortium Via Do Sol's delegation, said his multinational organisation was vying for the contract.

"A careful trans-border selection process had been underway for nearly a year to match the requisite talents to the task.

"This corridor development in South Africa since the Government of National Unity came into power has to succeed if others are to follow," he said.

The group says it has expertise in both South Africa and Mozambique.

"We have one of the leading international banks and its local partner on board as well as the assistance of a top UK engineering consultancy, the Mott MacDonald Group, to support our bid," Dawson said.

The major partners in Via do Sol at this stage include Group Five Limited, Grinaker Construction Limited, Keeve Steyn Incorporated, BKS Incorporated and the Profabril Group, a Portuguese owned multidisciplinary consulting engineering group based in Mozambique. They have a combined turnover of R6 billion.

Financial advisers include Sumtomo Bank of Japan and SA's Absa Bank.

The truth commission moves into phase two of its work

Drew Forrest BD 13/5/96

THE truth commission is planning large scale "event hearings" focusing on landmark upheavals such as the 1976 Soweto student uprising, and forums for political parties and other organisations as it moves into the second stage of its activities.

These hearings will form part of a new agenda now that phase one of the commission's work — symbolic setpiece hearings for victims — is over.

The full commission will meet on Wednesday to digest the lessons of phase one and to map out its operation for the remainder of its two year lifespan.

Commission chairman Archbishop Desmond Tutu and other commissioners indicated last week that a range of forums was on the cards. Small scale victim hearings will continue, but perpetrators will come increasingly under the spotlight.

Event hearings are designed to shed light on broader patterns of human rights violation. KwaZulu-Natal co-ordinator Richard Lyster said they would be of key importance in coming to grips with the thousands of violations in KwaZulu-Natal over the past decade.

Tutu said the human rights violations committee would break into as many as four roving units to hold victim hearings across the country.

The organisational forums are expected to be major setpieces at which party luminaries such as Deputy President Thabo Mbeki and NP leader FW de Klerk may testify.

Also in the offing are follow-up hearings to check the veracity of victim testimonies. Named perpetrators will be given the right of reply and the opportunity to subject victims to limited cross-examination.

At the same time the amnesty process begins in earnest with the first public hearings scheduled for the Rustenburg area next Monday. But it is unclear when the first amnesties will be announced, as last week it was decided not to grant amnesty pending a constitutional court challenge to the amnesty process.

Council writes policy on road access control

BD 13/5/96 (269)

Ingrid Salgado

GREATER Johannesburg's eastern metropolitan substructure has drawn up a comprehensive policy document on suburban road closure and access control due to demand from residents for restricted access to their homes as a way of preventing crime.

Councillor Craig Stephens said the council was considering applications on the matter every week. It had recently agreed to approve applications where more than 80% of residents in affected areas consented to roads being blocked off.

A working group had been set up to hear the applications. Seven applications for either road closure or access control had already been approved, primarily in Sandton, and several others were in the pipeline.

With the council's consent, residents could set up a section 21 company, to which those in favour of road closure or access control would pay a monthly fee to the private security companies guarding the roads. Residents against restricted access were not forced to contribute.

The system was cost effective since all residents with alarms in their homes normally signed up with one security company, thus introducing economies of scale.

Police in the area believed restricted access had a "positive effect" on reducing crime, Stephens said. Private patrolling meant police resources could be used elsewhere while police representatives sat on the working group to hear applications.

He dismissed claims by a Sandton resident that security companies acted like vigilantes and "private police forces". Security officials were law-abiding citizens and there was no evidence of gangsterism or anarchy, Stephens said.

The resident, former Sandton councillor Frederick Ehlers, alleged that the "rule of law" in Sandton had broken down and security companies had erected "barricades" on roads leading into Barlow Park, which is his place of residence.

But Stephens said the council had received only one written objection to the boom, and that was from Ehlers. More than 90% of residents in the area were in favour of the boom. He said that Ehlers, whom he defeated in last November's local government elections, had "sour grapes".

the Harare Declaration on human rights (CMAG), and the United Nations

In the case of CMAG, the Group was appointed by the Commonwealth Heads of Government Meeting (CHOGM), held in New Zealand during November last year, to deal with serious or persistent violations of the principles of the Harare Declaration, *inter alia* in Nigeria. The Group met in London during December 1995 and again in April 1996. At the first meeting, it was decided to send a mission to Nigeria to pursue dialogue with the Nigerian Government aimed at the speedy restoration of democracy and constitutional rule. Following the continued refusal of the Nigerian Military Government to receive the mission, the Group, at its second meeting, *inter alia* took note of the fact that political and other detainees had not been released and recommended implementation by the Commonwealth of a number of further restrictive measures against Nigeria, including visa restrictions on, and a denial of educational facilities for, members of the Nigerian regime and their families, an arms embargo, a ban on sporting contacts; and a downgrading of diplomatic missions. It was also decided that further measures, *inter alia* of an economic nature, would be considered in consultation with the European Union, the United States and other members of the international community

In the United Nations, South Africa, although not a member of the Commission for Human Rights, played a pivotal role in the adoption by the Commission of a resolution by consensus on the human rights situation in Nigeria, which *inter alia* called on the Nigerian Government to restore *habeas corpus* and release all political prisoners.

(b) The press conference took place on 13 February 1996.

The request for the audience was conveyed on 23 February 1996

The meeting took place on 5 March 1996.

The second CMAG meeting in London took place on 23 April 1996.

The United Nations Commission for Human Rights adopted the resolution on Nigeria in Geneva on 23 April 1996 as well.

(c) There has unfortunately been no positive response by the Nigerian Military Government to any of the above-mentioned actions to date as far as the release of General Obasanjo and other political prisoners or detainees is concerned.

Government delegation to Beijing: discussions

*22. Mr C W EGLIN asked the Minister of Foreign Affairs:

(1) Whether he intends leading a Government delegation to Beijing for discussions with the government of the People's Republic of China; if not, what is the position in this regard; if so, (a) when are the discussions to take place and (b) what will be the subject of the discussions;

(2) whether the South African delegation will convey to the government of the People's Republic of China the attitude of the South African Government towards the issue of diplomatic relations between (a) South Africa and the People's Republic of China and (b) South Africa and the Republic of China; if not, why not; if so, what are the relevant details;

(3) what is the attitude of the South African Government to each of the issues referred to in paragraphs (2)(a) and (b) above?

N524E

The MINISTER OF FOREIGN AFFAIRS:

The hon member is referred to the oral reply given to Question 12 in the National Assembly on 15 May 1996.

Tax amnesties: amounts retrieved

*23. Mr K M ANDREW asked the Minister of Finance:

Whether any amounts in back taxes have been retrieved in any of the various tax amnesties in the past five years; if so, what amount was recovered during each amnesty period?

N525E

The MINISTER OF FINANCE:

The 1993 moratorium was aimed at taxpayers who failed to render tax returns timeously. Assurance was given that prior years' tax returns would be accepted without the imposition of penalties in respect of the late rendition thereof. This moratorium did not prove very successful as it was not properly publicised. Serparate records of the amounts of tax paid by taxpayers who submitted arrear returns were not kept.

The object of the 1995 tax amnesty was to expand the taxpayer-base by registering as many taxpayers as possible. Many of the taxpayers who came forward during the amnesty period were salaried taxpayers. In these cases they were registered as taxpayers as from the 1995 tax year. It can further be argued that there are no arrear taxes in these instances as their employers had already deducted employees tax at source and it was paid over to the Receiver of Revenue where the employers were registered.

By 18 April 1996 a total of 15 662 taxpayers had been granted amnesty and taken on the income tax register The Commissioner for Inland Revenue is unable to furnish specific details relating to arrear tax paid under the amnesty as this information was not captured separately and many of the assessments have yet to be issued. Furthermore in terms of the Tax Amnesty Act the applicants are entitled to pay off the taxes over various periods, depending on which taxes are involved. The Commissioner is however aware of two separate payments totalling R1 357 260 relating to previously undisclosed sales tax which were made as a result of the 1995 tax amnesty.

State tender contracts: investigation of affirmative action

*24. Mr K M ANDREW asked the Minister of Finance:

Whether, with reference to the reply to Question No 26 on 6 September 1995, the Task Team investigating affirmative action in respect of the awarding of State tender contracts has delivered its report; if not, what is the position in this regard; if so, (a) what proposals did the Task Team make and (b) what is the status of these proposals?

N526E

The MINISTER OF FINANCE.

Yes.

(a) The Task Team proposed, as an interim strategy until a Green Paper has been completed by the end of June 1996, that a preference system be introduced to target the previously disadvantaged sector of the community. This preference system is based on equity owned by Blacks and women. Guidelines for the implementation of an affirmative procurement policy, through joint ventures between established and emerging companies, was also drafted by the Task Team.

(b) The preference system as well as affirmative procurement policy were approved as an interim measure by Cabinet and is in the process of being implemented by national departments and provinces.

Madimbo Corridor: protection of environment

269

*25. Mr N J J VAN R KOORNHOF asked the Minister of Environmental Affairs and Tourism:†

(1) Whether his Department is considering taking any steps aimed at protecting the environment in the Madimbo Corridor; if not, why not; if so, what are the relevant details;

(2) whether there are any mining activities in this area; if so,

(3) whether any prospecting contracts have been awarded in this regard; if not, what is the position in this regard; if so, what are the relevant details;

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

N562E

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM:

(1) Yes. The Department of Environmental Affairs and Tourism is considering taking steps to conserve the environment in the Madimbo Corridor, but with acknowledgement of the framework prescribed by Schedule 6 of the Constitution. Schedule 6 states, amongst other things, that the executive responsibility for the environment is a provincial competence.

The Department does not have executive powers regarding the prospecting taking place in this area. The approval thereof has

Hansard

been granted by the Department of Mineral and Energy Affairs. In addition, the responsibility for environmental management rests with the provincial Department of Environmental Affairs and Tourism.

The Department is very much concerned about the current state of affairs and proposed to the provincial Department of Environmental Affairs and Tourism during a meeting on 15 March 1996 in Pietersburg that a meeting with all interested parties should be convened as soon as possible. This meeting will be known as the Madimbo Forum All interested parties' interests, needs, role and plans for the area can clearly be spelt out by means of the Madimbo Forum The Department suggested during the same meeting that an integrated development plan be urgently compiled This plan must make provision for the needs of all interested organisations and must be to the best benefit of the province and all its people as well as the whole of South Africa

The aim of the above-mentioned strategy is to prevent *ad hoc* development from negatively influencing the greater potential of the area as a conservation and tourism area Unfortunately there has until now been no progress in this regard at provincial level.

(2) Yes. The prospecting of diamonds by Madimbu Diamond Corporation is presently continuing. Madimbu Diamond Corporation is already prospecting at the third prospecting site

(3) Yes. A notarial prospecting contract with an option to obtain a mining lease has been granted to Madimbu Diamond Coprporation by the State The approval of the contract has been granted on 22 May 1995 by the Minister of Mineral and Energy Affairs in accordance with section 6(3) of the Minerals Act, 1991 (Act No 50 of 1991).

(4) Yes. A press release is attached.

Dr Dawie de Villiers expresses grave concern about the future of Madimbo Corridor

Dr Dawie de Villiers, Minister of Environmental Affairs and Tourism, says that firm action is now needed to protect the Madimbo Corridor and that he will fully support any renewed efforts of the Department of Environmental Affairs and Tourism of the Northern Province to halt prospecting in this ecologically sensitive area. Dr de Villiers made this statement in view of the fact the Madimbu Diamond Corporation, formerly Duo Corporate Developers, is still continuing prospecting activities in the corridor despite a pending appeal lodged by the National Parks Board, and attempts by the provincial MEC for Environmental Affairs and Tourism, Ms Maris-Stella Sexwale-Mabitje, to halt diamond prospecting in terms of section 31(A) of the Environment Conservation Act, 1989 (Act 73 of 1989)

Dr de Villiers stated that the Madimbo issue has now become a cause for major concern. The Director-General of the Department of Mineral and Energy Affairs has not yet responded to the National Parks Board's appeal No significant progress has been made by the provincial Department of Environmental Affairs and Tourism despite the support pledged to them. Meanwhile, the Madimbu Diamond Corporation is proceeding unhindered with prospecting on the third site Prospecting has already taken place on two sites in the area which was identified by the national Department of Environmental Affairs and Tourism (DEA&T) as ecologically sensitive and not suitable for prospecting or mining.

Expressing grave concern about the current state of affairs, Dr de Villiers said that the DEA&T will back all efforts of the Madimbo Forum to develop an integrated development plan for the area. This plan should provide for the needs of all affected parties and benefit not only the Northern Province, but the whole of South Africa and its people All stakeholders should consult widely and adopt those land-use options that would ensure the sustainable development of this pristine area in the long term. This will also provide an opportunity to take into consideration the land restitution claims made by local communities.

The Minister also re-emphasised his support for community-based ecotourism in the Madimbo Corridor aimed at promoting the principles of the Reconstruction and Development Programme (RDP). 'Nature conservation and associated ecotourism are an integral part of sustainable development, and none of these activities can be considered in isolation of development planning', he said. The strong objections raised by several environmental groups against mining are a good indication of the value of this area, both with regard to its ecological significance and its potential for nature-related economic growth. The corridor is a key area in the planning of an extensive transboundary peace park in a joint effort between South Africa, Mozambique, Zimbabwe and Botswana.

Dr de Villiers said that, should the Madimbu Diamond Corporation continue prospecting in the Madimbo Corridor, it will leave him no choice but to invoke section 31(A) of the Environment Conservation Act, 1989 (Act 73 of 1989).

Issued by the Department of Environmental Affairs and Tourism, Pretoria.

Hansard

Kruger Park: extension of boundaries

*26. Mr N J J VAN R KOORNHOF asked the Minister of Environmental Affairs and Tourism:†

(1) Whether it is the intention to extend the boundaries of the Kruger National Park to neighbouring countries; if not, what is the position in this regard; if so, what stage has the development and planning of the intended extension reached;

(2) whether any obstacles delaying the process are currently being experienced; if so, what are the relevant details?

N563E

The MINISTER OF ENVIRONMENTAL AFFAIRS AND TOURISM:

(1) It is not the intention of the National Parks Board to expand the borders of the Kruger National Park beyond the national boundaries. The concept that does exist is that of a transfrontier national park, based on co-operative management by the Board and Zimbabwe/Mozambique authorities of protected areas; one being the Kruger National Park and the others to be established in Zimbabwe and Mozambique adjacent to the Kruger National Park The stage has been reached where a joint committee between the National Parks Board and the Mozambique authority has been established to negotiate the issue. Talks between Zimbabwe and the National Parks Board have also been initiated by me. The Board's approach is that the initiative should come from both sides and that the Board should be neither prescriptive nor force the matter.

(2) There are no specific hindrances, and the matter is pursuing the normal course of friendly negotiation with interaction as and when necessary.

*27. Dr T G ALANT—Arts, Culture, Science and Technology.[Question standing over.]

Statistics on street hawkers

*28. Mr J W LE ROUX asked the Minister of Trade and Industry:†

(1) Whether he or his Department has any statistics on the number of street hawkers currently trading in South Africa; if not, why not; if so, what is the number;

(2) whether he or his Department is currently developing a strategy with regard to the coordination and monitoring of street hawkers; if not, why not; if so, what are the relevant details?

N566E

The MINISTER OF TRADE AND INDUSTRY:

(1) No There is no database reflecting the number of street hawkers trading in South Africa as there has never been any formal registration of these hawkers The various hawkers associations estimate that there are 200 000 hawkers trading in South Africa. However the local authorities in the various provinces are of the opinion that this figure is highly overrated. Local authorities are now encouraged to register hawkers in order to build up a reliable database on hawkers trading in South Africa.

(2) Legislative competency in terms of the Businesses Act, 1991 (Act No 71 of 1991) was assigned *in toto* to the provincial administrations on 9 March 1995. The Department of Trade and Industry and representatives of the various provincial administrations formulated street trading bylaws which can be used as guidelines in the coordination and monitoring of street hawkers.

KwaZulu-Natal seeks RDP aid for roads

BD 17/5/96 (269)

Nicola Jenvey

DURBAN — KwaZulu-Natal's transport department planned to boost its R612,4m budget and improve the province's road network by applying for additional funding from the RDP, department secretary Guil Marais said yesterday.

The department had requested R820m from the provincial budget and current funding was "inadequate" to tend to the 7 000km of tarred roads and 17 000km gravel roads in KwaZulu-Natal.

The network would be extended to include another 17,000km of rural access roads in the near future, he said.

Marais said capital was not available for extensive maintenance and construction. Labour accounted for R230m of the budget allocation, in spite of the hiring freeze since 1988.

The aim over the longer term was to cut the labour force through natural attrition and subcontract-specific programmes.

Funding for the construction of community access roads in 1996/97 amounted to R36,1m boosted by a R20m national government subsidy and R15m from the works department. Additional funding would be requested from RDP, said Marais.

Transport chief director Thami Manyathi said a provincial toll road system was being considered and the KwaZulu-Natal cabinet would be approached on the issue this year.

However, Wessel Nel (DP) questioned why a comparative study between constructing new toll roads and introducing a provincial fuel levy had not been undertaken, in view of the high costs involved with toll collection.

Budgetary constraints in 1995/96 had limited the department to retarring 35% of the black top roads and regrading 16% of the gravel roads due during the year. Only 35% of the province's tarred roads and 18% of the gravel roads were in a good condition.

No mandate given on Transnet privatisation

BD 17/5/96 (269)

Business Day Reporter

PUBLIC Enterprises office deputy director-general Sipho Shabalala yesterday backed down from comments he made earlier in the week regarding options under discussion for the restructuring of Transnet.

Shabalala said in a statement yesterday that no mandate had been given to Transnet's board to enter into discussions with labour with a view to consider the privatisation of Transnet.

"The restructuring of Transnet, inclusive of all possible restructuring options, is the subject for discussion between labour and management within the National Framework Agreement entered into by government and labour," he said.

However, earlier in the week Shabalala said that a range of proposals were under discussion with regard to Transnet which included finding a strategic equity partner and privatisation. Transnet MD Anton Moolman said other options for the group, which had operating assets of nearly R40bn, included combining units — its operations include SA Airways, Spoornet and Portnet — and splitting up others.

Moolman said last week extensive talks were being held within a number of forums to come up with an acceptable restructuring plan. Each business unit within Transnet had a spectrum of opportunities, but the parastatal was being looked at holistically.

Moolman emphasised Transnet needed a mandate from the national framework agreement on parastatal restructuring before it could move forward. Shabalala said no manager of Transnet had been given a mandate to consider the privatisation of Transnet, which also applied to managers of other state enterprises.

However, Moolman made it clear that Transnet was going through the correct procedures during its discussions on restructuring, and no one was moving ahead unilaterally.

Strike call over plan to scrap bus subsidies

(269)

Sowetan 20/5/96

Transport and General Workers Union pledges programme of mass action to protest against Maharaj's policy direction

By Adam Cooke and Sapa

The Transport and General Workers' Union announced at the weekend its 70 000-strong membership would go on strike in July to protest against Transport Minister Mac Maharaj's decision to privatise the bus industry and contract routes to the private sector.

The announcement came yesterday at the end of the union's three-day annual congress in Johannesburg.

"The action on July 2 is meant to draw attention to our opposition to certain principles in the green paper on transport," TGWU secretary-general Randall Howard said.

The union also called on the Government to guarantee jobs in the transport ministry.

The congress resolved to campaign for a minimum wage of R1 500 a month for workers employed in the security, cleaning and transport sectors.

Speaking at the opening of the union's fifth national congress, TGWU president Alfred Ndlovu said a strong message should be sent to Maharaj that the privatisation and deregulation of "such a central social service to our people" would not be tolerated.

He added: "We will embark on a programme of mass action involving Cosatu to change the policy direction."

The conflict stems from Maharaj's plan to introduce a tender or contract system in public transport, which would see the Government relinquishing its hold.

Plans to scrap subsidies over the next three years were announced in March.

Ndlovu went on to call for the congress to formulate a clear programme of action: "The minister always says there is no need for blockades I have news for him: in this instance there will be!"

Last year Maharaj and his nine MECs resolved not to enter into discussions with any party responsible for a road blockade while the blockade was in place.

Cosatu general secretary Sam Shilowa told the congress the union needed to put forward programmes on the future of transport: "We can't just disagree with Maharaj, we need a plan," he said.

Also addressing the congress, entitled "Socialism – the vision. RDP – the road", Labour Minister Tito Mboweni said the Government was working towards ensuring that taxi drivers were recognised as workers and not as contractors.

He listed planned changes in labour, including defining truck drivers who owned vehicles as workers "to ensure that employers who subcontract to these drivers are required to meet the basic labour standards".

Fare evaders costing railways R160m a year, says director-general

269 BD 21/5/96

Stephen Laufer

CAPE TOWN — Fare evaders using Spoornet trains cost the railways R160m a year, transport director-general Ketso Gordhan told the parliamentary committee dealing with his department yesterday.

Explaining transport ministry plans to put rail transport and bus route concessions out to tender, Gordhan told the transport committee competitive management would allow government to move away from the current deficit financing method, which did not oblige operators to cut costs and seek efficiencies. Between 30% and 40% of commuters avoided paying fares. Management structures which ensured collection were needed.

Putting bus route permits out to tender would have the added advantage of allowing consortiums of small local operators to tender. Services, particularly to rural areas, could benefit from a system where elected governments at local, provincial and national levels determined which routes should be subsidised. Currently operators determined which routes they wanted to serve.

Putco, which had a monopoly on the KwaNdebele-Pretoria route and received major subsidies, could expect to earn R2,5bn on the route in the next 20 years if the system was not changed. Subsidies on this route were R100m a year. This was not sustainable.

Breaking the operator's monopoly would allow government to ensure subsidies were related to real costs, encouraging cost-cutting and more efficient services.

Operators were currently less resistant than the transport unions, which feared pressure to cut costs would bring more stress and less job security, Gordhan said. He expected the strike planned for July 2 to go ahead.

Government would not intervene to direct freight towards road or rail transport. Their use had to be a result of market decisions based on quality of service and competitiveness.

Since the deregulation of freight traffic, 80% of goods were carried by road and only 20% by rail, despite cross-subsidisation by Spoornet's profitable special coal line. However, the transport department was not sure whether heavy trucks were paying their way and had commissioned a study to see whether licence fees and tolls were at the correct levels.

Overloading and roadworthiness would be under increased surveillance and this should go at least part way to allaying union fears, Gordhan said. His department would establish 14 weighing stations nationally.

Transport seen as catalyst for growth

BD 22/5/96 (269)

Kevin O'Grady

THE transport department had in the past two years started 20 major roads projects that were worth R1,9bn and had created about 9 000 jobs, Transport Minister Mac Maharaj said yesterday.

Speaking at an ANC news briefing in Midrand, near Johannesburg, Maharaj said substantial portions of the projects' contract values had been paid to small businesses.

The N1 toll project between Kranskop and Pietersburg, which was worth R650m, had involved 23 emergent contractors. Training had been given to 634 people during the course of the project, 768 local people had received employment and R42m had been paid to small businesses and in salaries.

Projects on the KwaZulu-Natal north coast had seen the main contractors employ 995 people, 418 drawn from the local community and previously unemployed. Small businesses had employed 691 people and 641 people were trained at a cost of R3m.

Currently in the pipeline was the N3 De Beers Pass which had a contract value of R1,2bn and the potential to create up to 48 000 new jobs, he said.

The department had also had R100m allocated to it from the RDP for small roads projects, secondary roads and infrastructure provision, of which R66,9m had been committed by March 30. There were currently 40 projects under way in all nine provinces.

A planning exercise regarding Cape Town's Olympic bid was under way to make sure certain transport infrastructures were in place when the bid was made. The department had already made R70m available with R420m to follow after the bid was made, he said.

Maharaj said international experience showed that transport was a catalyst for economic growth second only to education and he believed it would be "a key instrument in the deracialisation and transformation of our society".

Also speaking at the briefing, Public Enterprises Minister Stella Sigcau detailed progress that had been made in negotiating the restructuring of state assets. When she made her policy speech on June 21, "where we are going will be very clear".

The process appeared to have ground to a halt because various departments were still finalising their white papers and restructuring could not occur before this had been done. It could not occur in "a vacuum".

Mpumalanga finance MEC Jacques Modipane told the briefing one of the major problems facing his province was illegal immigrants. Illustrating the scale of the problem, he said about 30% of Swaziland's aged were illegally drawing pensions in Mpumalanga using illegal identity documents.

Eastern Cape seeks Maharaj aid on N2

269 BD 23/8/96

Kevin O'Grady

THE Eastern Cape government has asked Transport Minister Mac Maharaj to assume responsibility for maintaining and upgrading a 400km stretch of the N2 in the province, in order to release funds for other public works priorities.

The province's public works MEC Thobile Mhlahlo said yesterday he believed Maharaj would agree to the request to declare the stretch — between Fish River and King Williams Town and from Kei Bridge to Brookes' Nek — a national road.

Speaking at an ANC briefing in Midrand, near Johannesburg, Mhlahlo said the Eastern Cape had inherited a severe roads backlog, and needed R700m a year just to maintain the current poor condition of roads. Current funding levels were less than R400m.

His department's first priority since the 1994 election had been to cut the staffing levels of the three public works departments inherited by the new provincial government, from 12 900 to 6 500. This process was now almost complete, Mhlahlo said.

Another major department project had been to implement the R300m schools building programme for the provincial education department. There were currently 400 contracts in various stages of implementation, of which 186 were for schools, 114 for emergency classrooms and 100 for the construction of 1 200 toilets.

The R135m capital works programme for the health department would also be completed in the current financial year. Projects included building seven outpatient departments and four community health centres at a cost of R43m, while R36m had also been allocated to upgrading existing hospitals and supplying water and sanitation.

One of the province's notable successes was the signing of an agreement with the Volkswagen Community Trust which would match the department's contribution to public assets in the Uitenhage and Despatch areas on a rand-for-rand basis.

Northwest public works MEC Zacharia Tolo said his department had renovated more than 100 buildings damaged in the March 1994 Bophuthatswana uprisings and had also built 582 classrooms, 27 administration blocks and 740 toilets as part of its schools-building programme.

Construction of 36 clinics had begun as part of the clinic-building and upgrading programme. Problems encountered by his department since it came into existence included establishing a new department with limited skills and experience.

"The culture of non-accountability of officials, lack of policy understanding and slow paradigm shifts were other problems," Tolo said.

Bus operators want slow change

(269) ARG 24/5/96

JOSEPH ARANES
Municipal Staff

BUS operators have warned the government to phase in gradually changes to public transport policy, because they say improvements to the transport system cannot happen overnight.

Nic Cronjé, president of the South African Bus Operators' Association and chairman of Golden Arrow Bus Services, said the bus industry supported the principles of the government's new transport policy and believed it would bring about growth and improve the provision of public transport.

Central to the government's plans are the phasing out of subsidies for "monopolistic" operators and the privatisation of public transport. Commuter transport is now 50 percent privately owned and the other half is controlled by the state.

For the successful implementation of the new policy, the industry will have to be completely privatised to provide the required improvements in productivity and control of the sector.

Mr Cronjé said that although bus operators supported the government's initiatives, they had reservations about medium- and long-term stability, the cost-effectiveness of the proposed policy and its practicability.

"Because the shift of South Africans from a private car mindset to a public transport mindset is an enormous undertaking, it is imperative that the implementation of the policy be phased in gradually.

"To sustain such a mind shift, the government will have to introduce a graded increase in public expenditure for the simple reason that there is no point in promoting public transport unless the operators can deliver on any promises made.

"Improvements to the system will not take place overnight, especially when it comes to the provision of interchanges and passenger facilities."

He warned that unless the changes took place gradually, there was a real danger that the bus industry and public transport would be destroyed.

Mr Cronjé said the new policy would help endow the smaller players with economic empowerment.

Maharaj says skies policy does not hinder tourism

(269) CT (BR) 29/5/96

By Audrey d'Angelo

Cape Town — Agreements between countries which limit the number of flights by foreign airlines into South Africa are not hindering the growth of tourism, Mac Maharaj, the transport minister, said yesterday.

He said the number of permitted flights was being increased gradually to keep pace with passenger growth

"The aviation industry is now in a phase of globalisation," he said. "If we just opened our skies we would destroy our national industry. It must be done step-by-step in a controlled process.

"We are increasing the number of flights for all airlines, based on an increase in traffic flow. I think we are keeping up with the increase in traffic."

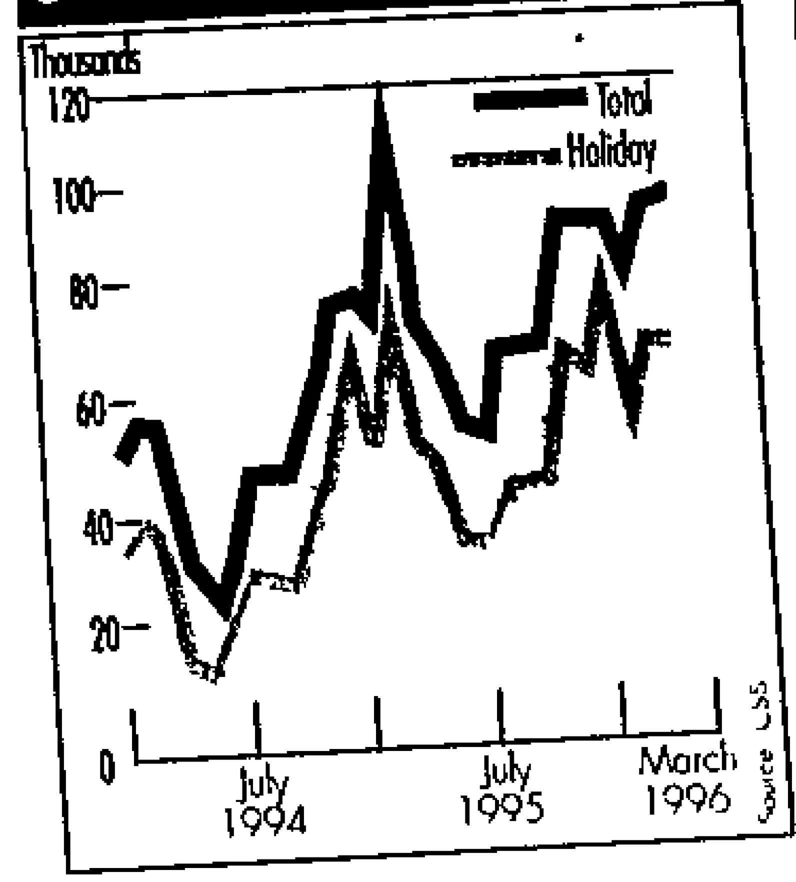
Figures released by the Central Statistical Service yesterday showed that 323 789 foreign visitors entered South Africa through the three international airports at Johannesburg, Cape Town and Durban in the first quarter of this year This was 3,4 percent more than in the same period last year.

But the number of foreign visitors entering the country on holiday soared 30,4 percent in March compared with the same month last year The figures show that out of 112 990 coming in that month, 77 851, or 68,9 percent, were on holiday.

Altogether, 66 259 visitors from Europe entered South Africa in March, compared with 50 727 in March the previous year.

This compares with 11 717 from North America, up from 8 670 in March the previous year.

Overseas visitor arrivals



ROADS (269) 24/5/96 FM

SCRATCHING THE SURFACE

Warnings that some Gauteng roads will be allowed to fall into disrepair due to lack of funds comes as no surprise.

Public Transport & Roads Minister Olaus van Zyl says maintenance will be carried out only on the province's busiest roads. But he does not identify them.

He lays a large portion of the blame on the transport industry which, he says, causes R400m in damage to roads every year The *FM* has frequently pointed to inadequate policing and paltry penalties which allow unscrupulous transport companies to overload trucks with impunity

Van Zyl says his department will soon construct five additional weighbridges and deploy a team of traffic officers to curb overloading. Maximum fines of R25 000 can be imposed, but the average is R1 000

The *FM* has also forecast what Van Zyl refers to as the lack of government funds for roads and highway infrastructure

Maintaining a road by resurfacing it

every five years now costs R50 000/km. Resealing at a cost of R200 000/km is required if resurfacing isn't done regularly. And if that's neglected, the cost of reconstructing the road is R800 000/km.

Van Zyl says his total road budget is about R240m "The biggest part will go to maintenance Only the busiest roads will be kept up. The rest are wilfully neglected, as we haven't a choice "

He adds that only R50m-R60m of his budget will be spent on new capital projects To address the need for new roads, another R300m-R400m a year is needed His department cannot address either the backlog in disadvantaged areas or the capacity problems on the network.

Van Zyl hangs his hopes on the upcoming transport White Paper, which is expected to highlight the importance and value of the road system — a prerequisite for economic growth.

That the breakdown is happening in the richest province in SA indicates how provincial and government policies are affecting commerce and industry. The private sector in Gauteng is the largest contributor to both provincial and national coffers. ■

RISK AND REWARD

FM 10/5/96

Once again government has turned to the private sector to invest in a venture it considers vital for regional growth.

At this week's bilateral conference in Mozambique, Trade & Industry Minister Alec Erwin was quick to point out that the fantasy of creating the Maputo Corridor would remain just that without the help of private enterprise.

"This corridor would be nothing, and would remain a dream, unless the private and public sectors work together," Erwin told the conference.

But where the risks are great so are the rewards. So far, some representatives of the private sector are in the thick of bid-

ding for the concession to build a new highway linking Mpumalanga with Maputo But others are biding their time.

The participants were unanimous in their willingness to "make that dream come true." But tough negotiations are still under way — and only one of the many bilateral agreements could be signed. The others will be finalised "in a few weeks."

By the end of 1997, according to its planners, a continuous toll highway will link Witbank and Maputo. Other projects include the rehabilitation of the railway line, which now operates at 50% of capacity. A joint venture between SA's Spoornet and Mozambique's railway company, Caminho de Ferrode Mocambique, will run the line

Improved access to Maputo's port is also needed and the docks require much work. A few terminals date back to 1912 and are bereft of any type of illumination for night operations. About 50% of the cranes are nonoperational

So far, a joint venture has been set up between SA's Pentow Marine and the Mozambican public utility Emodraga to dredge the harbour Probably the first project will be the fencing of the port, as up to 30% of goods in transit are stolen

But for Reef-based industrialists access to the harbour could prove vital in future planning and could provide just reward for the risk. Already Alusaf has indicated that it will erect an aluminium smelter at Maputo, with the proviso that cheap electricity is made available. The Mozambican authorities have indicated their willingness to build a new dam below Cahora Bassa (*Business* April 26) to facilitate this.

Last but not least, telephone links should soon be restored to normal. The land-based network is being improved at a cost of R3m and work should be completed by the end of this month. A cellular network for southern Mozambique is also being investigated.

A new "European type" single border post, open 24 hours a day, is to replace the existing crossing. SA's director-general transport Ketso Gordan says: "It should even be possible to drive straight through. Motorists will be able to give their passports and documents through the car window, without leaving their cars."

And the cost of all of this? At 1996 prices, the bill is in excess R1,2bn. Government hopes to pay only 10% of this. But attached operations, such as the upgrading of the road from Nelspruit to Phalaborwa and the Northern Province, could see the final tally closer to R2bn.

"This is only the beginning of many initiatives," says Erwin with emphasis. "We are optimistic that the Maputo Corridor will be the first of many successes." ■

Hansard

level, facilitation of programmes as part of the National Crime Prevention Strategy), the granting of assistance regarding resources (highway patrol vehicles) and the development of closed circuit television systems in various city centres in South Africa.

This partnership is developing and expanding at all levels and receives support from business at the highest level.

Since the publication of the National Crime Prevention Strategy document, the Business Against Crime Initiative has decided to align its strategic approach and projects with the objectives and principles of the National Crime Prevention Strategy.

*21. Mr A G MOHAMED—Public Works.†
[Question standing over.]

Abolition of currency control

*22. Mr A H NEL asked the Minister of Finance †

(1) Whether his Department is investigating the abolition of currency control; if so, (a) why and (b) when is a final decision to be taken in this regard;

(2) whether he will make a statement on the matter? N801E

The MINISTER OF FINANCE:

(1) It is the policy of the Government to phase out exchange controls gradually. My Department is therefore working with the Reserve Bank on possible steps that can be taken as and when the balance of payments situation will justify a further relaxation of controls.

(2) A statement will be issued as and when the next steps in the programme of gradual relaxation will be implemented.

Land Bank: name change

*23. Mr I D VAN ZYL asked the Minister of Finance:†

(1) Whether his Department is considering a name change for the Land Bank as a result of the Strauss Report; if so, (a) when will the new name be known and (b) what are the reasons for the name change;

(2) whether he will make a statement on the matter? N802E

The MINISTER OF FINANCE:

(1) No.

(a) and (b) Fall away.

(2) The Rural Financial Services Commission recommended in its interim report inter alia that a rural financial services section be established. The Commission recommended that the Land Bank be transformed to fulfil his function. The Commission's recommendations identify a need for the Land Bank to be perceived in a new way, especially by the rural poor. The Commission recommended therefore that the name be changed to the Rural Bank of South Africa. This recommendation is being considered by Government at present.

Privatisation: Telkom/SAA

*24. Mrs A VAN WYK asked the Minister for Public Enterprises:†

(1) Whether her Department is considering the privatisation of (a) Telkom and (b) the South African Airways; if not, why not; if so, when will a final decision be taken in this regard;

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

N803E

269

The MINISTER FOR PUBLIC ENTERPRISES:

(1) (a) In terms of the Cabinet Directive of 6 December 1995 the Inter-Ministerial Cabinet Committee on the Restructuring of State assets is tasked with ensuring that negotiations should commence with short-listed strategic equity partners, and that the appointment of such partners should coincide with the anticipated timing of the tender awards for the one million line project in June/September 1996, this process to be conducted within the parameters of the NFA between the Government and the relevant trade unions. This process is on track.

(b) The Cabinet approved in principle that:

(i) the global alliances which were formed amongst the world's major airlines to capture bigger sections of the market as the world continued to move to a more open skies policy had major implications for the SAA. It needed to enter into such alliances and it needed to involve a strategic investor that could contribute capital, technology and management input to bolster the SAA;

(ii) the SAA be separated from Transnet as soon as possible with a clean balance sheet. This implied removing the SATS portion of the pension fund liability which would later be serviced by equity sales and dividends. Further investigation would, however, be required on how best to achieve this. As a more independent corporation it would attract and needed to attract a major strategic investor to purchase a portion of its equity. Be that as it may the process will be pursued within the parameters of the NFA between Government and the relevant trade unions.

(2) No.

Decrease of personal income tax

*25. Mr J W LE ROUX asked the Minister of Finance:†

(1) Whether his Department is currently investigating the possible decrease of personal income tax; if not, why not; if so, when will the results of the investigation become available;

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

N804E

The MINISTER OF FINANCE:

(1) Yes, in line with the reform objectives identified in the Katz Third Interim Report, the Government is committed to reducing the overall burden of personal income tax; broadening the tax base; reducing the number of tax brackets; lowering the maximum marginal tax rate and the graduation of the marginal rate schedule; raising the tax threshold, and adjusting the tax structure for inflation.

Due to fiscal constraints these objectives cannot all be achieved simultaneously. Government has embarked on a gradual approach. The achievement of gender equality together with tax relief to lower income groups constituted the first steps in this direction. The proposals in the 1996 Budget continued the reform process and were aimed at partially alleviating the fiscal drag, increasing the level of income at which the maximum marginal rate takes effect and providing further relief for lower and middle income earners.

With the generation of each year's Budget, proposals flowing from the investigation are made to the Minister for consideration and where possible tax relief is introduced as was the case in the last year's Budget. The results are announced in the annual Budget. Every effort will be made to continue reforming and streamlining personal income tax so as to meet not only the needs of Government but also those of the taxpayers.

(2) A further statement in this regard is not considered to be necessary.

Prisoners treated at private hospitals

*26. Dr I M CACHALIA asked the Minister of Correctional Services:

(a) How many prisoners were treated at private hospitals (i) in 1995 and (ii) during the period 1 January 1996 up to the latest specified date for which information is available, (b) what was the cost of treating prisoners at private hospitals during the period 1 January 1996 up to the latest specified date for which information is available, (c) what were the main causes of illness pertaining to prisoners who were treated at private hospitals and (d) what is the rationale for treating prisoners at private hospitals?

N805E

The MINISTER OF CORRECTIONAL SERVICES:

(a) (i) 4 927 prisoners

Petrol levies fuel funding controversy

(269) (...) (BR) 5/6/96

By Roy Cokayne

Pretoria — The transport industry, reeling from the sharp increases in the fuel price, will be placed under extreme pressure by government proposals to introduce two petrol levies.

Mac Maharaj, the transport minister, is planning to introduce a permanent 3c a litre levy on petrol and to increase the levy by 8,8 percent a year. This is being done in an attempt to wipe out unpaid claims of R5 billion incurred by the Multilateral Motor Vehicle Insurance Fund (MMF). An additional levy will be introduced to finance a dedicated road fund.

The planned MMF levy is contained in a draft White paper for the restructuring of the fund. The transport department has proposed a levy of 8c a litre for the road fund in addition to the doubling of licence fees.

The Road Freight Association were unavailable for comment yesterday, but a transport industry source said the industry was opposed to the levies.

He said the industry was concerned the funds raised through dedicated levies would end up in the government's general funds and would be used for other purposes.

The source said the industry was worried the levies may not be apportioned on a fair basis

He said that there was also concern about where the provincial and regional governments would source their funding A doubling or tripling of licence fees would increase the licence fees of a typical heavy truck with a semi trailer and trailer by between R10 000 and R12 000 a year.

He said that government plans were for about 20 000km of national roads to be covered by a dedicated road fund.

But he said South Africa's total roads structure comprised 350 000km of road and he questioned where funding for the other 330 000km would be sourced

If the nine provinces were allowed to generate these funds from increased licence fees it would result in a return to the "inequality of the past" when there was a disparity between the road licence fees charged by the different provinces, he said.

> *'Motorists would actually be subsidising the transport operators with their heavy trucks'*

Michael Oldham, the managing director of Putco, said the roads were deteriorating at an alarming rate, and at the end of the day, customers would have to pay for their maintenance

"We realise there is a need to find more money for roads But affordability is a crucial element in the transport industry at the moment and increased costs are placing a lot of pressure on the industry.

"There is a lot of resistance to fare increases because of affordability, but the companies are in the middle and will have to look to pass on cost increases if they are to survive," he said

Oldham said the entire bus industry was concerned about how it was going to handle the situation He said that the government passenger subsidy had not been increased last year and was reduced this year

Tony Twine, the director of Econometrix said it was important to distinguish between the MMF fund and road fund

He said the problem most people would "choke on" was that there used to be a dedicated road levy which was incorporated into the consolidated fuel levy.

Twine said with that the consolidated fuel levy being part of general government funds, consumers would be entitled to ask why no amount of it was released to the road fund

He said an amount of 14c a litre was bandied about by the transport minister for a dedicated road levy, which would generate R2,25 billion a year from petrol and diesel sales But Twine said R1,4 billion of this would come yearly from petrol sales and R825 million from diesel sales, and this would mean motorists would actually be subsidising the transport operators with their heavy trucks that caused most of the damage to the country's roads "You have to question that and whether it is fair," he said

Twine said the proposed 3c a litre for the MMF would bring in R300 million a year from petrol and R180 million on diesel, which "will not close the gap between the money in the bank and the actuarial deficit of the fund".

BRIEFS

127 million train commuters

(269)
CT 5/6/96

LAST year 126,9 million commuter journeys were made on train services in the Western Cape metropole, Transport Minister Mr Mac Maharaj said.

This works out at an average of 347 613 commuter journeys a day.

Maharaj was replying to a question tabled in the National Assembly by Mrs Anna van Wyk (NP).

THE TRIP MAY COST NOTHING — BUT IT'S A RIDE FROM HELL

Metro Rail's terror trains

(269) CT 7/6/96

CRIME WRITER JACKIE CAMERON took a train trip to Khayelitsha to find out about the trip from hell experienced by passengers daily.

DON'T ride the city's third class trains if you value your life — but if you want free transport, Cape Metro Rail is the way to go.

This is the message that emerged when the Cape Times accompanied Cape Metro Rail's security personnel to discover such an alarming state of lawlessness that even conductors fear to tread within the menacing confines of third class carriages — unless accompanied by armed guards.

Vulnerable commuters are boxed in with the meanest of villains in third-class train carriages where crime has been allowed to fester for so long that they are now a virtual "no man's land" for lone law enforcers. Crime is also spilling into first-class carriages.

According to security officers who work the trains:

- Victims of violent crimes in third-class carriages can expect no help from law enforcers — no matter how hard they scream — unless the train is stationary.
- About 70% of passengers do not pay for their journeys.
- Kapteinsklip and Khayelitsha stations are so dangerous that drivers are accompanied by shotgun-toting security guards.
- There are no conductors on some trains.
- Fare-evaders scoff when asked to pay for tickets.
- The theft of train doors has led to many third-class sections being sealed off, preventing conductors from moving between coaches while the train is mobile.
- Most conductors refuse to work in third-class carriages unless accompanied by armed guards.
- Police and security officials refuse to work alone in the third-class carriages.
- White fare-evaders are more likely to be taken to court, or fined, than other racial groups.

There are thousands of daily commuters on Peninsula trains, but only about 50 Cape Metro Rail "protection" officers, security area manager Mr Paul Booysen said on a journey from Cape Town to Kapteinsklip.

They are primarily responsible for protecting property, and supervise about 60 mobile teams of private security guards, he said.

They are assisted by police — although the only policeman seen was an off-duty constable travelling in first class.

Booysen says his officers do not have the power to fine fare-evaders. They have to call a policeman, or a conductor who can write out what Cape Metro Rail calls a "booking fee" penalty of R5.

Mostly, they ask the offenders to get off the train. These passengers jump into a different carriage as soon as the officer is out of sight.

"We only assist conductors when there is a pre-planned action, which we hold for one week of the month in each of our three designated areas.

One protection officer said: "Most people who don't have tickets don't have jobs. If we arrest them, we give the police a lot of work. We do it the easy way. We keep them for an hour or two and then let them go.

"If someone wants to pay a penalty of R1, we take it."

Booysen says: "The trains reflect the crime in the suburbs. The crime in the community will be magnified at the railway station and on trains. For example, if there are lots of break-ins in a certain area, on the stations there will be a lot of passengers in possession of stolen goods."

His officers — some in uniform and others in plain clothes — are armed with handguns and are allowed to search for knives and weapons, which are forbidden on trains, and make a citizen's arrest if they spot a criminal.

But in a crisis, communication is sorely lacking. There are only a handful of radios available for them to communicate with their control room, and security officers do not have direct contact with drivers or police.

Protection officer Mr Quinton Fourie illustrated the problem with a tragic story: "One night after nine we received a call from the control room. A guard at the back of a train had heard shouting.

"When the train pulled into the station, we could hear a woman screaming. When we opened the door, there was a man raping her on the floor. We had to pull him off the lady. He just lay there.

"We lost the case in court because the woman did not want to testify," he said.

Metro officials have clearly not taken the bull by the horns in finding more effective ways to make fare-evaders pay — or in dealing with the horrific crime their customers have to confront daily.

"Commuters don't communicate with us all that often. If they're assaulted, they would rather run to the press .. Statistics do not reflect the situation because most people do not report crimes to us," Booysen said.

I understand why. When I first approached five dour-faced men at a deserted information desk to ask if they had seen the security officer I had arranged to meet, they said no — and refused to try to contact him over the telephone.

They just shrugged when I asked for an explanation. They did not know I was a journalist.

I thanked them, somewhat sarcastically, and walked out to hear one information official muttering: "She doesn't understand." Quite right. I didn't. Neither would someone who wanted to report a crime have understood.

New director of Spoornet has high aims

(269) CP 9/6/96

Legacy of racist past is to be swept away

By JEFFERSON LENGANE

AT THE height of apartheid rule, the heavy smell of pipe smoke and the rich aroma of coffee signified a no-go area for many a black employee at the former South African Railways and Harbours.

Behind the desk would be seated a white man, usually an Afrikaner.

Paper clippings, a penholder with various writing instruments, correspondence and files littered the desk.

There was no black executive in these offices and a black person had no reason to venture into these offices save for admonishment by the makhulu baas

The ushering in of democracy and the introduction of equality at work places has drastically changed this scenario.

SA Railways and Harbours has been renamed and is now known as Transnet One of its largest divisions is Spoornet.

Office B1.63 at the Transnet Park in Parktown, Johannesburg, now accommodates a newly-appointed black executive director of Spoornet (Railway Operations), Mafika Mkwanazi.

As the executive director of Spoornet Mkwanazi has a long list of resposibilities: Rail Commercial and Rail Commuter Policy; Road Vehicle Utilisation Policy; Metro Services, Comazar; Chemical Services, Viamax; National Rail Infrastructure Planning and all other business associations, partnerships, joint ventures and subsidiaries in these areas.

Mkwanazi will oversee a workforce supplement of more than 64 000.

He took Spoornet driver's seat on April 1 through the Co-operate Governance of Appointments which focusses on the Transnet Transformation process.

There is no pipe smoke smell or strong coffee aroma in his office. The desk is neat and not paper strewn, probably attesting truism to the adage that new brooms sweep cleaner.

And the man behind the desk, Mkwanazi, quickly assured City Press that he aims to sweep Spoornet of all the dirt of losses and racism in the division

Last year Spoornet ran at a loss of R138 million In the current financial year net profit is aimed at R250 million

"With the current maize bonanza harvest I expect exports to increase our maize deliveries from farms to ports Also, I have an ambitious strategy to cut down operational expenditure from R400 million to R200 million in the current financial year.

"One of the issues around my strategy is to transform Spoornet into a market driven division; into a productive machine and provide quality and predictable service

"I would like to provide profitable freight logistic solutions I'll do this in a conscious and contributory manner of promoting the new ideals of the South African Rainbow Nation," said Mkwanazi.

Other stations that he will have to pass and attend to are improvements in predictable services to gain more market share of goods and passenger transportation, improve on productivity projects, rid the division of non-customer oriented attitudes and identify redundancies in the divison.

"With this accomplished," said Mkwanazi, "Spoornet will be able to compete effectively with taxis and bus operators in a positive competitive spirit."

To effect his journey to accomplishment Mkwanazi has conducted a bench-marking study of several overseas rail services. The findings will be his engine to eliminate Spoornet's unproductive services.

Already, R160 million has been allocated to upgrade Metrorail stations in four of the organisation's major regions: Wits, Pretoria, Cape Town and Durban

On the racist lot of the past he says. "On the whole Transnet has been reluctant to transform itself both from its internal and external operations "My aim is to speed up the process and achieve equities in all levels of management by the year 2 000 to reflect the demographics of South Africa.

Mkwanazi aims to have 100 black train drivers by the end of this year and another 80 by next year Then the process will take its course.

He says that profitability is not the only hallmark of Spoornet – there must also be social responsibility

Hence Mkwanazi has also earmarked the R4,6 billion expenditure of the division be also utilised towards black economic empowerment through involving black business as suppliers of goods and services for the division.

Safety for passengers will also feature prominently.

A process to change train doors and avoid "dare devils" hanging out of moving trains is well under way.

In the arena of crime discussions with South African Police Services is well ahead with area Commissioners to provide security.

But what lies ahead to change the image of Spoornet is past colonial symbols associated with the railways

Mkwanazi has no problem in dealing with this image problem.

Names of Spoornet buildings such Paul Kruger in Braamfontein and the bust of Paul Kruger at the building are seeing their last days.

The man carrying all this load has just turned 42 and is married with two children – a 10-year-old boy and an 8-year-old daughter.

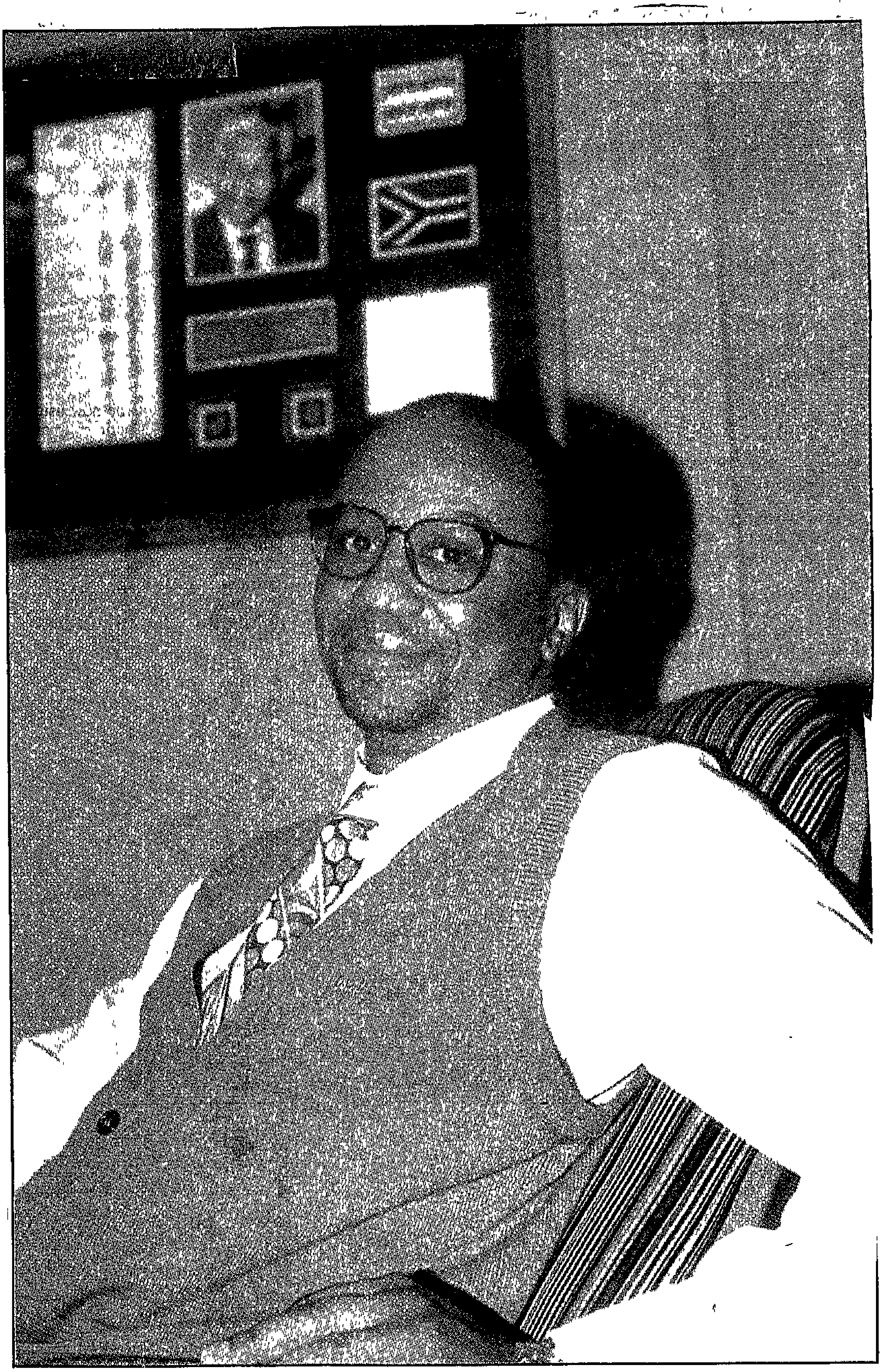
With the mammoth task ahead he now spends less time with family during working days and compensates for the time lost at weekends.

Mkwanazi matriculated at Orlando West High School in Soweto in 1972.

He worked for two companies before completing his Bachelor of Science degree at the University of Zululand in 1978. He proceeded to the University of Natal to complete a degree in Electrical Engineering in 1984.

Some of the companies which Mkwanazi worked for before his current position are Amcoal, SAB, Bristol Myers Squibb, BMW (SA) and SARCC In the last three companies he was in senior general manager positions

269 CT 9/6/96



NEW BROOM . . . The new executive director of Spoornet (Railway Operations), Mafika Mkwanazi, aims to transform the losses of the railways last year into profit in the current financial year. Pic: THULANI SITHOLE

Transnet's chief sets her teeth against privatisation

ST(BT) 9/6/96 (233) (269)

By SVEN LUNSCHE

TRANSNET chairman Louise Tager is adamant that there is "no need at all" at this stage for an equity partner in any of its operations.

Instead, the R40-billion parastatal will continue restructuring "to create efficient and profitable enterprises"

Ms Tager could be heading for a clash with the government, which is expected to table privatisation proposals for Transnet companies at this week's National Framework Agreement talks with trade unions.

A senior adviser to Minister of Public Enterprises Stella Sigcau said on Friday that the December 6 declaration would be the government's "starting point in the NFA talks"

On December 6 last year Deputy President Thabo Mbeki announced the partial sale of SA Airways and Telkom, as well as full privatisation of Transkei Airways, Sun Air and Autonet SAA and Autonet are Transnet companies.

The government has recently adopted a more open approach to privatisation of state assets and a new programme is expected to be outlined by Ms Sigcau in her Budget speech later this month.

On Friday financial markets were awash with rumours that both SAA and Telkom were close to finalising deals with Lufthansa and Deutsche Telekom respectively to buy up to 30% of their equity. However, spokesmen for both parastatals dismissed the rumours.

Ms Tager displays a deep-rooted resistance to wholesale privatisation· "Privatisation naturally results in job losses and this is what we have to avoid at all costs. We will try to provide job security at Transnet."

She views the NFA, which sees only a limited role for privatisation in the reshaping of state assets, as the starting point for Transnet's restructuring and not the December declaration

The NFA, signed in February, was the outcome of widespread resistance to this declaration

"If you have a business that has great potential for growth, why sell it off," asks Ms Tager

Many analysts doubt, however, that some of the Transnet businesses can survive without a massive cut in jobs or significant cash injections But cash is the one resource that remains scarce at Transnet as it has to devote R1,6-billion a year to fund the massive pension fund deficit

To date, Transnet's restructuring exercise has led to the appointment of six new executive directors The directors have taken direct responsibility for various divisions, a task previously fulfilled by managing director Anton Moolman

Not all divisional managers, mostly white and male, were comfortable with the decision, a fact readily acknowledged by Ms Tager

But she has faith in the new appointees to turn the businesses around, although many of them have limited corporate experience and have been branded as "affirmative action' appointments "I have been very impressed by the skills and insights of the new executive directors," she declares

She also ridicules suggestions that the new appointees will come with a R8-million price tag, reflecting their high salaries and the cost of setting up their offices. "Their salaries have yet to be decided by the board's remuneration committee which consists of non-executive directors," Ms Tager says She adds though that there is a price to be paid for good managers, a principle she will apply throughout the group

Ms Tager would not be drawn on the delay in appointing an engine supplier to the recently acquired fleet of nine new Boeings, a delay which by some estimates has escalated costs on the R3,5-billion order by up to 15% "We will soon clarify our position on the deal Our decision will be taken in the best interest of Transnet and the country at large,' she comments

BLASE: Louise Tager, head of Transnet, says the group is doing just fine

Bus, taxi fares set to rise

(269)

Rail services expected to benefit

ARG 10/6/96

LINDSAY BARNES
Staff Reporter

WESTERN Cape commuters will be hard hit this month by an increase in bus and taxi fares as a result of soaring fuel prices.

Golden Arrow Bus Services, Codeta and Cata all confirmed their fares had risen or were to rise again to absorb the shock of the recent increases in petrol and diesel.

On Wednesday last week petrol rose 13c a litre to R2,09, while diesel went up 5c a litre to R1,92. Unleaded fuel rose to R2,09 a litre.

This followed a 14c increase for both at the beginning of June, and amounted to a jump of 32c a litre for diesel and 35c a litre for petrol since January.

The reason for the shocking new prices was the under-recovery of petrol sold between April 26 and May 25, the plummeting rand and a rise in international oil prices, according to the Central Energy Fund.

Cape Metro Rail Services, whose fares have remained unchanged since September last year, look set to benefit as many taxi commuters are expected to opt for the cheaper rail option.

Spokesperson Riana Jacobs said no fare rise was imminent. "At this stage we haven't been notified of any imminent increase," she said

Bus fares are set to increase between 10 and 20c a trip from July 1 following the latest increase in diesel prices, Golden Arrow Bus Services announced last week.

Diesel is to increase for the eighth time in successive months, pushing up the bus company's operating costs.

While the increases will not affect all its 99 routes, the company will only announce towards the end of the month which are in the spotlight, general manager Hannes Grebe said.

He was confident the company would not lose commuters, due to an anticipated rise in taxi fares, too.

"The whole of the Western Province will be affected. In some instances the taxis haven't put up fares in four years," he said.

Golden Arrow's fares rose by about five percent in July last year and again in January.

While a further increase had not been expected until January 1997, the 32c rise in diesel so far this year forced the company's hand.

"That added R4 million to our expenses and we have to try to recoup some of that," Mr Grebe said.

The next increase was scheduled for January but this could be moved forward if the petrol price went up in the interim.

Cata president Stephen Williams announced that fares charged by its members were to rise by 50c a route today.

The fare from Nyanga to Claremont/Wynberg would now cost R3, from central Cape Town to Khayelitsha R4,50, and from Wynberg to the Foreshore R4,50.

Cata's last increase was two years ago and this week's jump was unavoidable as a result of the recent petrol price increases, Mr Stephens said. The taxi fare increase could have a detrimental effect on taxi owners as many commuters may seek cheaper options.

"A lot of people won't take taxis anymore. They will take the trains as most of them (rail commuters) don't pay," he alleged.

James Tafa of Codeta confirmed its fares would also rise by 50c. This increase followed one of 50c in December and came earlier than anticipated

THE CAPE

Maharaj attacks official car system

(269)
ARG 12/6/96

CLIVE SAWYER
Political Correspondent

THE Government Garage system is open to corruption and laden with unnecessary paperwork, says Transport Minister Mac Maharaj.

He has been striving since taking office to reform the wasteful system inherited from the old order.

This was disclosed during Mr Maharaj's evidence yesterday to the Commission on the Remuneration of Representatives.

The commission is to recommend pay packages for all three tiers of government to succeed the present system, which uses the pre-1994 election Melamet Commission as the basis for office-bearers' pay.

Mr Maharaj yesterday became the third cabinet minister to give evidence, following Water Affairs Minister Kader Asmal and Public Works Minister Jeff Radebe.

Mr Maharaj was asked to give evidence to the commission by the cabinet committee on the remuneration of political office-bearers, of which he is a member.

He hit out at the Government Garage system as wasteful, unnecessarily bureaucratic, inefficient and open to corruption.

It was often his experience that colleagues who were meant to get official cars had to use cars hired from private companies because no Government Garage cars were available.

But a check on the register showed that there should have been, Mr Maharaj said.

The control system was wasteful and full of meaningless paperwork.

One problem was that government garages were controlled at provincial level. "I have no control... provinces just write and say they want so many cars."

Mr Maharaj said that since the beginning of the government's term of office, efforts had been made to encourage ministers to buy their own cars.

An allowance system based on official usage saved taxpayers considerable expenditure.

He recommended the commission consider such a system of allowances large enough to tempt ministers to buy their own cars.

'SOME MINISTERS OWN THREE CARS'

State taken for a ride over car schemes

(269) CT 12/6/96

WHILE THE taxpayer battles rising lending rates, some civil servants and MPs are stockpiling new cars by abusing the state ownership scheme, alleges Transport Minister Mac Maharaj.

TRANSPORT Minister Mr Mac Maharaj yesterday outlined widespread abuse of the government garage and civil service car ownership schemes.

The car ownership scheme was so open to abuse, he said, that he had heard reports that some civil servants had as many as three new cars set on wooden blocks in their garages, awaiting the owners' retirement.

Maharaj was addressing the Steyn Commission on the Remuneration of Public Representatives, which is looking into a new package for elected public representatives. They are presently paid according to recommendations of the Melament Commission, which determined conditions of service shortly before the new government came into office.

Maharaj, who was appearing on behalf of the Cabinet Committee on Conditions of Service for Political Office Bearers, also put forward the broad framework of a new approach to official motorcars, and to the problems ministers and MPs encounter having to work away from their home and at distant destinations.

He said he had proposed a new system in terms of which ministers were given an allowance that encouraged them to pay for their own cars and to claim from the state for the mileage they clocked up in the course of their duties.

JOYRIDERS: Mac Maharaj spoke of abuse of car schemes by MPs

Maharaj said the present system of allowances was open to abuse and "made no sense". The state pays the capital cost of the car, calculates the finance charges and then pays for the car in full. The civil servant is then given an allowance at a lower interest rate to cover the cost of the car, plus the finance charges.

Some civil servants, he said, bought a new car every four years and had the cars waiting on wooden blocks pending their retirement.

Maharaj also alleged that the government garage which supplies vehicles to public representatives seldom seemed to have a car on hand when one was needed. This meant officials had to be provided with rental cars at extra expense to the taxpayer. Officials routinely hired cars at airports because government garage cars never seemed to be available.

"The garage will, for example, have four 4 x4s. When you need one for work, they are not there. Anybody could have taken them out and gone somewhere for the weekend."

He said it is almost impossible for his department to keep track of the use of official cars. Any simplified system, like an electronic system that uses averages and which alerts a monitor to out of the ordinary usage, would be a "godsend". If he had to keep track of the use of official cars he would not have the time to do any other work, he said.

Maharaj said he had recently restructured the car allowances available to ministers to further tempt them to buy their own cars.

He told the commission that "the officials are too busy watching their backs" to devise a new car allowance system that would maximise the benefits to the state.

He also said the old system of car allowances based on six months in Parliament in Cape Town and the rest of the year in Pretoria, made it difficult for ministers who divided their week between the two cities.

Maharaj undertook to submit a detailed submission to the commission — Political Staff

Doubts over Maputo corridor commitment

BD 13/6/96 (269) ([redacted])

John Dludlu and
David McKay

GOVERNMENT and the Industrial Development Corporation have downplayed claims which question the parastatal's commitment in the multibillion-rand cross-national Maputo corridor development.

Senior government sources said this week the corporation had been sending "mixed signals" on its participation in the project, driven by the SA and Mozambican governments.

Trade and industry ministerial adviser Paul Jourdan said yesterday that the IDC's board and chairman had expressed their support and "full commitment" to the project at a recent meeting with Trade and Industry Minister Alec Erwin.

Jourdan said the IDC was involved in a plan to construct an aluminium smelter with Gencor's Alusaf.

The project — the subject of a feasibility study — would be sited in resurgent Mozambican capital Maputo, pending a cheap power supply with the Mozambican authorities.

It would produce about 300 000 tons a year of aluminium which could be upgraded at a later stage.

Active role

In a statement last night the corporation said that it was "astounded" by suggestions questioning its commitment to the corridor project.

The statement outlined the IDC's involvement in the project which included participation in the technical team with the Development Bank and the Council for Scientific and Industrial Research.

The IDC also played an active role — through its economics division — in carrying out a survey in all towns and cities in the SA part of the corridor to identify current and potential businesses which could benefit from the development.

However, the corporation was represented by only one person at the launch conference as other people were not able to obtain flights or accommodation during the conference.

The Pande gas project, which the IDC has supported with US project team Enron, has given impetus to a number of possible projects.

Enron spokesman Debbie Whitmer said these projects included two iron ore production plants, a granular fertiliser plant and an alumina-from-phlogopite project.

Talks with Eskom about using gas for fuel were also under way, Whitmer said.

Gas from Pande could also be used by Mozambique's state utility company Empresa Nacional de Hidrocarbonetes de Mocambique to power industrial developments associated with the redevelopment of the Maputo harbour, she said.

Maharaj cautioned on 6c rise in fuel levy

(269)

CLIVE SAWYER
Political Correspondent

THE government has been urged to review its entire tax structure before introducing Transport Minister Mac Maharaj's proposal to raise the fuel levy by six cents a litre over the next two years.

Mr Maharaj told the assembly yesterday that the money was needed to repair South Africa's road network, because its budget had a 40 percent shortfall.

He proposed a fuel levy of 16c a litre – the current 4c with an additional 12c – for an expanded roads network.

Mr Maharaj said about half the money needed to make up the shortfall could be from existing tax on fuel.

Ken Andrew, Democratic Party finance spokesman, said today: "The fuel levy is a tax and should not just be added to existing taxes."

● See page 8.

ARGT. 13/6/96

NEWS IN BRIEF

Action against farmers

THOUSANDS of farmers, including Transvaal Agricultural Union president Dries Bruwer, could face prosecution for not complying with the Unemployment Insurance Act, the labour department said yesterday.

The office of the Unemployment Insurance Commissioner handed 1 630 cases to public prosecutors' offices and the labour department was investigating a further 5 930 cases.

JSE fines dealers

THE JSE has fined SBC Warburg chief equities dealer Colin McCulloch and RMB Securities dealer Hannes Boshoff "sizeable amounts" following a scuffle on the JSE floor last Friday amid celebrations marking the end of floor trading.

The two dealers appeared before a disciplinary group on Tuesday and were fined after their conduct was found to be "inappropriate" and bringing the exchange into disrepute.

Report on Capitol

SPECULATION about the misappropriation of funds at Capitol Radio was put to rest yesterday when the auditor-general issued a report on the station's financial affairs.

Post and Telecommunications spokesman Connie Molusi said there was no evidence of misappropriation.

First woman president

THE Medical Association of SA had elected Dr Jocelyne Kane Berman its first woman president, it said yesterday.

Berman would be inducted at the association's annual federal council meeting in Midrand tomorrow.

REPORTS. Sapa, Ecna.

Sanco reaffirms intention to march

BD 13/6/96 (...)

Robyn Chalmers

THE SA National Civics Organisation said yesterday it would joint Cosatu in its July 6 march on banks against interest rate hikes, and has launched a scathing attack on government.

Sanco president Mlungisi Hlongwane reaffirmed their commitment to a mass action campaign against banks tomorrow in protest against scheduled evictions and the recent interest rate hikes. He estimated that by July 6, more than 1-million members would have participated in the mass action around the country.

He was highly critical of government, saying doubt was being created in the minds of ordinary South Africans following a recent statement by the housing department on the record of understanding and scheduled evictions.

However, the statement did not tackle Sanco head-on, but rather expressed concern about new calls for bond boycotts.

It also reiterated government's support for the 1994 record of understanding between the state and banks to boost lending in low-income areas, but said there were weaknesses in the agreement.

He again called for the agreement to be suspended and renegotiated involvi and insisted on a moratorium for evictions until a system was created for all parties to negotiate.

He said the planned mass action would include the SA Housing Trust, despite an agreement existing between the two in the form of the National Joint Task Force to overcome bond boycotts.

Trust chairman Frank Chikane said yesterday this week's meeting between Sanco and the trust had been postponed to give Sanco time to reach consensus on proposals he had submitted.

The proposals, aimed at resolving the culture of non-payment, included joint visits between the trust and Sanco to affected areas.

He said all legitimate grievances by defaulters should be resolved to facilitate providing alternative housing products and release and secure serviced land to develop these products. He proposed the necessary capital and related facilities be obtained from the public and private sectors.

Comment: Page 14

OSEO unable to take on new cases

Amanda Vermeulen

THE Office for Serious Economic Offences said yesterday it could not take on new investigations due to staff shortages.

OSEO director Jan Swanepoel said the office, which falls under the justice department, had lost six employees from a total staff complement of 13 since December.

He said none of the posts had been advertised by the department, so it could be several months before the office was once again in a position to take on new investigations.

Swanepoel said the OSEO was investigating about 18 cases, including the probe into former welfare minister Abe Williams' alleged involvement in a pensions scam, and the alleged fraud at African Bank.

Maharaj proposes petrol price hike to fund roads

BD 13/6/96 (269)

Tim Cohen

CAPE TOWN — Transport Minister Mac Maharaj yesterday proposed trebling the size of SA's road network, financed through a 12c/l increase in the petrol price spread over a two-year period.

Presenting his budget vote in Parliament, Maharaj said the increase in the primary road network would be financed through a variety of instruments, of which toll charges and fuel levies would form the core. The proposed dedicated fuel levy would be made up of the current 4c/l allocation, and the additional requirement for the expanded network would be 12c/l.

Maharaj said this might at first appear to be a heavy burden on the motorist, but at least 50% of the shortfall could be provided from the existing fuel tax, so only 6c/l would have to be added to the fuel price. This would allow the department to define a primary road network of about 20 000km, as opposed to the current national road network of just over 6 000km. The responsibility for the maintenance and upgrading of this network would be in the hands of a professionally managed government agency, with a board of control consisting mainly of road users from the private sector.

Road traffic had grown continuously over the past 30 years, yet the budget for roads today was less in real terms than it was 30 years ago. The budget allocation was enough to cover only 60% of urgent maintenance needs, Maharaj said. Hence the conditions of the SA road system; which would cost about R130bn to replace, was deteriorating rapidly.

Minister seeks fuel levy to pay for roads

(269)

POLITICAL STAFF

CT 13/6/96

TRANSPORT Minister Mac Maharaj yesterday proposed an extra six cents a litre on the fuel price over the next two years, to help pay for maintaining the road network.

Addressing the National Assembly on his department's budget vote, Maharaj said the replacement value of South Africa's major road network stood at R130 billion.

"We know that if we do not spend enough today to maintain what we have, rebuilding it later will cost us a lot more. We cannot afford to make that mistake."

Maharaj said he wanted a dedicated fuel levy of 16 cents a litre funded by the current allocation of four cents and an additional 12 cents for an expanded roads network.

When the fuel levy was scrapped in 1988 it had stood at eight cents a litre.

Special fund needed to maintain roads, government warned

ARG 17/6/96 (269)

Use fuel levies and licence fees, Cape council says

JOSEPH ARANES
Municipal Staff

THE government has been urged to reinstitute the dedicated road fund from fuel levies and motor vehicle licence fees to prevent the country's road network collapsing.

The demand has come from the South Cape Regional Services Council (SCRSC).

Last Thursday Transport Minister Mac Maharaj proposed raising the fuel levy by 6c a litre over the next two years. The money was needed to help repair the road network because of the department's 40 percent budget shortfall.

He said the current replacement value of the country's roads was R130 billion.

The chief of roads for the SCRSC, Norman Angel, said that in the late 1980s the National Party government re-diverted the dedicated fuel levy funds to the central treasury in Pretoria.

"It is understood that this levy used to be 8c a litre. Mr Maharaj later imposed another 3c a litre on the fuel price, but not all this money is being used to repair and upgrade the roads," he said.

"It is imperative that this dedicated funding source be fully reactivated by the government for roads only, to prevent a collapse of our country's lifeline – our economy."

Mr Angel said the council handed its report on the state of the region's roads to the government.

"Our roads are fast becoming hopeless and it is quite clear that many facets of the economy will be directly affected by the deterioration. An urgent attempt must be made to address the situation before overseas investors and banks refuse to invest in the country.

"The minister must be supported in his endeavours to obtain more funds for roads and the reinstitution of a dedicated road fund will place resources at his disposal. Failure to do this will almost certainly lead to the decline of our economy," Mr Angel said.

The South African Institute of Civil Engineers also supports Mr Maharaj's announcement.

Hein Stander, chairman of the institute's transportation division, said that while no increases would be popular, the creation of a dedicated fund, at least for primary roads, would convince people a fund was needed.

"In comparison with other African states, South Africa has developed a high standard of road network which forms part of the country's communications and transportation assets. Together with our ports, rail system, airports and telecommunication system, it can enable the country to compete in the global market and provide mobility to the workforce," said Mr Angel.

"But of more serious significance have been the cutbacks in the rehabilitation and maintenance of ageing roads which, once they fail, require virtually complete reconstruction at significantly higher costs.

"As transportation professionals we must draw attention to the lack of investment in this major national asset.

"By proposing a dedicated fuel tax for roads, which can consist of increasing the fuel levy only moderately, the government will be in a position to address the problems on our roads."

Transnet to concentrate on developing its ports

BD 18/6/96 (269)

Nicola Jenvey

DURBAN — Transnet's 1996/97 capital expenditure budget would favour developing underutilised ports over funding of congestion, alleviating projects across the country's busiest harbours, sources said at the weekend.

This follows months of speculation about whether Portnet CEO Neil Oosthuizen would receive the R1,2bn requested for upgrading facilities at ports.

Oosthuizen had proposed the 300% increase in capital expenditure almost six months ago. However, recent changes to the management of Transnet had delayed the response.

The final decision would be taken within a month.

Projects under consideration include R650m for developments at Richards Bay and Saldanha Bay, and a new container terminal for either Durban, Cape Town or Port Elizabeth.

A further R550m would be spread across the country's seven ports to expand capacity.

The source said Transnet had the funds required to upgrade facilities to internationally competitive standards.

The three-month delay in a capital expenditure announcement was linked to "changes within the philosophical thinking at board level".

Transnet held more than 95% of its assets in fixed investments and would prefer to develop the under-utilised ports of Port Elizabeth and East London before increasing the containerisation capacity at Durban or Cape Town, the source said.

This was despite higher railage costs between the Eastern Cape and Gauteng relative to Durban, and the fact that Durban accounted for more than 65% of containerised traffic in SA.

Hong Kong bank to join SA bid for Maputo road

BD 18/6/96 (269)

Robyn Chalmers

THE Hong Kong and Shanghai Bank has joined a consortium of top-level SA construction and banking groups to launch a bid for the R1bn Maputo Corridor toll road, pitting themselves against the Via do Sol consortium.

Dubbed Tracc, the consortium consists of building group Basil Read and its French parent Bouygues, Stocks & Stocks, Investec and Thebe's Msele Investments along with the Hong Kong and Shanghai Bank. The consortium will pitch for the contract to build a toll road between Witbank and Maputo on June 21, when the bid is presented to Mozambique PM Pascoal Mucumbi and other government officials.

The toll road will form the backbone of the Maputo Development Corridor project, which aims to attract private sector investment in improving the port of Maputo and upgrading rail and road links with SA.

Analysts said the formation of such a strong consortium with vast financial resources would place it in direct competition with the Via do Sol consortium, which consists of Group Five, Grinaker Construction, Keeve Steyn, BKS Incorporated and Maputo-based engineering firm Profabril, backed by Absa and Japan's Sumitomo Bank.

The road is expected to cost about R400m in the first phase, rising to a final investment of between R1bn and R1,5bn. The project will be undertaken on a build, operate and transfer basis.

Transport department roads chief director Nazir Alli said significant private sector investment was needed in order to get the toll road project off the ground, with returns to be generated largely through toll fees.

The Development Bank of Southern Africa has become involved, with a number of bank representatives forming part of government's team of technical advisers on the project.

COMPANIES

Engineers call for road fund

BD 18/6/96 (269)

Robyn Chalmers

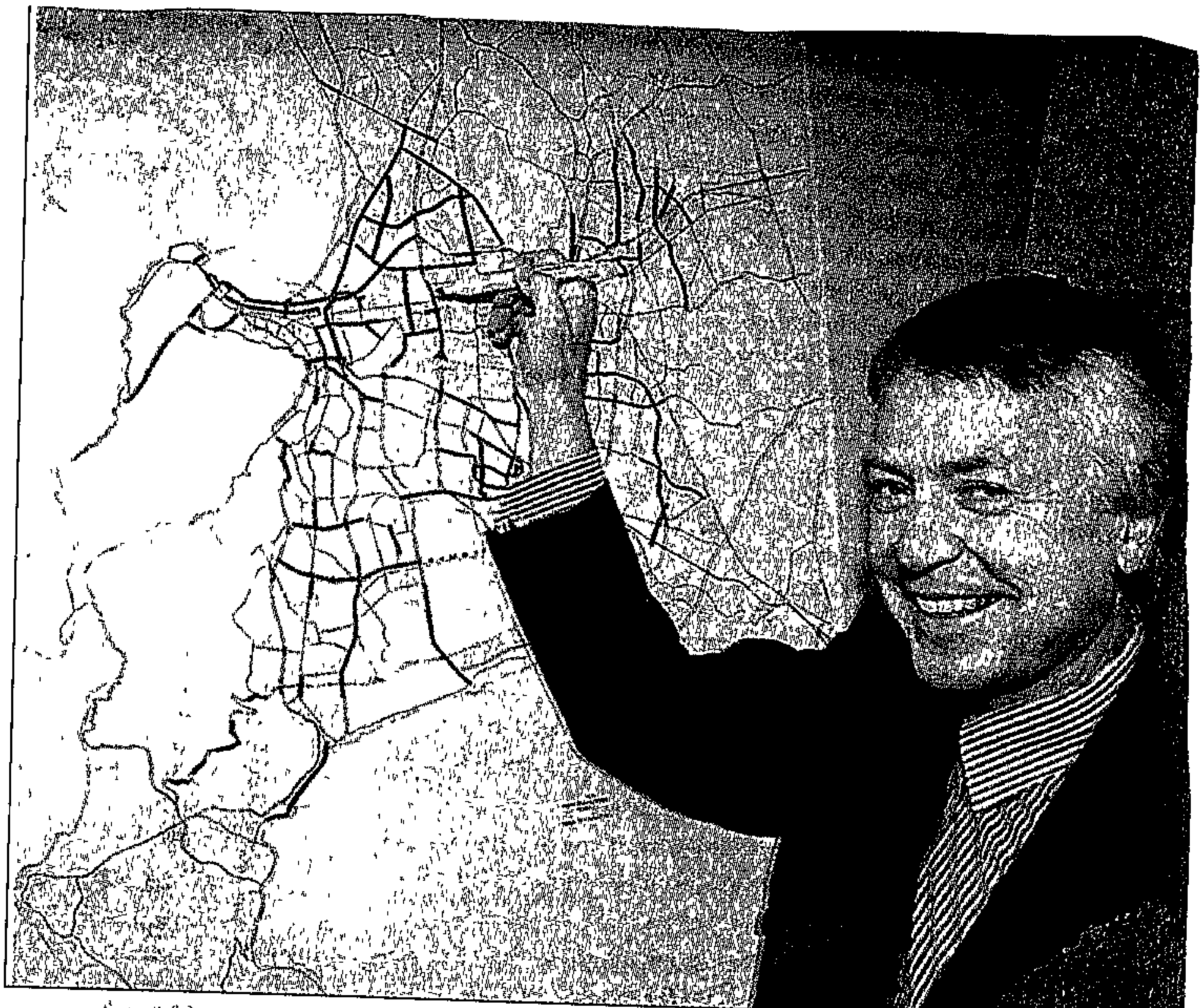
THE SA Institute of Civil Engineers has called on government to impose additional levies on fuel and raise licence fees to establish a dedicated fund for road construction and maintenance.

Institute executive director David Botha said government had options to give more emphasis to roads and allocate more central funds for roads. Alternatively, a slightly higher levy on fuel could be allowed, increasing license fees and implementing a dedicated fund for roadworks.

Botha said these options were unlikely to be acceptable and could cause further shocks to the economy. The option of a dedicated fuel tax for roads was probably the most acceptable.

269

19/6/96



MAKING BIG PLANS: Mr David Eadie, the director of metropolitan transport planning, with a map of roads that he hopes will be upgraded over the next few years. His unit plans both road and rail transport. The dotted road beside his sleeve is a controversial proposed extension of the R300. ***PICTURE: CLIVE SMITH***

LINKS, FARES UNDER REVIEW

Huge rail system study on track

(269) CT 19/6/96

THE RAILWAY SYSTEM in the Cape Town metropolitan area will come under the spotlight in a study which will include looking at the fare structure and the desirability of new rail links. Metro Writer **PETER DENNEHY** reports.

A YEAR-LONG R1,5-million study of the Cape Town metropolitan area's railway system has been commissioned so that it can be decided how best to spend R500m on upgrading the system over the next decade.

Director of metropolitan transport planning Mr David Eadie said at a news conference yesterday the study will be so wide-ranging that it will not be constrained by assumptions that, for example, the unit rate for fares should remain constant on the different lines.

In future, for example, a first-class fare on the Southern Suburbs line may cost more than a first-class fare on the Khayelitsha line. This may affect decisions concerning to what extent different parts of the service should be upgraded.

Trips on certain trains may cost more than trips on other trains on the same line.

Among the topics to be studied would also be the desirability of building seven short new rail links between the various metropolitan railway lines at cost of R500m.

These new links will enable trains to run on circular routes, instead of just travelling in to and out of Cape Town station daily.

The seven proposed links include one near Southfield, linking the Athlone line to the Southern Suburbs line and two near Salt River — one linking the Southern Suburbs line with the Bellville line, and the other near Esplanade Station, an underground or overhead link between the Southern Suburbs line and the northerly Monte Vista line.

Other links could be one between the Milnerton-Atlantis goods-train line, which will carry passengers in future, and the Monte Vista line near Acacia Park and one between the Monte Vista and Bellville lines near Woltemade Station.

The last two suggested links are between the Cape Flats line and the Lavistown/Modderdam line near Netreg and between the Mitchells Plain and Khayelitsha lines near Mandalay.

The consultants doing the study will also be asked to consider the possibility of building a loop beneath Cape Town station, which would enable trains to transfer from one line to another as they turn around underground

The consultants are the US-based Parson Brinkerhoff Inc, who helped design the Washington DC underground metro system; Stanway Edwards Associates (SEA), a South African firm with a branch in Cape Town; and Fongoqa, Skade, Toyi and Associates (FST), a local firm.

A consequence of the system of links enabling trains to turn around will be that they will arrive at stations "the wrong way around" — the third-class part of the train will be at the first-class part of the station.

This could be rectified, with some difficulty, by re-organising the stations.

Altogether 90 trains are currently operating in the Metropole.

Thirty more trains, costing R30m each, could be bought in the next decade.

Eadie also announced yesterday that he expected a non-profit company to be set up within a month, with train, bus and taxi industry representatives on its board, to promote public transport.

"Ideally, it will come up with a single timetable, and perhaps even a single number for people to phone and ask how best to get somewhere by public transport."

The pilot project — costing R3m a year and only in the Western Cape — is being funded by the Department of Transport.

Eadie also said yesterday capital and maintenance expenditure on the transport system (road and rail) in the Cape Town metropolitan area in the next few years is expected to be R1bn a year.

The cost of accelerated capital expenditure on transport due to the Olympic Games will be about R800m over nine years.

"With or without the Games, spending on transport will increase.

"We can't spend as little on it as we did in the past because the situation would deteriorate, with not enough being spent on maintaining the assets," he said.

Maharaj: Raise petrol to subsidise other fuel prices

(269)

ARG 24/6/96

NEWCASTLE. – Petrol should be made more expensive and the revenue used to subsidise diesel and paraffin, says Transport Minister Mac Maharaj.

"If you look at our key productive activities, public transport and farming, they all use diesel," he told an African National Congress local government election campaign meeting in Newcastle last night.

Mr Maharaj reiterated that he believed so-called luxury fuels such as petrol should be made more expensive to subsidise economic fuel such as diesel and paraffin.

These were used by disadvantaged communities and key productive sectors of the economy.

The government would also encourage taxis to switch to diesel, as this would be cheaper in the long run.

Using Britain as an example, he said all taxis in London used diesel.

Mr Maharaj said taxi owners would probably complain about the costs involved in converting their vehicles to run on diesel.

However, he said, he had commissioned a study on its practicality. – Sapa.

Transport bodies slam fuel hike plan

2b9

By Mandla Mthembu

Star 25/6/96

Transport organisations which plan to embark on nationwide protest action on Thursday against increases in the fuel price have reacted angrily to another price rise proposal by Transport Minister Mac Maharaj.

The SA Independent Trade Union Confederation (Saituco) and the Transitional United SA Taxi Council have warned that Maharaj's remarks will have the effect of intensifying their protest action.

Both bodies said the proposal to raise the petrol price to subsidise diesel and paraffin, which comes only a few weeks after the Government had recommended an increase in fuel levies for a dedicated road fund, indicated that the Government was dealing with the petrol and subsidy issues as if public transport was in good order.

Maharaj, who had commissioned a study on the practicality of taxis to convert to diesel, yesterday proposed that the country should consider a price differential of about 40% between diesel and petrol.

He said diesel was considered to be an economic fuel because it was used by vehicles conducting public and goods freight transport, while petrol was considered a luxury fuel because it was used mainly for private transport.

Saituco spokesman Success Maitatsane called on all motorists to stop for 15 minutes at 1pm on Thursday, regardless of where they might be, to protest against the petrol price increase.

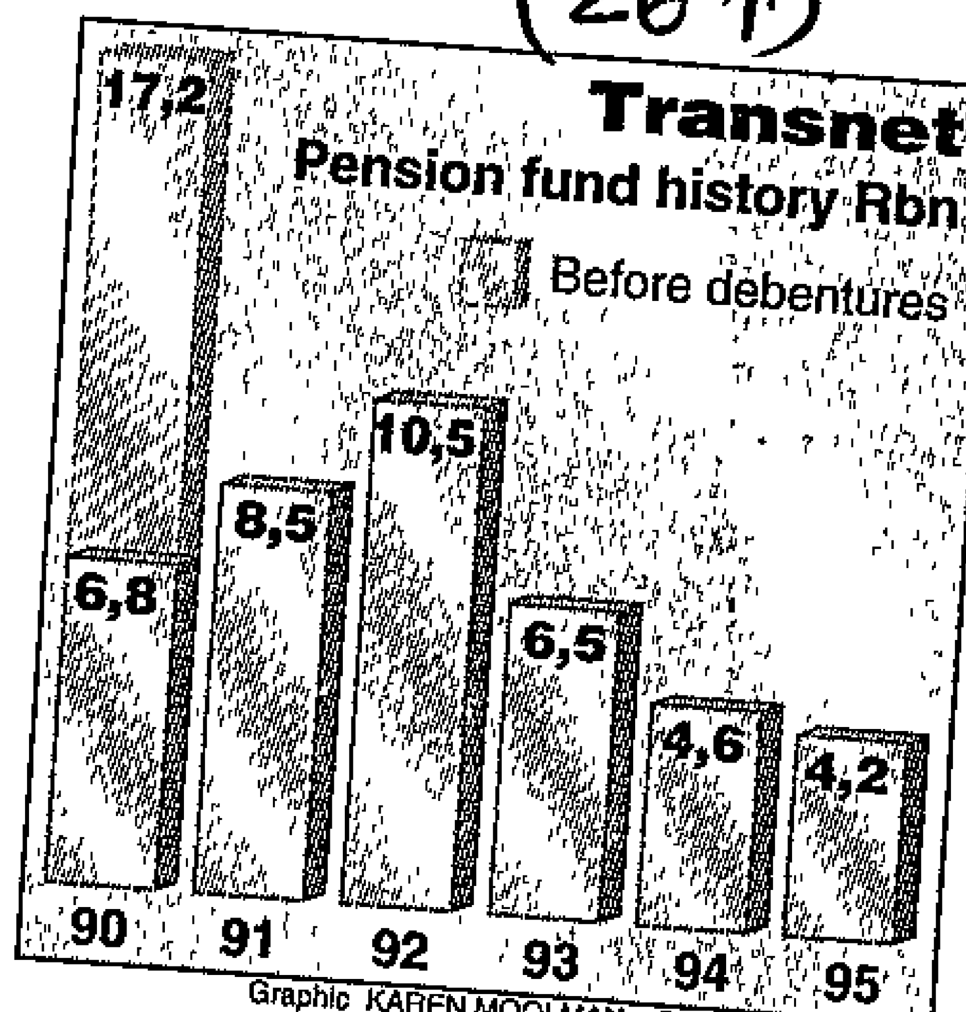
Talks held with govt over R4bn deficit

Pension fund liabilities halt Transnet sale

BD 25/6/96

(269)

Robyn Chalmers
and Tim Cohen



Graphic KAREN MOOLMAN Source TRANSNET

LIABILITIES of more than R14bn linked to Transnet's pension fund emerged yesterday as a major obstacle to government proposals to restructure the parastatal and its subsidiaries.

Transnet chairman Louise Tager said discussions were being held with government to seek ways of overcoming the "extremely worrying" issue of Transnet's pension fund.

Government sources said potential investors had signalled that the estimated R4bn deficit in the fund would significantly reduce the price government could command for the parastatal or its subsidiaries. It was also not clear how the deficit was spread between Transnet's subsidiaries, including SAA, which was supposed to be finding an equity partner.

Tager said Transnet was burdened with interest payments of 16% on Transnet debentures totalling R10bn, issued in 1990 to reduce the fund's initial deficit of R17,2bn. The annual cost of the debentures represents the major portion of Transnet's estimated R1,8bn cash commitment to the pension fund. Transnet has said that its move into profit should enable it to begin redeeming the debentures.

The finance and public enterprises departments said government had not yet undertaken to take back responsibility for the pension fund, but this possibility had not been ruled out.

Financial planning finance chief director Coen Kruger said the pension fund shortfall would substantially affect the price government could ask for any of Transnet's assets.

Government's options were to shoulder responsibility for the liabilities and set these off against the sale's proceeds, or improve the fund's financial state. Government was reluctant to "pump in a lot of cash" because of the implications for the deficit.

Continued on Page 2

Transnet

(269)

Continued from Page 1

BD 25/6/96

Kruger said another option would be to group assets from different sectors in a single package, making them more attractive to investors. Consequently, the pension fund issue was being discussed by all sector task teams.

Public Enterprises director-general Sipho Shabalala said the issue was important, but it "should not constrain the restructuring process".

Greta Steyn reports that Deputy Finance Minister Gill Marcus said Transnet had set its pricing policy on the basis of its pension fund obligations, rather than with a view to the economy. "We need to look at that."

Part of the delay in privatisation was because "no one knows what is where. Government did not have an asset register and getting a full picture is partly why things have been slow."

She acknowledged there was resistance, but there was greed as well. "Government has to find the right balance and do what is right."

Transport plan should improve life in the city, says minister

(269)

MICHAEL MORRIS
on the Olympic Bid

ARG 27/6/96

NEW roads and railways in Cape Town should be used as "strategic instruments" to promote growth and development, uplift disadvantaged areas and make the city a better place in which to live and work.

This is the view of Western Cape Transport Minister Leonard Ramatlakane, and the core philosophy behind the Cape Metropolitan transport plan's "Moving Ahead" strategy, an initiative to get the public to help shape the Peninsula's road and rail networks.

It is also especially pertinent to Olympic planning. A safe, efficient transport system is vital to the success of Cape Town's 2004 bid.

In tandem with this, bid planners have meshed their blueprint with other citywide developmental plans so that the building of sports venues in the Cape Flats will reinforce the transport plan to use new road and rail links as levers for development.

The Moving Ahead initiative – a consultative process – has been devised to ensure the people of the Peninsula are happy with the plans for future roads and railways, and have a chance to influence how and where they are built before the bulldozers move in.

Speaking at yesterday's Moving Ahead public workshop at the Cape Town Civic Centre, Mr Ramatlakane said it was vital that plans for the Olympic bid should be a "catalyst for development", which had the support of the public.

Reshaping the apartheid city – which consigned most people to areas where transport was "extremely difficult and expensive" – depended on a new transport plan that improved access to places of work, and made it easier for businesses in disadvantaged areas to make the most of new opportunities, he said.

Transnet sets up an office of watchdogs

(269)

By Thabo Leshilo

ET(BR) 27/6/96

Johannesburg — Transnet, the diversified transport parastatal, has established an ombudsman's office in an effort to promote accountability and become more transparent in its dealing with suppliers

Carel Mulder, the spokesman for Transnet, said yesterday that the ombudsmen would investigate any instances of corruption, theft, fraud, bribery and harmful business practices. Other matters that could be referred to the ombudsmen included dangerous working conditions, environmental pollution and sexual harassment.

The role of ombudsman will be jointly filled by Louise Tager, Transnet's chairman; Nana Magamola, a non-executive director; and Nigel Payne, the general manager for group audit.

Several investigations into allegations of fraud by staff have been launched at the parastatal since the new executive board was appointed. Among them are cases which involve the abuse of credit cards and perks by managers

South African Airways, a subsidiary, is reported to have lost thousands of rands because of a tickets scam by some employees and certain travel agents.

PX, the container transport and container division, was accused of depressing prices in the freight sector by offering huge discounts

Strikers to target public transport

BD 28/6/96 (269)

Renee Grawitzky

PUBLIC transport services could be brought to a standstill on Tuesday as members of the Transport and General Workers' Union (TGWU) embark on a nationwide strike to highlight their opposition to government's plans to privatise public transport.

The SA Municipal Workers' Union (Samwu), which is also opposed to the privatisation of "basic services fundamental to the realisation of the RDP", will also participate in the marches.

The union said government's proposed restructuring of the public transport sector would directly affect it, as there were still some local authorities which operated public bus transport systems.

TGWU deputy general-secretary Harold Harvey said yesterday that government's emerging plans were in direct contradiction to the tenets of the RDP. Public transport should be in the hands of local government.

He said the union could not be accused of protecting the narrow interests of its members as its ultimate objective was to ensure affordable and efficient transport services. Privatisation of transport would mean more expensive transport and in some cases no transport at all, with people being unable to get to work.

Samwu said the developments in the transport industry were another example of "an extremely worrying trend within the government to look towards privatisation to resolve the economic and social problems existing in the country".

A case in point, the union said, was Public Enterprise Minister Stella Sigcau's recent announcement about possible plans to restructure municipal services.

The union did not oppose restructuring of services to ensure effective and efficient delivery. However, it was concerned about plans to adopt the subcontracting model of local government which would in effect hand services over to private interests.

Samwu backed the aims of delivery outlined in the RDP, especially delivery of infrastructure to reverse cities and towns' apartheid design. However, it was not the union's intention to "simply roll over and play pragmatic because of the acknowledged pressures of the current global order on the SA economy".

"We recognise the pressures placed on government (but they) should not, however, force us into quick-fix solutions causing us to abandon democratic traditions."

Transnet overpayment may be higher

Amanda Vermeulen (269)
BD 1/7/96

THE final report on an investigation into Transnet overpaying private Gauteng security firms more than R30m could indicate that the overpayments were nationwide and that Transnet's losses could be even higher.

Commenting on news reports at the weekend, Transnet chairman Louise Tager said the final report, which would be available in about three weeks, could show that the overpayments were much higher than the R30m originally estimated.

She said the interim report, begun last year by audit investigators Steve Osche & Partners, was not complete and it was difficult to assess what the extent of the losses were. The problem in Gauteng could have been replicated in other provinces, she said.

The report said there had been several irregularities in invoicing and tenders, with some contracts being awarded without being submitted to the State Tender Board.

Transnet appoints ombudsmen from inside

M+G (BM) 28/6-4/7/96 (269)

Mungo Soggot

IN a bid to become more transparent and accountable, Transnet has appointed three ombudsmen to handle complaints from employees, customers and business partners. They are chairman Louise Tager, general manager of auditing Nigel Payne and non-executive director Magamola Nana.

Tager this week dismissed the suggestion that the appointment of three top company officials defeated the point of having ombudsmen, arguing that she and her two colleagues were not directly involved in the running of the transport parastatal. "It is the start of a process of change. There is nothing sinister about it."

Tager — who has spearheaded a shake-up of the parastatal's top management, which has included a dramatic affirmative action drive — said the ombudsmen would examine complaints from, for example, companies dissatisfied with Transnet's tender procedures.

A Transnet representative said the ombudsmen would be particularly useful for employees who were victims of sexual harassment. He welcomed the move, saying it was a break from the parastatal's old, autocratic management style.

Under the old regime, all the aggrieved could do was to try to contact the managing director. Transnet was such a huge, sprawling operation it was crucial that there was a way of voicing grievances quickly and efficiently.

Meanwhile, Tager batted off the suggestion that the appointment of six new executive directors without advertising the posts had been improper. The original legislation governing Transnet allowed the government to appoint board members directly, she said. The new board members include former parliamentary posts, telecommunications and broadcasting chairman Saki Macozama, who is being groomed to succeed managing director Anton Moolman.

Transnet ombudsman: Louise Tager

Tager, who is understood to have clashed with Moolman on several occasions since her appointment last year, recently said she would not push for the privatisation of Transnet, stressing there were many changes to be pushed through before a sale of the whole parastatal could be considered.

However, Transnet's road transport division, Autonet, and a slice of South African Airways is expected to come under the hammer shortly as part of the government's first wave of sell-offs.

● Public Enterprises Minister Stella Sigcau has shortlisted eight candidates to advise the government on privatisation and is expected to finally announce the chosen one, after many months of delay, any day now.

Corridor project 'requires more black participation'

(269) BD 5/7/96

Edward West

THE Maputo Corridor project needed more black participation and Transport Minister Mac Maharaj called on black business yesterday to become more involved in the scheme which could create thousands of jobs and stimulate investment of billions of rands in infrastructure and private sector projects.

Maharaj said he was still unhappy about lack of black participation in the project and said interested parties should come forward. An association of black engineers and an association of black SA accountants had all received contracts on the project.

He said a Maputo Corridor company, to be 80% owned by private investors and 20% by the Mozambican and SA governments, would be established. More than 60% of the road, rail and port infrastructure for the Maputo Corridor would be financed by the private sector.

The Airports Company, part of his portfolio, was another example where private sector participation was required.

The company was expected to make a R160m profit in the year to March this year, but it needed a strategic equity investor with the management and technological capability to cope with the growing use of SA's airports, he said.

Maharaj said traffic flows had jumped 33% through SA's airports last year, with 55 foreign airlines flying into Johannesburg Airport.

The department had embarked on an "emergency" investment plan to improve facilities, but this would be insufficient. Management capability and technology transfers were required.

It would be no problem for the Airports Company to raise capital from money markets, Maharaj said.

In the first year of his tenure as transport minister the company made a R60m loss, but this was turned around to an R80m profit in the second year and probably double that this year.

He said trade unions had a legitimate fear of job losses through privatisation in the "sea of unemployment".

However, in the UK job losses through privatisation had occurred because the process had taken place while the economy was contracting. In SA the restructuring of government assets was taking place in an expanding economy.

It was possible the Airports Company could be privatised without a single job loss because of the rapid expansion taking place.

The aim was to run the company as a fully fledged commercial entity. Discussion on the issue was taking place with trade unions.

Caut

Transnet MD quits in shake-up

Seven black executive directors appointed - new structure 'in which I clearly can play a very limited role'

(269) ARG6/9/96

ALIDE DASNOIS AND IAN SHIFFMAN

THE Transnet transformation moved up a gear this week with the resignation of managing director Anton Moolman only days after top Portnet staff quit their posts

Dr Moolman is to retire at the end of August after 37 years with Transnet.

He said the appointment of seven black executive directors meant a new structure was in place to drive the transformation of Transnet, "a phase in which I clearly can play a very limited role".

His resignation, less than a week after four senior Portnet staff announced they would leave, comes as Portnet is fighting off attacks by the old guard on new management.

A report in the weekly magazine Finansies & Tegniek claimed newly appointed Portnet executive director Sipho Nyawo was under investigation for misuse of credit card facilities. But Portnet marketing manager Johan Carse said this was part of an attempt to muddy the waters.

He said a group of people within Portnet, disgruntled with the changes sweeping the organisation, were trying to discredit the new management.

A black chief executive officer would be appointed this month to replace Neil Oosthuizen, who resigned last week to join Outspan.

Operations head Philip Venter would not be replaced because his post had fallen away, Mr Carse said.

QUOTE

Resignations won't affect efficiency of harbours

Johan Carse
Portnet marketing manager

Plans to separate the operations division and the port authority had been abandoned.

Information technology manager Kobus Coetzee and remunerations manager Andre Oldknow "could easily be replaced", he said.

"We have no shortage of competent people in the organisation.

"Clients need not worry that these resignations will affect the operational efficiency of the harbours."

Mr Carse said a minority of people in Portnet were dissatisfied with the group's affirmative action policy. He confirmed that Transnet had set a target of 70 percent black staff at all levels by the year 2000.

"This does not mean we want to lose skilled whites. We are under-managed in any case, so there is room for expansion."

Portnet was committed to better service for clients and the community. The new leadership would make the harbours more efficient, Mr Carse said.

Service in the past had been poor and steps were being taken to raise service levels to international standards and to offer clients faster turnaround of ships.

The National Infrastructure Plan, co-ordinated by Dr Nyawo, would ensure that Transnet met the goals of the Reconstruction and Development Programme (RDP).

Dr Nyawo was in Europe this week meeting shipowners to brief them on the changes at Portnet and to reassure them that all was well at South Africa's ports.

EXPANDING: Protea Chemicals, the R700-million-a-year chemical manufacturer and trader in the SA Druggists group, opened a new warehouse and distribution point in Killarney Gardens yesterday. The R18-million investment includes state-of-the-art warehousing, repacking and chemical handling facilities, with infrastructure for bulk breaking, blending and light chemical manufacturing Marketing director Edu Cloete said Protea saw the Western Cape as a growth point and a springboard to new markets on the west coast of Africa. Seen at the opening, from left: Allan Abrahams, Julian Alexander, Tony Leonard, Edu Cloete, Erland van Waltzen, John Barb, Leon Taylor and Paul Habelgaarn.

MD's retirement fuels transformation fears at Transnet

(2697)

Robyn Chalmers

BD 8/7/96

TRANSNET MD Anton Moolman will retire at the end of August, fuelling fears that more top white managers will leave the parastatal amid mounting dissatisfaction over its transformation.

Moolman's retirement follows the recent resignation of two top CEs at Portnet — port management CE Neil Oosthuizen and port operations CE Philip Venter.

Chairman Louise Tager said there could be further departures in the next few months, partly because of transformation and its strong accent on affirmative action.

"There will probably be a few more people leaving, but this will be due to a range of factors such as people getting good job offers in the private sector," she said.

She did not believe there was widespread dissatisfaction over transformation, saying unhappiness was limited to a few people.

Tager said Moolman had indicated previously that he wanted to retire at this stage, and it had been discussed openly, without animosity.

Moolman, who will retire soon after his 59th birthday, said he believed his tenure as MD had run its course. Transnet was moving into a new era which should be driven by a different MD.

He had denied for much of last week that his departure was imminent.

"With the appointment of the last executive director (to Transnet), a new executive structure is in place to drive restructuring and transformation — a phase in which I clearly can play a very limited role," he said.

Sources close to Transnet said several — mainly white — managers had expressed fears about their future at the parastatal, particularly as a result of the transformation drive.

It was reported last week that one of the reasons behind the resignations of Oosthuizen and Venter was the apparent withdrawal of more than 180 disciplinary charges against Portnet's new CE, Sipho Nyawo. The charges were allegedly linked to use of his company credit card.

Tager said a new and more strict system governing management perks had been put in place on July 1. This followed a recent investigation of Transnet's perks and credit card system.

Tager said the new system would cut the number of credit cards in circulation, no cash withdrawals would be allowed and there would be strict limits imposed on credit-card spending.

"As an employer, we have a responsibility to ensure that the perks system is tightly controlled and works smoothly," she said.

BD 10/7/96

Corridor plan depends on harbour link

(269)

Ingrid Salgado

DEVELOPMENT of the multimillion-rand Maputo-Mpumalanga corridor would fail if the management of Mozambique's Maputo harbour was not streamlined to create international confidence, Mpumalanga premier Mathews Phosa said yesterday.

Maputo harbour was destined to be the import and export facility of the corridor initiative, Phosa told the Witbank Chamber of Commerce. It should become a "dynamic hub" for the flow of goods, bringing benefits to the economies of SA, Mozambique, Swaziland, Botswana, Namibia and Zimbabwe.

The governments of Mozambique, Britain, Botswana and Swaziland had committed themselves to the project, while institutions and provinces other than Mpumalanga were cooperating to ensure the initiative was successful, Phosa said.

The corridor would enable SA and its neighbours to start a network of regional economic initiatives and would lead to a shorter and more cost-effective movement of goods along the corridor network, creating a "mobile RDP" with benefits to construction, tourism, agricultural, technological, management and training.

It would link Nelspruit to Swaziland and Tzaneen, while Witbank would have access to Nelspruit, Johannesburg, Mmabatho and Gaborone. All these cities would be linked to the Maputo harbour.

Moolman denies being pushed

(269) CT (BR) 10/7/96

By Thabo Leshilo

Johannesburg — Anton Moolman, the outgoing managing director of Transnet, said yesterday that there were no sinister reasons behind his departure. He leaves in August, after a career spanning 37 years with the transport parastatal.

In short, he now feels that he can no longer add value to the company and has given all that he can. "In my eight years as chief executive I have become aware that too many chief executives stay longer than they should.

"I think we should be sensitive to the real purpose of a chief executive — that is to add value. A chief executive can only give so much and I have given all I have," Moolman said

Moolman is glad to be leaving now, when Transnet is showing a profit of about R2 billion. He also expects the pension fund's R4 billion deficit to be eliminated within four years, because of returns on its R12 billion investment on the JSE.

Moolman, 59, denied speculation that he was leaving because of unhappiness about transformation at the transport parastatal.

LEAVING *Transnet's Anton Moolman* PHOTO JOHN WOODROOF

"I am not jumping ship because of anger. It would be terrible to leave after 37 years because I am bitter," he said.

But industry sources argue that his position within the company has become untenable. They say that his only option is to leave "with a golden handshake".

Moolman denied that he would receive a golden handshake.

He said that he was "very comfortable" with the changes that had taken place at Transnet, including the company's affirmative action programme and the recent appointment of six additional executive directors.

To strengthen his argument, Moolman said that if all the incumbents were to stay until they reached the company's mandatory retirement age of 63, there would only be three positions for blacks to fill in the company's most senior management level by 2000.

Moolman said the new executive directors had now settled down and proved they could lead the R40 billion company into the next millennium. That made it possible for him to leave, he said. The bold affirmative action strategy, which included a moratorium on the employment of whites and an accelerated promotion of blacks, was a success, he said. At least 17 percent of managers, 43 percent of technical staff and half the operational staff were black.

The company employs 114 000 people.

'ax-hike call in bid or better transport

ARG 11/7/96

(269)

Focus on licensing and parking fees

the cost of private icle licences and a x on all long-term e just some of the ndations in the draft Green Paper t policy.

earlier this week, proposes a trans- for the province improve both the performance of t system

ge of issues the r addresses are h a view to bring- or improvements in both urban eas

and Public Works eonard Ramat- that transport was portance to all ciety and that the er presented a or the co-ordina- ies and planning fferent levels of as well as for the transport strate-

people in the pe transport is d time-consum- o be unpleasant

hat because of licies, the previ- ntaged commu- ften limited to nsport such as xis while in con- e well-off sec- y "had virtually of private vehi-

ed to increased congestion and pollution with increasing demands to build more roads.

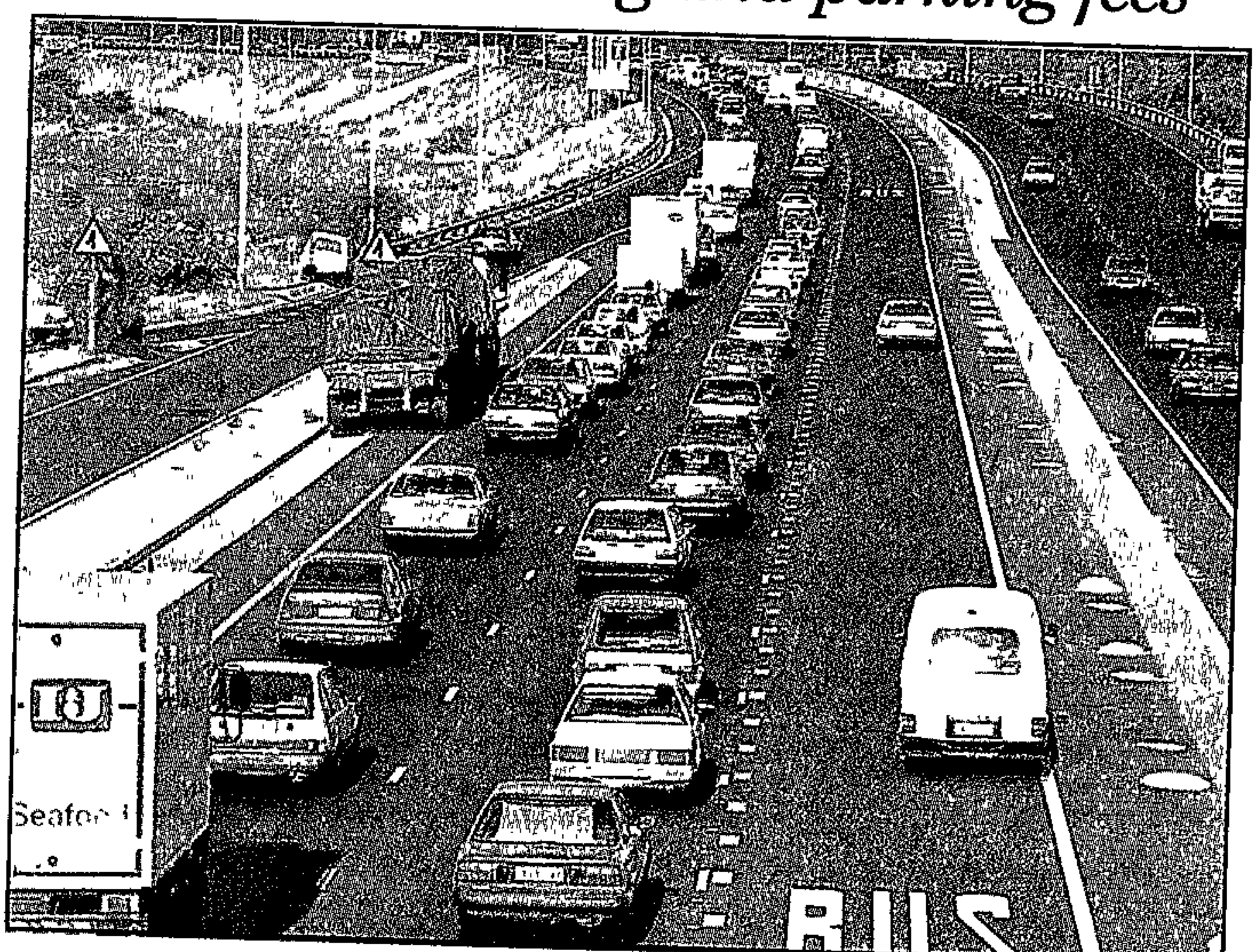
Because of the separation between where people live and where they work, the existing road network, together with the rail and public transport systems, remained inefficient.

"An important consideration in providing significant improvements in the transport system is to reduce the distance people have to travel and to make sure that a more balanced use is made of existing transport resources.

"But by improving the transport system we must create a viable, affordable and sustainable system for everyone.

"The policy must change the way things were done in the past and bring about major improvements to people's lives.

"To make sure this happens, the transport actions we take must be related to not only producing the distribution of land use activities that we want, but must help create jobs, reduce poverty and lead to the empowerment of people," Mr Ramatlakane said.



CARS GALORE: The Green Paper aims to improve the transport system.

As a result, there were several things that needed to be done to not only ensure growth and development, but also to foster reconstruction These included

- Stopping further growth at the edges of the city and making sure that existing vacant land inside the city was used instead
- Making the most intensive possible use of land to make sure that the greatest number of people benefited by being close to facilities
- Making sure that everything worked efficiently
- Making the best possible use of any large amounts of land in the city which were vacant or under-used.
- Mixing land-use activities so that people were close to everything they needed
- Providing transport routes to make sure that townships did not remain cut off and to for the routes to act as development corridors along which many of the services people needed could be located.
- Promoting public transport as the most important way of changing the way the city worked so it became the way which most people chose to move about. and,
- Ensuring safe and equitable access to public transport by all groups, particularly women, children, the elderly, the disabled and the poor.

The Green Paper says that if all these points are implemented, the transport system will become efficient, effective and sustainable.

Call to curb use of private vehicles

(269)

JOSEPH ARANES
Municipal Staff

ARGT 11/7/96

PUBLIC transport in the Western Cape has a problematic history, but the provincial Green Paper on transport, if adopted, could put in a place a truly efficient, viable and sustainable public transport system.

By adopting a "public transport first" approach, the Green Paper aims to give public transport preference over general traffic whenever possible, and to ensure the quality of public transport be used to judge how well the urban area works.

The document says improvements in public transport cannot happen in isolation and must be part of a broader programme of changes, involving the overall transport policy, to make it consistent with the "public transport first" policy and the changes in land-use.

An operational plan for public transport aims to place the management and operational matters of public transport on a sound footing. A quality charter, addressing issues such as routes and service specifications, would ensure that targets for service provision and frequency are met.

The operational plan would form part of the overall land-use and transport-policy framework and be closely tied in with the broader urban development programme.

The aim is to increase the proportion of people travelling by public transport. This would mean increasing the range and variety of public transport services available to make it more attractive and to restrain the use of private transport.

It is essential for the public transport industry to grow and it would take a great deal of effort to restore confidence and re-establish stability as the industry is emerging from a state of uncertainty and instability.

Restructuring the urban public transport system is seen as having two parts, the first being to establish a basic network of services, operating in the public interest.

The second is to supplement this basic network with a range of services which respond to the market needs.

This variety could encourage growth in the industry and would cater for the mix of users with different needs and preferences. Transport authorities would help promote public transport by providing well maintained bus- and taxi-stop facilities and shelters. They also needed to publicise the system and make it more attractive.

CLIMB ABOARD: To bus or not to bus . . . that is the question facing the public.

'Seven years to transform'

(269)

Municipal Staff

ARGT 11/7/96

THE provincial draft green paper on transport says transforming a provincial transport system will take seven years.

The paper states that it requires considerable adaptation by all organisations, and all levels of government involved with transportation in the province.

Not only will this need significant shifts in attitude, perceptions, values and priorities, but a marked increase in the range and competence of professional and technical skills available to undertake the greatly extended transport roles and functions.

The paper says that in the first three years following the adoption of the policy, the provincial transport fund will start getting additional funds from the increase in motor vehicle licence fees.

The funds will be used to enable organisational and institutional transformation to be completed and adequate resource levels established. Another aspect that need to be looked at during this period is the establishment of a rural development strategy.

During the following four years the public transport service will be improved, private vehicle restraint measures introduced and an urban restructuring initiative implemented.

Money towards transport needs shrinking fast

(269)

Municipal Staff

ARG 11/7/96

THE amount of money being spent on transport in the Western Cape is decreasing in real terms, while the demand for a decent transport infrastructure is growing all the time.

The provincial green paper on transport says this growth in demand for movement is many times greater than that which the country can afford. This has made strategic planning and programming difficult and has led to policy uncertainty and confusion in the sector.

Funding for public transport has not yet enjoyed a high priority at local government level as it is seen to be national government's responsibility because of subsidies given to private companies and state-run corporations.

The paper proposes that all levels of government should take responsibility for funding. The sources of these funds should be stable, equitable and sustainable. Additional funds will be collected from increasing private vehicles licence fees, increased parking charges and the introduction of a parking tax.

Based on the current estimates of the existing car population in the province, an increase in licence fees would net additional revenue of about R220 million in 1999. Parking tax would raise about R30 million a year for the metropolitan area.

Transnet anticipates further resignations

BD 11/7/96 (269)

Nicola Jenvey

DURBAN — More senior white Transnet managers would quit amid dissatisfaction with the parastatal's affirmative action drive, executive director Mafika Mkwanazi said yesterday.

Mkwanazi, who heads Spoornet, Metro Rail, Chemical Services and Viamax, said there was "general unhappiness" among white management that blacks were being appointed to executive posts while their own careers were "either limited or stopped".

Recent high-profile departures from the parastatal include MD Anton Moolman, who will retire next month, Portnet port management CE Neil Oosthuizen and port operations CE Philip Venter. Mkwanazi, formerly Metro Rail CE, joined the Transnet board in April.

Transnet chairman Louise Tager said at the weekend that she expected other departures but she did not believe there was widespread dissatisfaction about the parastatal's transformation.

Durban port manager Bax Nomvete said the spate of resignations had been "regrettable", but would not compromise service levels.

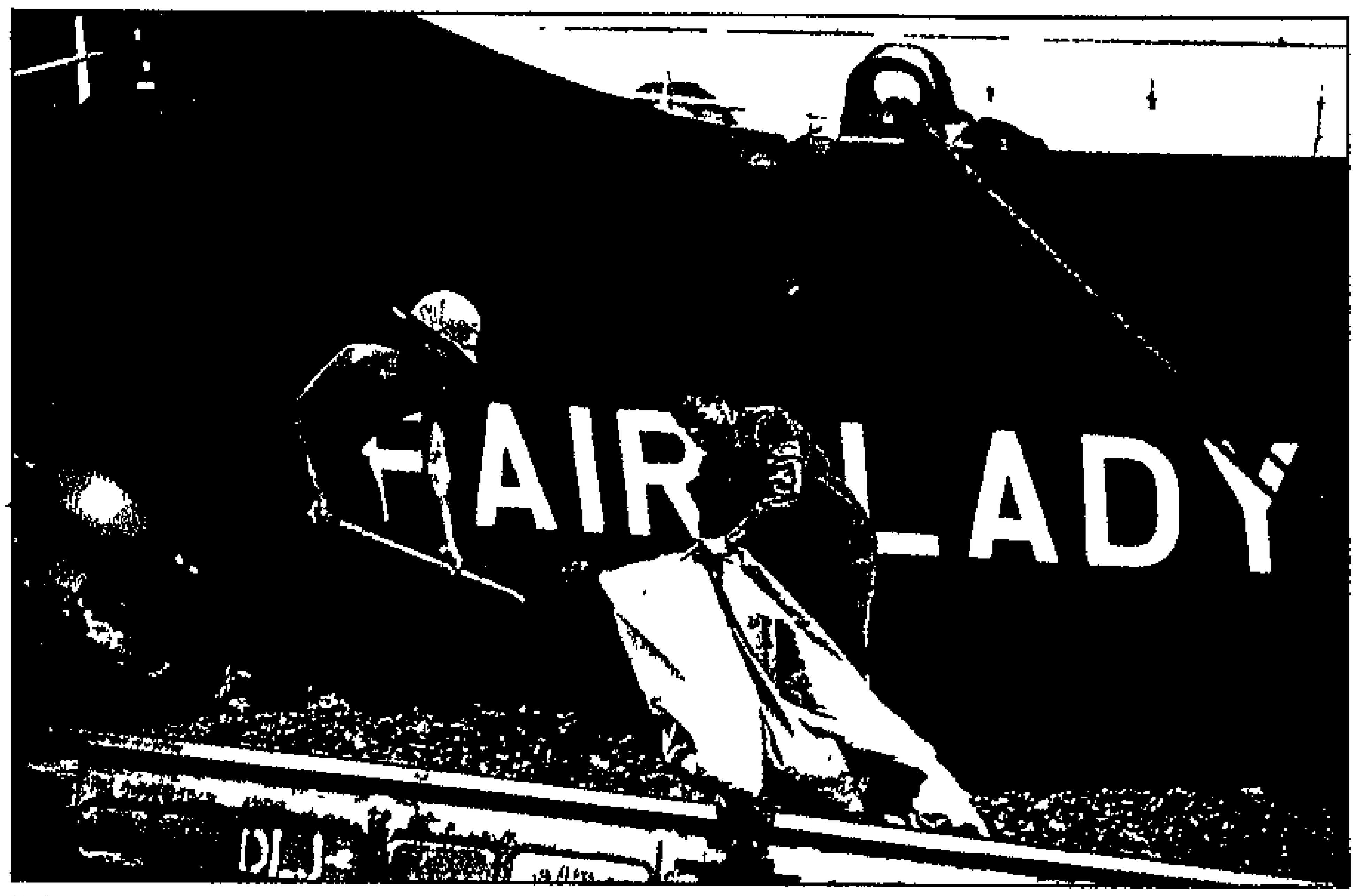
He wanted to assure clients utilising Africa's largest port that gaps caused by the departure of Oosthuizen and Venter would be "capably managed" and Transnet would announce replacements "fairly soon".

Nomvete said the press had "overreacted" to the resignations which allowed for upward mobility within Transnet and Portnet.

New Maputo Corridor tests SA diplomacy

MHG 12-18/7/96
(269)

Self-serving trade policies are being questioned by Mozambicans, reports **Colleen Lowe Morna**



Fair deal? Workers at the port of Maputo shovel coal into the Fair Lady PHOTO MARGARET WALLER

BENEATH the glitz that has accompanied the launch of the new South Africa's highest-profile regional project, the Maputo Corridor poses one of the country's trickiest tests in regional diplomacy

Lauded for its self-help, private-sector approach, the R1-billion project to rehabilitate the road and railway to Maputo, plus its port, has inadvertently put South Africa in the camp of those pressuring Mozambique to privatise, rekindling never-far-from-the-surface fears of a new wave of colonisation

Failure to recognise that this is the last — not the first — of the major corridor projects in the region that began with valiant efforts to rehabilitate infrastructure in war-racked Angola and Mozambique has raised the ire of partners in the Southern African Development Community (SADC)

"The South Africans are going around drawing attention to the Maputo Corridor as if it is the only area of investment opportunity," said a senior SADC official "This is contributing to the growing anti-South African feeling that began with complaints about its un-neighbourly trade policies"

Department of Transport officials say the SADC has misread South Africa's intentions over a deal born out of economic self-interest, and closely negotiated with the Mozambicans

But there has been a flurry of behind the scenes fire-fighting, most recently at the launch of the SADC organ on Peace and Security in Gaborone, to which Transport Minister Mac Maharaj accompanied President Nelson Mandela

On the face of it, the corridor project should have been the dream of any new-era politician Its push comes not from the national government, but from provincial authorities in Mpumalanga, it is regional in scope and is the first real effort to get away from aid dependence in Southern African projects.

Mpumalanga director of strategic planning Joe Magagula explains that the province is anxious to break out of its mould as a producer of primary products sent to Gauteng for manufacture

"We looked at what we had the N4, and proximity to the port of Maputo and said, 'How can we use these?'" Before the Mozambique National Resistance Movement (Renamo) crippled the access routes to the port, 40% of trade from the areas now in Gauteng and Mpumalanga passed through Maputo Now that figure is down to 5%

Mpumalanga Premier Matthews Phosa has the enthusiastic backing of Maharaj, one of the ANC's most able ministers, who found himself consigned to the seemingly dull world of transport

In record time, South African and Mozambican officials pulled together a plan that involves a $600-million toll road from Witbank to Maputo; a R42-million renovation of the Mozambican leg of the railway route; and a R110-million rehabilitation of the port.

Except for the R30-million dredging of Maputo port, which will be financed by donors, and 10% state financing for the toll road, the remainder of the funds are expected to come from private sector sources

This is in stark contrast to the Beira and Nacala rehabilitation projects which were funded almost entirely by donors, in the heat of the political drive to find alternatives to South African ports These have continued to operate below capacity, largely due to managerial problems, and have not been accompanied by related developmental projects

The Maputo Corridor project, on the other hand, is accompanied by a range of agricultural, mining and industrial projects

One unavoidable problem is the corridor is about three times longer in South Africa than it is in Mozambique Francisco Soares, director of planning in the Mozambican Ministry of Transport is philosophical "We are looking for mutual benefits, not equal benefits "

But even the latter presents difficulties in a country that hardly has a private sector Of the three consortia that have put in bids for the toll road — Trans African Concessions, Via do Sol and N4 Concessions only the latter has Mozambican participation

A Mozambican businessman says while the reasons are understandable, "it is hard not to feel swamped "

Mozambique is reluctant to hand over management of the project to a Maputo Corridor Authority 80% of which would be owned by the private sector South Africa is keen on this and for a joint venture company, 51% owned by the private sector, to run the port and railway line

Donors have long been pressuring Mozambique's port and railway parastatal, CFM, to privatise Mozambique has already leased out a number of Maputo terminals to private-sector users from Zimbabwe and South Africa But it points out that the CFM is the largest employer in Mozambique and says it cannot privatise overnight

A recent central committee meeting of the ruling Frelimo party, which resolved not to privatise transport, sent jitters through the transport ministry in South Africa Officials say the Mozambicans have since explained that they won't sell assets, but are amenable to management deals

That raises the question of other users of the port Following the reconstruction of the Limpopo railway line in treacherous war conditions, Zimbabwe is the largest user of Maputo port, followed by Swaziland

Neither was invited to the Maputo Corridor investors' conference in May and both are angry

"We lost many lives on the Limpopo corridor " says Harare-based Beira Corridor Group managing director David Zausman "Why is South Africa behaving like Maputo belongs to it ?

Transport officials say Zimbabwe and Swaziland are welcome to be shareholders in the company that will run the port and the three railway lines leading up to Maputo with the CFM "It s the first I've heard about it," Zausman said, "and we've been working with the CFM for years "

More senior executives set to quit new Transnet

(269) ST (BT) 14/7/96

By CELEAN JACOBSON

FURTHER resignations are expected at Transnet as evidence mounts that managing director Anton Moolman's imminent retirement is linked to the shake-up that saw his post replaced by six executive directors.

The R40-billion parastatal has witnessed a spate of resignations in recent months, culminating in Moolman's unexpected announcement 10 days ago.

Moolman is expected to walk away with a considerable package after 37 years with the group.

Transnet said Moolman was not getting a golden handshake, but that his package would include free travel for the rest of his life, as well as pension and medical aid benefits. His pension payout has been estimated at a yearly R480 000. Moolman was not available for comment.

There are fears that further resignations by senior managers will damage Transnet's operational capabilities.

The concerns of white managers, who run Transnet's numerous divisions, centre on the inexperience allegedly shown by many of the new black executive directors in their field of operations.

The executive directors were appointed in April by Minister of Public Enterprises Stella Sigcau in an effort to improve corporate governance and secure better black representation on the board.

A similar exercise will soon be implemented at arms and industrial manufacturer Denel, in addition to other public corporations falling under Sigcau's ministerial governance.

Moolman has said his retirement had nothing to do with Transnet's transformation. However, as recently as July (in Transnet's in-house magazine), he said he would not be leaving the company soon.

Professor Louise Tager, non-executive chairman of the Transnet board, disputed the claim that Moolman had threatened to go to the Industrial Council for R6-million compensation, but said he had taken legal advice regarding the change in his position at the company.

Tager also rebuffed rumours that Mike Myburgh, chief executive of SA Airways, and Braam le Roux, head of Spoornet, were expected to quit soon.

However, talk in the industry suggests that Moolman had found it difficult to build a working relationship with the executive directors appointed in April.

Joseph Ndhlela, new executive director for human resources, said any situation in which a working environment changed would "make certain people uncomfortable". He said there had been differences but no friction or enmity.

"It's a totally different environment and he is not quite comfortable — it should be looked at from that point of view."

Moolman's retirement follows the recent resignation of Neil Oosthuizen and Philip Venter, executives at Portnet.

The apparent withdrawal of more than 180 disciplinary charges linked to the misuse of company credit cards against one of the new executive directors, Sipho Nyawo, was cited as a reason for the unexpected resignations.

Oosthuizen was reportedly involved in bringing the charges against Nyawo.

Tager said management positions were not threatened by the executive directors, who operate at board level. "Just because Neil Oosthuizen has resigned does not mean other executives will follow."

Moolman's successor, Saki Macozoma, a former member of parliament for the ANC and one of the new executive directors, said: "There has been the need to reassure certain beneficiaries of the old order, who are wondering how they fit into Transnet's restructuring."

Macozoma said relations between Moolman and the executives were fine, but they were not "drinking mates".

Macozoma is expected to be promoted to chief executive in the near future.

Transnet allocates R989m for ports

Nicola Jenvey

BD 15/7/96 (269)

DURBAN — Transnet has allocated R989m for capital expenditure projects across SA's seven ports in 1996/97, but has signalled that the distribution hinges on the socioeconomic impact of the projects under consideration.

Industry sources confirmed at the weekend that the Transnet board had approved R361m for the ports prior to chairman Louise Tager and executive director Gloria Serobe leaving for London, while another R628m had been approved for capital expenditure projects several weeks before.

Durban port manager Bax Nomvete said Transnet would complete an in-depth capital study programme identifying the most equitable means of distributing the resources by November.

The parastatal, which has already acknowledged it favours developing under-utilised ports rather than funding congestion-alleviating projects at busier ports, would then announce the projects to be funded.

Nomvete said this implied the Eastern Cape ports could receive higher allocations than before as a regional economic boost.

In April outgoing Portnet CEO Neil Oosthuizen said R1,2bn should be spent on the ports in 1996/97 to raise efficiencies to international standards. Portnet had spent R400m in 1995/96 and R800m since 1993.

He proposed investing R650m for quay developments at Richards Bay and Saldanha Bay and building a new container terminal at either Durban, Cape Town or Port Elizabeth.

Another R550m would be spread across the ports to expand capacity.

He believed Portnet would compete for funding with SAA, which also required several billion rand over the next few years. SAA senior manager corporate relations Leon Els said the airways carrier had received R200m (1995: R180m) for new projects, while the decision to spend R3,5bn on new aircraft by 2000 was still pending.

Nomvete said Durban would invest R70m to upgrade the container and multipurpose terminals, purchase a new tug and refurbish two others. Another R40m was available to replace equipment. The five-month delay in the capital expenditure announcement was linked to "changes within the philosophical thinking at board level".

Gauteng looks at integrated transport

BD 16/9/96 (269)

Bonile Ngqiyaza

THE Gauteng transport department is looking at developing an integrated modal transport system which would streamline passenger transport by combining the different facilities in the system — taxis, buses and trains — into feeder and distribution services.

A department spokesman said this was important because taxis and minibuses were normally more flexible for distribution where passenger volumes were low.

"Appropriate measures such as high density development are required to promote and favour public transport and to ensure an efficient, co-ordinated and safe passenger transport system incorporating all modes and services," he said.

The department said a proper investigation would lead to a better level of service.

"A 'through ticket' system, or one ticket, can be implemented for the use on all modes of transport including taxis, buses and trains. Modal integration results in a more efficient and effective transport system, which should have a positive effect on the fares structure ..."

Where large volumes of passengers were to be transported over longer distances, the most efficient facility was rail. In instances where no rail line was available, the function could be fulfilled by buses, the department said.

It said its long-term solution was to implement measures which ensured "appropriate development" of land adjacent to public transport routes. "The main goals to be achieved in transport and land use planning is the creation of appropriate structures and procedures and the introduction of suitable techniques and resources," the spokesman said.

He said the two disciplines of transportation and land use planning had not been recognised as partners in the growth management process and this caused problems, particularly in the planning of metropolitan areas. "Transport planning as an integrated component with land use planning should be employed to enhance development and to promote the general social upliftment of the community."

The department said the need to travel should be avoided by "careful planning" and where people were forced to travel because of previous policies, attempts should be made to improve the situation.

While the relocation of people to reduce the need to travel would be a solution, this could have "disruptive social implications" by destroying established community life, it said. The alternative was the creation of employment opportunities closer to SA's dormitory towns — or black townships — where applicable.

"Transport planning and land use planning in ecologically sensitive areas will have to be done according to the proposed guidelines of the integrated environmental management procedure to ensure satisfaction for all stakeholders."

A transport co-ordinating committee, — a committee of the metropolitan and services council areas and two metro rail officials — were responsible for co-ordinating the plan.

Gauteng transport department was involved in co-ordinating a pilot study in modal integration in the Vaal metropolitan area financed by the French government. It was expected that this study would show the way for other similar projects of modal integration in the rest of the province.

Mozambique, SA to sign corridor accords

BD 16/7/96 (269)

Stephen Laufer

MOZAMBIQUE and SA would sign four agreements governing the Maputo-Mpumalanga corridor project late next week, the transport ministry in Pretoria said yesterday.

Minister Mac Maharaj and his Mozambican counterpart Paulo Muxanga would sign an umbrella agreement between the two governments and three subsidiary contracts covering the details of a range of corridor-related issues on July 26. The agreements are the strongest indications to date that Mozambican state and private sector reservations about the project, apparently rooted in a fear of SA economic and political domination, have been overcome.

A protocol on the planned toll road between Witbank and Maputo, for which the tender is due to be finalised within weeks, is among the agreements to be signed. Three separate consortia, including major SA construction and engineering companies and local and foreign banks are understood to have bid on the project, expected to involve an investment exceeding R1,5bn over the next 30 years.

The second agreement is an undertaking by both governments covering the joint ventures between Transnet and Mozambican national railway CFM to upgrade rail facilities between the Ressano Garcia border post and Maputo, and to improve harbour facilities and management there.

The final agreement will create a development company to facilitate investment in projects along the corridor, including major capital investment projects. The corridor company, expected to run for two years, will also lobby the national and provincial governments on behalf of investors, ensuring timely permits and correct application of support mechanisms.

Maputo corridor bid bolstered

BD 18/7/96 (~~215~~) (269)

Linda Ensor

CAPE TOWN — Two black consortiums in Mpumalanga had joined forces with Via do Sol in its bid for the R1bn Maputo development corridor project, Via do Sol chairman Alan Dawson said this week.

The consortiums, Vulindlela and Vula-kusile Africa, had joined as equity parties alongside Via do Sol's other consortium members, Grinaker Construction, Group Five, Keeve Steyn, BKS and Profrabril, a Maputo-based consulting engineering firm.

Dawson said the addition of two Mpumalanga groupings to the consortium was "most significant" given the development aspect emphasised by the two national governments.

He announced the additions to Via do Sol at a briefing to the Mpumalanga government in Nelspruit this week.

Three other black firms, Asch Consulting, Painting Semenya Associates and Goba Moahloli & Associates, had joined forces with Via do Sol which since last month had been bolstered by the participation of Emocil, the Mozambiquan subsidiary of Portuguese construction company, Mota, and toll road operator BRISA Auto-Estradas de Portugal.

Tenders for the corridor project were being considered by the SA and Mozambiquan transport departments.

RUNNING ON EMPTY (269)

FM 19/7/96

To save SA's road network from collapse, Transport Minister Mac Maharaj is working on a national transport funding strategy which hinges on the reinstatement of a dedicated road fund financed by the fuel levy

The strategy could also see car licence fees double, the introduction of a peak-hour car tax, a dramatic increase in city parking tariffs and a return to employer levies.

Though Maharaj's proposal to increase the fuel price by 6c/l over two years to treble the road network has been attacked by the SA Independent Trade Union and the Transitional United Taxi Council, it has the advantage of being an equitable solution that can be easily administered

Maharaj believes motorists are willing to pay a higher fuel price, provided they know their contributions will be spent on a better road system in an accountable and transparent manner Only R3,2bn of the R9bn fuel levy is allocated to improving SA's roads against a need for expenditure of R7,9bn a year.

However, the AA feels that, after the May and June fuel price increases, motorists may take some convincing It supports the idea of a dedicated road fund whose needs are met entirely from the existing fuel tax so that there's no concomitant increase in the fuel price It insists that the fund be inviolable so that it cannot be hived off for other purposes

More than half SA's road network has exceeded its 20-year lifespan But the budget — worth less than it was 30 years ago — is only enough to cover 60% of urgent maintenance needs

Just to eliminate the backlog, R7,9bn will have to be spent each year for the next 10 years on SA's roads and a further R5,8bn to eliminate the backlog in public transport infrastructure in urban areas

Maharaj says the State alone cannot provide adequate transport infrastructure and private-sector involvement is crucial "We should explore all avenues to encourage joint ventures and partnerships between the public and private sectors The establishment of passenger transport authorities, especially in metropolitan areas, with appropriate powers and financial resources, will be a major step in this direction."

Maharaj says there may be a return to employer levies to subsidise workers' transport costs. Alternatively, it may be more productive to require employers to provide for their workers' transportation, as this may lead to more efficient services and decrease the demand for passenger transport subsidies

Maharaj would also like the funding strategy to include strong incentives to encourage motorists to switch to public transport to reduce traffic congestion

He suggests an urban car tax to penalise motorists using inbound city roads at peak hours, to be collected at a toll-gate or by electronic tolling or the display of a prepaid disc on car windscreens.

Maharaj says this mechanism was intended to bolster the Urban Transport Fund in the Eighties but was never implemented as it was "politically unacceptable" at the time. "However, if we are serious about promoting the use of transit (public transport), it may be the way forward."

The move is bound to be fiercely resisted by motorists, especially if it excludes minibus taxis, which are as much a contributor to congestion and pollution as private cars.

A dramatic increase in city parking charges may also be on the cards. However, Maharaj accepts that unless attractive, efficient public transport exists, "there's a real danger of encouraging decentralisation of the CBD."

In Johannesburg, a rapid bus transit system is planned for busy routes to test motorists' willingness to leave their cars at home "When future demand justifies it, and they have established a sufficient clientele, light rail may replace the bus system and provide the increased capacity," says Maharaj

To pay for roads and parking space in the city, and to encourage a gradual switch to public transport, he suggests doubling metropolitan car licence fees. This would rake in R1bn However, the Cape Chamber of Commerce & Industry points out that it would penalise all motorists, irrespective of whether they are heavy road-users It's also highly unlikely that it would discourage people from buying cars

The department wants comment on the proposals, which will be formalised in a transport policy White Paper due in August ■

MAPUTO CORRIDOR (268) (267)

ARTERIAL ACCORD

FM 19/7/96

Launched in April amid political fanfare in Mozambique's capital, the Maputo Corridor project is starting to move beyond the conceptual stage.

Three concurrent developments show that the venture, initially met with cynicism in some business circles, must now be taken seriously.

Tenders for the R700m toll road between Witbank and Maputo are being evaluated by the Department of Transport. Three tenders have been submitted. These are for building and operating the road during a concessionary 30-year period, after which it will revert to government in terms of the so-called "build, operate, transfer" concept.

A decision on the contract is expected soon, says SA national project manager Karen Pearce.

Formal agreement on the Maputo Corridor Company is due to be signed on July 27. The company is a 51% privately owned joint venture with government agencies in both countries. Its role will be to rehabilitate and manage the Maputo port and the rail line between Komatipoort and Maputo.

"The holding company will control three operating companies which will upgrade and operate the rail links between Maputo and SA, Swaziland and Zimbabwe. Mozambique's transport authority CFM will get a 30% share and Transnet will share the balance with other agencies," says Pearce.

Spoornet and Portnet — in the Transnet stable — will be interested parties

Essential infrastructural upgrading costing about US$180m has already been identified for Maputo harbour and the cost of the rail upgrading is estimated at $30m. The harbour will require dredging — to allow Panamax ships of up to 60 000 t into the port.

Upgrading of the commercial quay, stricter security measures to protect against pilfering, and the rehabilitation of the fishing port will also be needed, along with dredgers, tugs, cranes and other port equipment.

Development Bank of Southern Africa's Dave Arkwright says "government wants to minimise its financial stake in the project — and joint ventures with the private sector are the best way to achieve this." He says the World Bank has offered guarantees to back governmental commitments as this will help bring about private-sector participation.

Mozambique has already granted concessions to various port users (including Outspan International) for exclusive use of some terminals at the harbour

Mpumalanga premier Matthews Phosa says the upgrading of the harbour is "crucial" to the success of the corridor concept. And, adds Mpumalanga Finance Corp MD Sam Cronje, streamlining of legalities such as visa regulations is also vital for success.

With infrastructural projects worth more than R1,6bn in the offing, the Maputo Corridor project appears to be the investment injection needed to get the region to thrive. ■

MAIL & GUARDIAN
July 19 to 25 1996

Speed wobble at Transnet

M+G 19-25/7/96 (269)(1998)

Has the government gone too far, too fast in its drive to make Transnet an affirmative action role model? **Mungo Soggot** reports

TRANSNET has one of South Africa's most aggressive affirmative action programmes, and deputy managing director Saki Macozoma concedes it is not only hitting the company's "Broederbond" contingent but is affecting morale and performance.

The shake-up at the R16-billion state-owned transport giant, which used to be a bastion of white job reservation, is being spearheaded by Macozoma, a former ANC MP, and five other black executive directors who were all appointed in April this year. Along with chair Louise Tager, they run the company.

But as Macozoma and some of his colleagues have relatively little business experience, the move has sparked criticism in business circles. Some claim that the government has gone too far, too fast in its drive to make Transnet an affirmative action role model.

Macozoma's only business experience is a stretch as business development manager at South African Breweries before taking up his post as chairman of the Parliamentary Committee on Posts, Telecommunications and Broadcasting.

However, he argues that his lack of experience in business does not mean he is unequal to the job. He believes that because his main task is to transform Transnet and rid it of its staid, "Broederbond" culture, his lack of a business grounding is not that crucial.

"There are few managers here in touch with the reality of the transformation that has to take place. People in Transnet make the mistake that they call someone they have never seen inexperienced just because they have been cocooned in an Afrikaans white world.

"But I don't want to underrate their experience ... My view is that I accept my shortcomings and I will find out about, or delegate what I don't know. Management is not about knowing everything."

When Macozoma — who spent five years on Robben Island — arrived at Transnet, the plan was that MD Anton Moolman would mentor him in the run-up to his retirement. However, Moolman last week announced he will quit early and step down at the end of August. Macozoma, who will take over as MD, dismisses any suggestion of a coup, saying the perception that he and Moolman have had an antagonistic relationship has been overblown.

He says the new team effectively robbed Moolman of his authority, ruling out a clash. "It is precisely because he had no authority that there was no clash. There was no role for him. It was his personal decision to go."

Macozoma says Moolman wanted him and the six others to go on training courses to Harvard and Stanford in the United States. But this was out of the question as the new team had to get on with the job of transforming Transnet.

"There is not much he can mentor me about," Macozoma adds. "He is not about transformation."

Macozoma is not impressed with what he has inherited at Transnet. He complains of widespread inefficiency and numerous cosy deals between Transnet officials and friends and relatives. The company is currently investigating the appointment of a consultancy firm that employed Moolman's son.

Saki Macozoma: Hands-on managing director in waiting PHOTO: RUTH MOTAU

Macozoma homes in on the practice of hiring outside consultants at the drop of a hat — a habit which landed the government with a R500-million bill last year. This, he says, has to stop.

The parastatal, which owns Spoornet and South African Airways, has had its staff decimated from 282 000 to 115 000 in the past 15 years, in the process of being "commercialised" from a lumbering state monolith. Last year it recorded its first profit since becoming "commercialised". Macozoma says this year will not be as good, because of a slow-down in economic activity and because of a slump in morale.

Macozoma's list of goals as future MD includes further cuts, the possibility of some sell-offs and management of the parastatal's huge pension fund deficit.

He knows Transnet's affirmative action crusade has to work — "we are aware of its demonstration value" — but he is also mindful of the lack of skilled blacks he can hire and the compromises that have to be made.

The programme has in some instances led to the unusual situation of people being appointed to high posts and then sent on management training courses. "I can live with this compromise. We need programmes which give people the skills in the shortest possible time, and during that period we need to give them responsibilities equal to or even greater than their skills. There is a delicate balance between making them tokens and overwhelming them with responsibilities."

He notes that many highly trained black employees have in the past quit Transnet because they found the culture unacceptable.

Transnet's transformation strategy includes giving at least half the value of its contracts with other companies to black enterprises wherever possible. Naturally, says Macozoma, this means at first mainly "soft areas" like catering, law and accountancy. "The companies simply aren't there in fields like engineering."

He believes one of the keys to a successful affirmative action programme is giving employees a goal to work towards. In the past, he says, black trainees remained trainees forever because their trainers refused to help people they saw as competition.

The morale problem among the white employees is not omnipresent, and he believes there are many whites who welcome the changes.

Symptoms of turmoil within the parastatal have leaked out during the past few months, first with allegations by the South African Harbour and Railway Workers' Union (Sahrwu) that SAA was bugging its phones. Then there was news that some senior officials, including one of the new executive directors, had been misusing their credit cards.

Transnet this week announced it had tightened its controls on company cards. The parastatal's predominantly white union, the Transport Workers' Union, is understood to have been pushing for action to be taken on this.

Macozoma says the company is investigating the bugging claims. Although it is too early to say if there is truth in the allegations, he says the accusation is symptomatic of uneasy relations between management and the unions.

When he was headhunted for the job, his first reaction was "What do I know about transport?" But after discussions with President Nelson Mandela and Deputy President Thabo Mbeki about whether to take the plunge into the corporate world or remain in politics, he decided it was the right move.

He accepts that at 39 he has put his future "on the block" by taking such a challenging job. But that, he says, is exactly what he has been doing since he joined the ANC at the age of 16.

Transnet: Management blamed for R146-million fixed-asset loss

(269) ARG 20/9/96

JOHANNESBURG. – A lack of compliance with Transnet's corporate governance system lies behind the parastatal's top management writing off R146 million in fixed assets during the 1994/5 financial year – without proper authorisation.

At a media briefing here yesterday, Transnet deputy managing director Saki Macozoma said incorrect procedures were followed when 30 417 mini containers, valued at R146m, were written off without authorisation by the Transnet Auditing Committee (TAC), the board of directors or the shareholders. The containers were part of the PX division.

"This is an accounting issue. No one has been accused of enriching themselves," Mr Macozoma said.

In December last year Public Enterprises Minister Stella Sigcau ordered an investigation into the full extent of fixed-asset losses; who should be held accountable; the adequacy of statutory auditing and compliance with the system of corporate governance.

The investigation found the decision to write off the containers was taken at a meeting attended by then Transnet chairman Marius de Waal, managing director Anton Moolman, group general finance manager Eugene Kruger, group finance senior manager Larine van Rooyen and one G N Rossouw.

The decision was taken prior to a TAC meeting on June 28 to discuss the annual financial statements.

Dr Moolman, as managing director, had a mandate to sell or dispose of assets up to R15m, thereafter board approval was required.

Dr De Waal and Dr Moolman, as board members, failed to report the matter to the board and the TAC, and Dr Kruger had failed to report the decision to the TAC. There are no records in the TAC's minutes of the issue being discussed. – Sapa.

Huge write-offs unauthorised

(269) Star 20/7/96

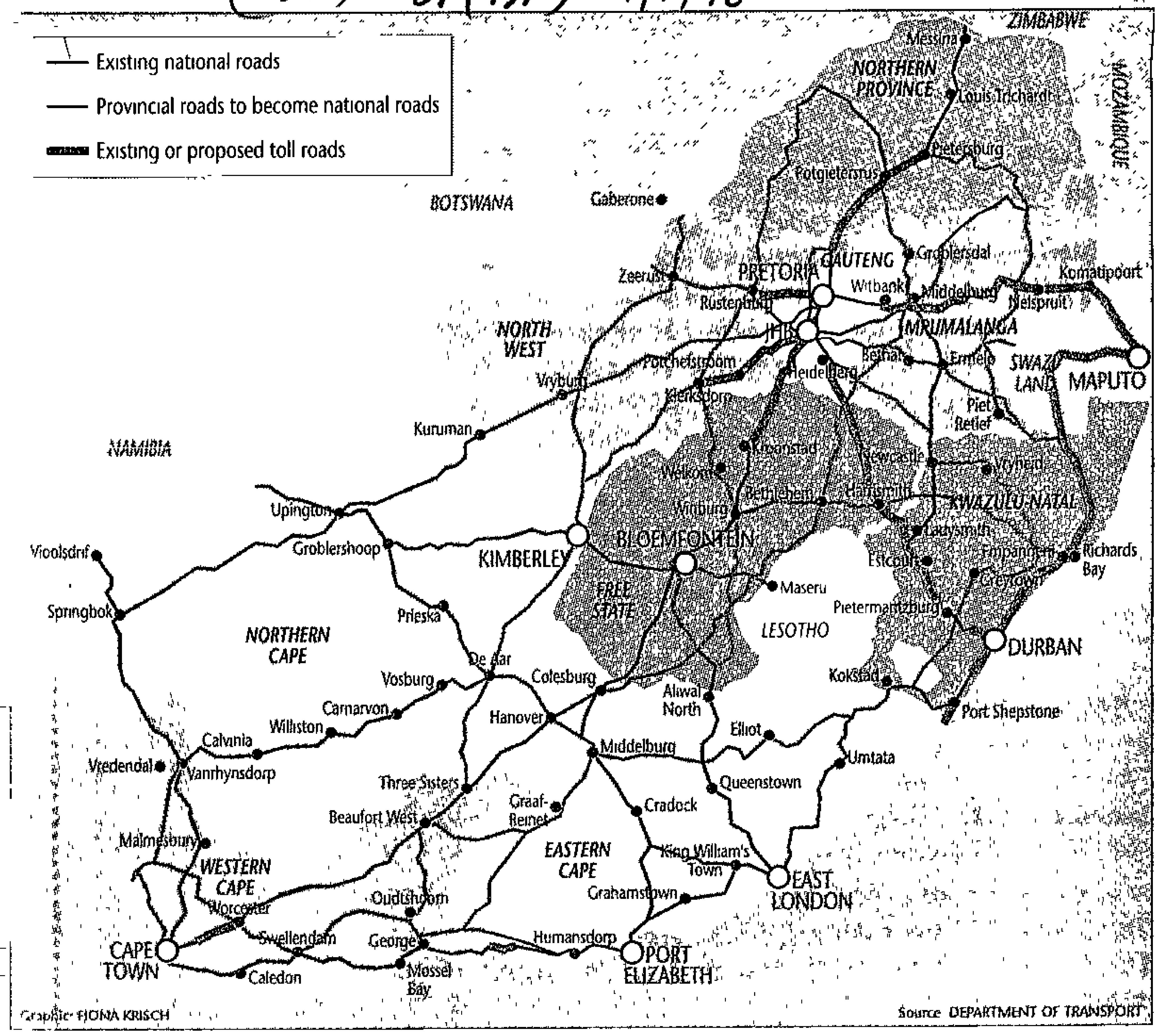
A lack of compliance with Transnet's corporate governance system lies behind the parastatal's top management writing off R146-million in fixed assets during the 1994-5 financial year without proper authorisation.

At a media briefing in Johannesburg yesterday, Transnet deputy managing director Saki Macozoma said incorrect procedures were followed when 30 417 mini-containers, valued at R146-million, were written off without authorisation by the Transnet auditing committee, the board of directors or the shareholders.

"This is an accounting issue. No one has been accused of enriching themselves," Macozoma said. – Sapa

Digging deep to fund national road project

(269) ST (BT) 21/7/96



By SVEN LUNSCHE

THE Department of Transport is looking at innovative, but controversial, means of raising funds to finance the national road network.

The department recently announced plans to increase the national road network from its existing 7 000km to 18 000km, largely by incorporating existing provincial roads which facilitate inter-provincial transport.

Deputy director-general Dr Malcolm Mitchell says the department will be relying heavily on private sector financing, through toll roads, to support the network expansion.

"We will be relying on the private sector for between half and a third of our funding needs," says Mitchell

But that on its own will not be enough to maintain and upgrade the road network. Mitchell estimates that at least R8-billion a year will be required to construct and upgrade the intercity road network

The department operates with a budget of R500-million a year, an amount that is "in real terms back to its 1960 level and sufficient only to do basic maintenance on the existing network" An additional R300-million comes from toll road earnings, while the remainder has to emanate from other sources.

The most controversial proposal put forward by the department is an increase in the fuel price by 6c a litre over two years. This plan has already been attacked by trade unions and taxi organisations.

Crucially, it does not appear to have the support of the Department of Finance, although Mitchell insists that most road users will be willing to pay a higher levy if it contributes to better roads.

The Roads Board this week announced two bond issues totalling R2-billion to be used for toll road expansion Other proposals on the cards include a doubling of car licence fees and lease-back options.

Mitchell has highlighted 11 new road projects, some of which are close to completion, while others are merely on the drawing board.

The projects, for the first time, take cognisance of plans by the Southern African Development Community to develop a regional road network.

The most ambitious project is the build-operate-transfer (BOT) toll road concession over the N3 between Heidelberg and Cedara, near Pietermaritzburg.

Over a 30-year period, during which a private sector company will oversee the project, the construction and upgrade of the road could cost up to R3-billion. Two new toll sections are planned on the road; a R800-million road over the De Beers pass linking Warden and the Tugela toll station near Ladysmith to bypass Harrismith and van Reenen's pass, and a R300-million uggrade of the N3 between Heidelberg and Villiers Four large construction consortia are bidding for the contract

In terms of the BOT contracts the private sector companies have a certain time span (up to 30 years) to recoup their investment through toll charges. The Department of Transport, however, reserves the right to limit tolls if they are deemed unaffordable.

The Heidelberg-Cedara link is the third BOT project launched by the department in recent months Last year Murray & Roberts and LTA were awarded a 23-year concession over the N1 between Nylstroom and Pietersburg, which will cost about R600-million on completion.

As part of the Maputo Development Corridor, the department has received three BOT proposals for a toll road between Witbank and Maputo, at a cost of about R1-billion.

Three further BOT projects are currently being considered

□ A toll road between Pretoria and Rustenburg linking up to the east with the N4 from Witbank and to the west with a planned trans-Kalahari route via Botswana to Namibia;

□ A new road linking Natal to Maputo via Swaziland. This project will involve an upgrade of the N2 from Richards Bay to Swaziland, and

□ An upgrade of the busy road between Johannesburg and the North-West towns of Klerksdorp and Potchefstroom.

Mitchell says that as a general rule busy routes could be handed over to the private sector on a BOT basis. However, the upgrade of other national roads with less commercial traffic will most probably have to receive a "a large chunk of government financing".

Falling into this category are two projects — the 400km stretch between Pietersburg and Nelspruit, which has recently seen a number of new industrial and mining developments, and an upgrade of the N2 link between Port Elizabeth and the Transkei, via East London.

The final three projects seek to ease the congestion of commuter traffic in urban areas. They include a second outer ring-road fencing Durban and bypasses for Knysna and Somerset West in the Cape.

Transnet's supremos fight it out in the open

ST(BT) 21/7/96 (269)

By ROGER MAKINGS and SVEN LUNSCHE

THE war of attrition that has been simmering between old and new management at Transnet has turned into a public slanging match

At a media conference on Friday, Transnet's deputy managing director and chief executive designate Saki Macozoma launched an attack on the "old order"

He accused senior managers, including outgoing managing director Anton Moolman and former chairman Marius de Waal, of not complying with company policy by writing off R146-million at parcel services group PX in the 1994/95 financial year.

Macozoma said the irregular actions had come to light following an investigation by the company's auditors ordered last year by Public Enterprises Minister Stella Sigcau.

Moolman replied that he was "bitterly disappointed" with Macozoma. "It was with bitter disappointment that I read the press release of Macozoma regarding the write-offs since this matter was dealt with earlier by the board of directors where the findings of the auditors were repudiated," Moolman said in a statement

The dispute brings to a head long-simmering differences between Moolman, as well as some white managers, and a new layer of black executive directors appointed in April to head Transnet's various divisions.

Many of the seven new executive directors have admitted to limited experience in their areas of responsibility.

Their appointment has been linked to the departure of key executives from the group, culminating in the announcement of Moolman's early retirement.

In an interview earlier on Friday, Macozoma said the new executive team had robbed Moolman of his authority and "there is not much he (Moolman) can mentor me about".

At the media conference Macozoma expressed confidence that the departure of senior executives was over. He disputed that SAA managing director Mike Myburgh was about to resign from SAA

Macozoma said many English-speaking white managers, "previously disadvantaged by language and other factors", welcomed the new management

"However, there are always people who will not fit into the new paradigm No one is indispensable," he warned

Detailing the PX write-off losses, Macozoma said "Transnet's top management wrote of 30 400 mini-containers without authorisation of the Transnet audit committee, the board of directors or the shareholder." He said the investigation found that corporate governance provisions had not been not followed.

Transnet had taken corrective measures, strengthening the powers of the executive committee and reviewing Transnet's fixed asset register.

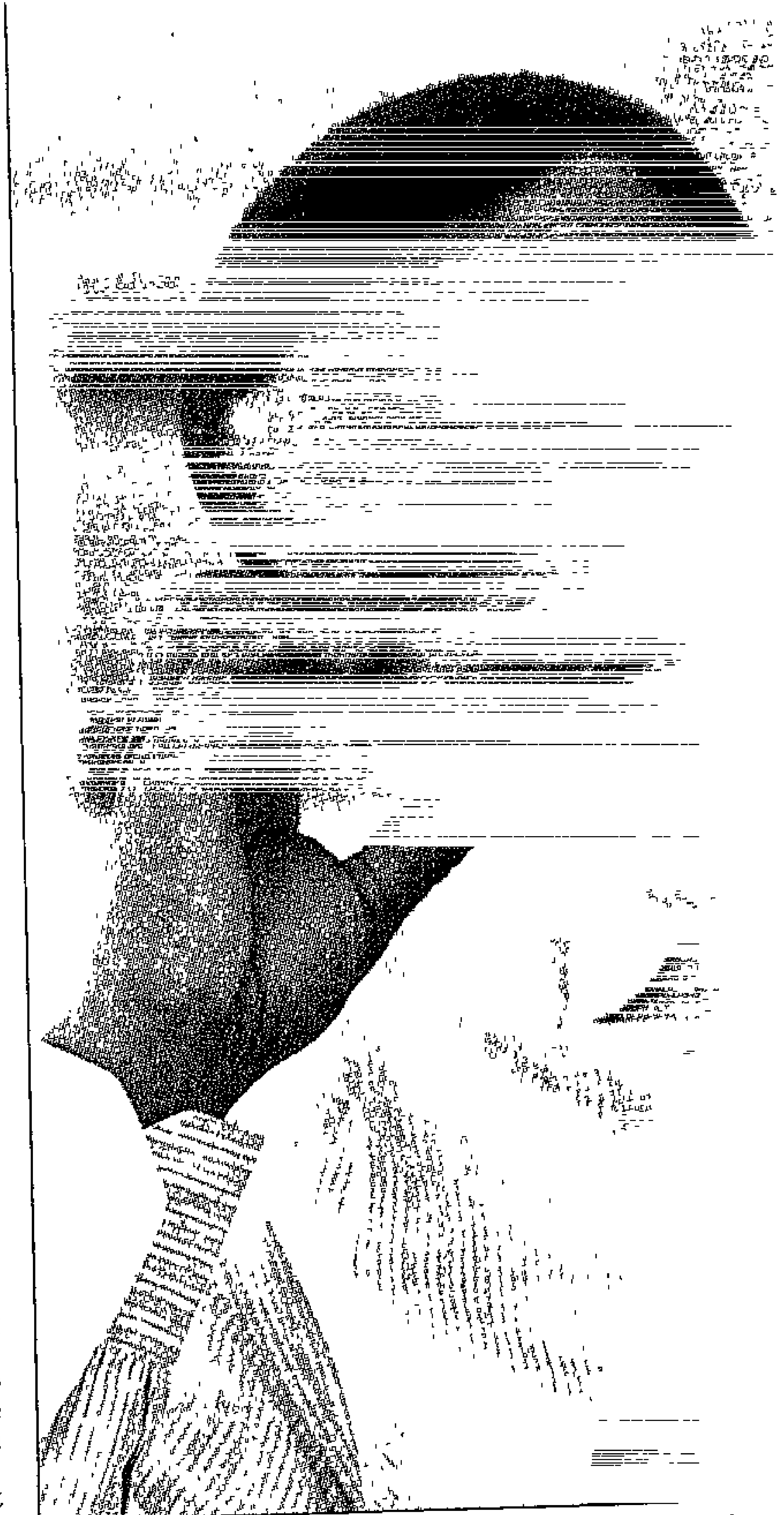
Moolman said he had been opposed to the write-off as it would reduce Transnet's profit to R100-million from a predicted profit of about R200-million.

Meanwhile, another major Transnet division, SAA, has been running up large losses in the first quarter of its current financial year, rumoured to be as high as R100-million. This follows recent announcements of a R300-million profit in the year to end-March 1996.

The airline this week confirmed the losses in the three months to end-June but would not give details.

SAA deputy chief executive John Hare this week said losses since March could be attributed to higher fuel and other costs which the airline had to absorb following the devaluation of the rand.

He said profits were under pressure from disappointing foreign tourist numbers, fewer outgoing tourists and foreign carriers reducing fares to maintain market share. Flights to Europe were not as full as expected for the time of the year.



DRAWING BLOOD: Saki Macozoma, Transnet's chief

Transnet tensions flare

(269) Sowetan 22/7/96

New managers say accountability is the key to effective transformation

By Shadrack Mashalaba

A SHOWDOWN IS LOOMING between Transnet's new management and outgoing captains of the parastatal

The underlying tension between the two parties surfaced on Friday.

The resignation of senior executives and followed by that of managing director Dr Anton Moolman has placed the transformation process at the centre of the tension

Authorisation

On Friday the company deputy managing director Saki Macozoma – who is expected to replace Moolman at the end of next month – announced that the outgoing top management wrote off 30 417 minicontainers valued at R146 million in the 1994-95 financial year without authorisation of the company's directors and the Government.

The containers belonged to Transnet's parcel delivery service division, PX.

The revelations followed an inquiry by a black controlled chartered accountants firm, Younaid Waja and Associates, commissioned by the Minister of Public Enterprises Stella Sigcau in December 1995.

The investigation found that the corporate governance provisions of the parastatal were not complied with when the containers were written off and that the decision was taken at a meeting attended by outgoing managing director Dr Anton Moolman.

Furthermore, the matter is said to have been kept out of the Transnet audit committee and never featured at any board meetings which followed the write off.

The report says Ernst and Young – the external auditors at the time – were presented with a document indicating the container write-off was approved at a meeting attended by the former chairman of the board Marius de Waal and Moolman.

As a result the auditors gave the company's financial results for 1994-95 a clean bill of health.

Waja and Associates' preliminary findings also uncovered that PX – a former entity of Spornet – was formed without a proper business plan The company is currently making losses of about R300 million a year.

Macozoma said the matter was an accounting one and that no stone would be left unturned in dealing with it.

Disappointed

After the Friday announcement by Macozoma, Moolman immediately released a statement in which he said he was "bitterly disappointed" about comments made that day.

Stating that he did not want to pursue the issue in the media, the outgoing Transnet chief denied that the write-off was approved at the meeting attended by him and De Waal.

The meeting referred to in the Waja and Associates report, he said, was at the insistence of Ernst and Young that the containers be written off

"We specially discussed whether we would be able to convince the audit committee not to follow the insistence of the auditors to write off this amount."

The issue was later discussed with the audit committee and Moolman said he insisted that the write-off be reflected in the company's financial statements but "the committee decided against it".

He said he was personally opposed to the write-off as it reduced Transnet's profits by about R100 million.

During the Friday media briefing Macozoma said as far as he was aware, there were not going to be mass resignations from the company by the old guard.

"Indeed, there has been a number of people that have left the organisation, but there is no indication that more intend to leave. The new board will not create controversy by pushing people out with the employment of new people.

"While there will be those dissatisfied with change, others see it as a breath of fresh air and we do not want to go on witch-hunting and rumour-mongering," said Macozoma.

At the same occasion Macozoma was also asked how much the newly appointed, mainly black, executives in the company earn.

He said the new executives were earning "market-related" salaries and that the company would release further details on the issue in due course.

In addition to ruffling the feathers of the outgoing management, new management announced the names of 52 new senior management appointments which the company had been making since April this year.

Precaution

To avoid a repeat of what happened in the parastatal in the past, when there was little accountability, Transnet's new management said it had taken the following corrective measures:

- Corporate governance, audit and compliance with Public Entities Act;
- Clarification and delegation of powers by the board to the executive committee and top management and;
- Ensuring that the fixed assets register of the organisation reflects accurately all company assets.

Airport revamp in jeopardy

ARG 22/7/96

CHENÉ BLIGNAUT
Staff Reporter

(269)

THE BIG upgrade to Cape Town International Airport, which is crucial to the city's 2004 Olympic bid, could be jeopardised if a dispute over additional power supply to the airport is not resolved soon.

Airport engineer Louis Pretorius said no extensions would be possible if Eskom's electricity supply to the airport was not increased soon. The airport was already using most of its supply.

But an ongoing row between Eskom and residents of Belhar over the erection of overhead power lines between Belhar and airport substations is threatening to jeopardise the urgently needed power boost.

Eskom is one of 12 principal sponsors of Cape Town's 2004 Olympic bid. The sponsors will provide a total of R85 million for the bid process.

The critical date for the completion of the 66kV circuit power lines to serve the airport is in February next year, but Eskom has not been able to get the green light for construction from the Belhar community.

Eskom has been trying for more than a year to get the go-ahead for the project from the Cape Metropolitan Council (CMC).

The CMC approved it in principle, but rejected the construction of overhead power lines through Belhar on the basis that most residents were opposed to it.

Eskom media spokesman Charles Cooper confirmed that the present power supply to the airport would be insufficient.

"We cannot delay it (the construction of the new power lines) any longer," he said. "It is critical that these lines are in place by February."

Mr Cooper blamed the CMC for the delay. Eskom has already approached the new Tygerberg council in a desperate attempt to get the CMC decision overturned.

Mr Cooper said the cost of laying underground cables in the one-kilometre stretch through Belhar would add another R5,2 million to the cost of the project, which was "unacceptable" to Eskom.

"An independent survey of the 48 affected households has shown 62 percent of them approve of the overhead lines," he said.

This was disputed by the CMC chief of engineering services, Chris Atkins, who said the survey showed that a number of residents remained opposed to the lines.

The alleged lack of support was confirmed by Desmond Poole, former Belhar mayor and chairman of the local residents' association, who said the public participation process had not been broad enough.

Transnet

(269)

Continued from Page 1

BD 22/7/96

board as custodian of fixed assets with the stated value of R32,4bn," said a report based on the investigation.

A stark example of this was at PX, where the report said that at the date of PX's "divisionalisation" in 1993, PX claimed to have assets at a cost value of more than R1bn. Management now felt the fixed asset base should be R300m.

"The plan to reduce assets focuses attention on the appropriateness of capital investment decisions taken in prior years," the report said.

Writing off the R30 417 mini containers accounted for only a small portion of the proposed reduction in assets. Almost 20 000 containers written off were found to be damaged and more than 9 000 were missing, while the remainder were listed as surplus, but undamaged stock.

Incoming Transnet MD Saki Macozoma said a process was under way to ensure that Transnet's register accurately reflected all its assets. While Sigcau had yet to detail restructuring plans, it was understood from government officials that the process would depend on talks in the national framework agreement forum.

The investigation of PX brought into the open animosity between top-level new recruits at Transnet and old management. A row broke out at the weekend between Macozoma and outgoing MD Anton Moolman over the writing off of the mini containers.

More than 50 new appointments have been made at Transnet since the April appointment of seven new executives. Most of the appointments have been made at CE and other senior levels — in many cases replacing employees who left as they were dissatisfied with Transnet's transformation.

A number of top white managers have recently resigned, including Portnet CE Neil Oosthuizen and port operations CE Philip Venter.

Moolman said he was bitterly disappointed by accusations that top Transnet managers had not complied with company policy in authorising the write-off.

Macozoma said on Friday that executives including former chairman Marius de Waal, Moolman and group finance GM Eugene Kruger had not complied with corporate governance provisions when taking the decision at a meeting to write off the containers.

He said that top management had written off the containers without authorisation by the Transnet audit committee, the board of directors or government — Transnet's shareholder.

PX's fixed assets of more than R1bn were reduced by about R376m in the 1994/95 year and a further reduction of at least R134m was being proposed for the 1995/96 year. Management believed the fixed asset base should be about R300m, according to the report.

Picture: Page 3

Transnet asset values 'inaccurate'

(269)

Robyn Chalmers

BD 22/7/96

ESTIMATES putting the value of Transnet's assets at R32,4bn are inaccurate and could have a significant effect on government's longer-term plans to restructure the parastatal.

This was disclosed during the investigation ordered by Public Enterprises Minister Stella Sigcau into the unauthorised writing-off of mini containers worth R146m belonging to Transnet's parcel services group, PX.

Chartered accountants Yonaid Waja & Associates found that Transnet's fixed asset register did not reflect all the asset belonging to it.

"The fact that ... balance sheet values of fixed assets are not 100% accurate and that it has not been a priority of management to fully account for all assets, should be of concern to the

Continued on Page 2

Transnet probe details to be disclosed — Tager

(269) BD 23/7/96

Amanda Vermeulen

TRANSNET has launched several investigations into financial discrepancies within the parastatal, but chairman Louise Tager declined yesterday to divulge details, saying reports would be made public.

The investigations followed the release of a report on a probe into an unauthorised R146m write-off of mini containers, belonging to Transnet's parcel services group PX, by Transnet MD Anton Moolman and group finance GM Eugene Kruger.

Audit investigators have been appointed to investigate at least R30m in overpayments to private Gauteng security firms, and alleged irregularities in tenders and invoicing.

Tager launched an inquiry in February into alleged credit card abuse by senior Transnet managers amounting to several million rands.

Meanwhile, former Transnet audit committee (TAC) chairman Conrad Strauss, chairman of Standard Bank Investment Corporation, said yesterday he could not recall whether Moolman had raised the container write-off at a TAC meeting last year.

"The matter was raised, but I cannot recall the details. The issue should be referred to the minutes of the meeting."

Moolman said at the weekend the matter had been discussed by the audit committee. "I personally asked the committee to show this item in our statements. The audit committee decided against this." He said the write-off had been at the insistence of the parastatal's auditors Ernst & Young.

However, Yonaid Waja of chartered accountants Yonaid Waja & Associates, which had conducted the PX investigation, said the PX write-off had not been mentioned in any minutes.

No bailout, Transnet official says

(269)

By James Lamont

CT (BR) 22/7/96

Johannesburg — Saki Macozoma, Transnet's managing director designate, denied that top-tier management was bailing out of the transport parastatal last week amid an assault on senior management for accounting irregularities.

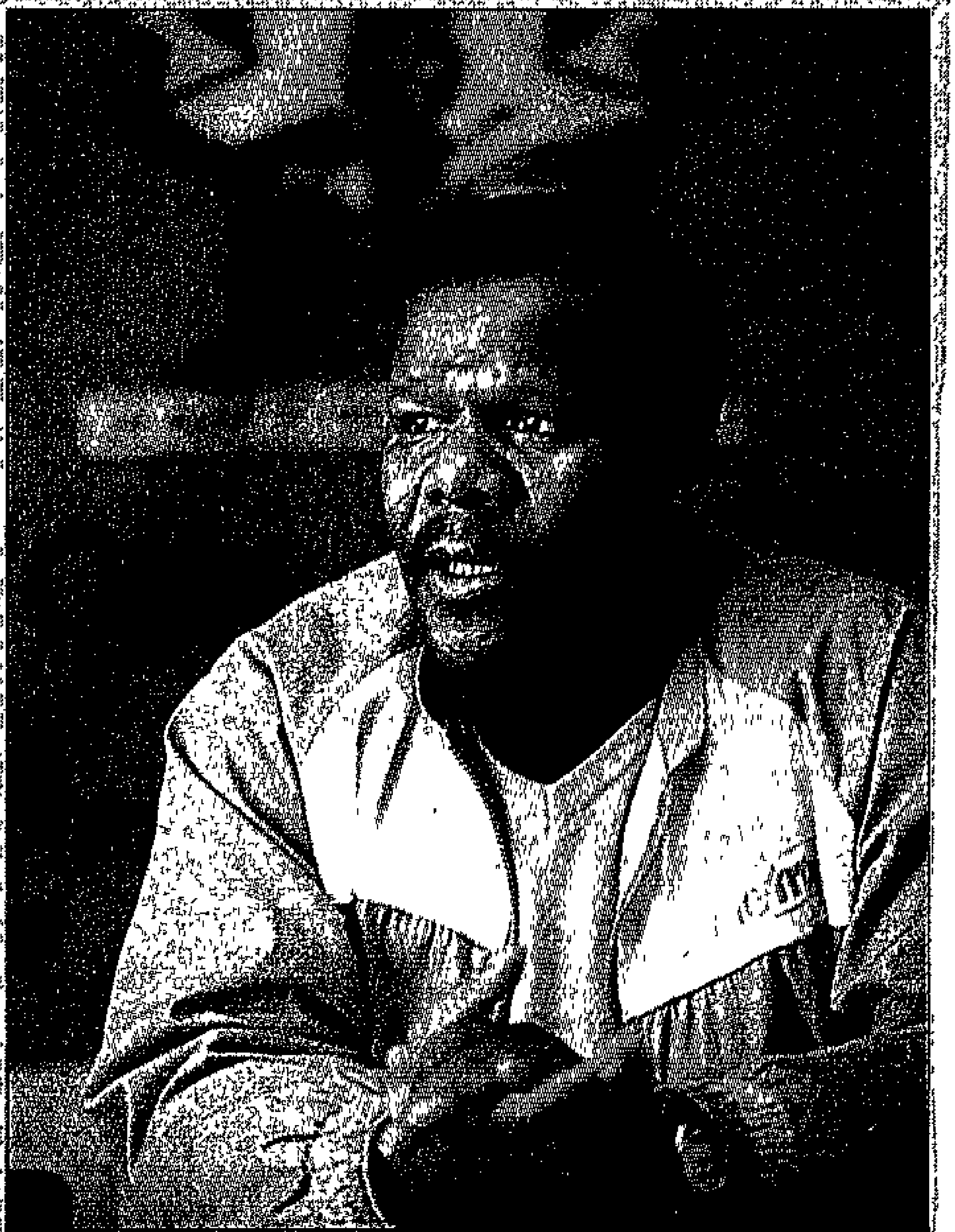
Macozoma said that there was no indication that more people would be leaving Transnet and denied speculation that Mike Myburgh, the chief executive of South African Airways, intended to resign. But he warned that "there are always people who are not going to fit into the new paradigm. No one should consider themselves indispensable."

Last week Macozoma announced that since the appointment of new executive directors in April, 52 management appointments had been made to better reflect the diversity of South Africa's population.

He said that a culture of mistrust had previously existed between managers and workers, but gave assurances that the restructuring debate would be over in five years and that Transnet would remain a significant, but smaller, organisation.

Meanwhile, dissension has erupted between Anton Moolman, the outgoing managing director of Transnet, and Macozoma over the writing off of 30 417 mini containers of the PX division, Transnet's distribution and container shipment arm last year.

Moolman, who will step down in August, reacted angrily last week to a statement by Macozoma that an investigation ordered by Stella Sigcau, the minister of public enterprises, had revealed that top managers at the parastatal had not complied with company policy in authorising a R146 million write-off.



SETTLING *Derrick Simoko, the general secretary of the South African Railway and Harbour Workers' Union* PHOTO: JOHN WOODROOF

MOTORISTS FACE EXTRA COSTS

City car licence fees set to treble

CT 24/7/96 (269)

A GREEN PAPER on transport in the Western Cape proposes parking taxes and higher private licence fees to pay for road repairs and an improved public transport system. **PETER DENNEHY** reports.

LICENCE fees for privately owned cars are to be trebled in three years, a parking tax is to be imposed in the CBD and cars older than three years will have to have annual roadworthy tests.

These dramatic changes are proposed in a recently published draft provincial "green paper" on transport and are certain to hit private car-owners hard.

The intention is to raise money through higher licence fees to improve public transport.

The income from parking taxes would be used to repair roads.

Also, drivers' licence tests are to become more rigorous in that inspectors are to watch for "active and passive aggression"

The Western Cape government is to consult affected organisations who may suggest changes.

The document, circulated by the MEC for Transport, Mr Leonard Ramatlakane, proposes increasing licence fees for private cars and motorcycles to R20 for each 100cc of engine capacity by the year 1999. Licence fees for commercial vehicles would remain the same.

At present, all licence fees are based on the weight of the vehicle.

In the proposals, the licence fee for an Opel Kadett 1400, for example, would rise to R280 from the present R90 for cars with an axle-weight of between 751kg and 1 000kg.

The green paper also proposes introducing a parking tax on all long-term parking, whether public or private, in specified zones.

It says on-street and off-street parking should be taxed, but not in residential suburbs. Provincial authorities would ensure that parking prices and taxes were "realistic", the paper says.

Ramatlakane's assistant, Mr Dumisani Ntuli, said details of the taxes and zones would be left to metropolitan or municipal authorities, but these bodies' transport plans would require provincial approval.

If annual roadworthy tests are introduced for all vehicles of three years and older, proof of their having passed this test will have to be produced before they are licensed each year Privately owned garages would be licensed to test cars.

Asked if annual roadworthies would not hit the poor hardest, Ntuli said everyone would benefit from a safer road environment.

"It is true that it is a penalty on people who struggle to pay for the upkeep of their cars, but this policy is a long-term investment," he said.

The Cape Metropolitan Council has made preliminary comments on the green paper, but has not yet addressed the parking tax, licence fee hikes and annual roadworthy tests. It has asked for an extension of the deadline beyond the end of this month.

The Automobile Association's public affairs manager, Mr Robin Scholtz, could not be reached for comment yesterday.

● See Page 3

TRANSNET (269)

SMOKE AND MIRRORS

FM 26/7/96

Did Transnet deputy MD Saki Macozoma make a dreadful mistake when he attempted to publicly humiliate outgoing MD Anton Moolman and ex-chairman Marius de Waal last week? Was he in possession of all the facts? Did Macozoma have the tacit consent of chairman Louise Tager when he decided to pillory Moolman and De Waal?

Tager now says "Our purpose is not to nitpick We are determined to establish good corporate governance, we want to set things straight for the future, and ensure everything is done in a proper, accountable way." One expects that a "bitter" Moolman sees things in a different light after giving 39 years of loyal service to the corporation

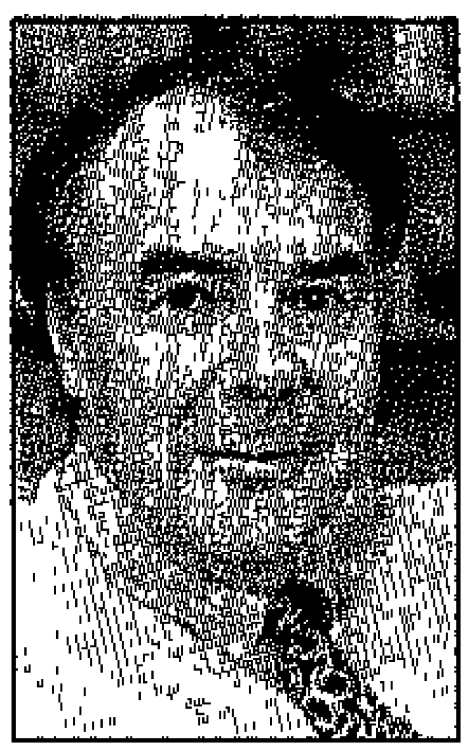
Which begs the question — what was it all about? At a hastily convened press conference Macozoma pointed a finger at Moolman and De Waal for what he claimed were irregularities in the writing off of 30 417 minicontainers valued at R146m belonging to Transnet's PX parcel division

However, it has subsequently been established that Moolman followed all procedures, and the documentation presented to auditors Ernst & Young was correct in all respects Moolman says Ernst & Young insisted the containers be scrapped Ernst & Young CE Philip Hourquebia, says "We performed our normal, appropriate auditing procedures, following generally accepted auditing standards "

A check with PX shows the figures Macozoma used to attack Moolman were out of date, and referred to a situation that existed in 1994.

PX CE Wicus Pretorius says 9 427 of the 30 417 containers could originally not be traced Of these 6 010 have since been found, leaving a balance of 3 417. It was then established that more than 50% (of the 3 417) had been damaged beyond repair and were cannibalised to be used as spares The rest were scrapped by PX depots in SA and Namibia

The containers were made in 1985. It was thought they would last 20 years. Practical experience proved a realistic lifespan was 10 years, "so we had to accelerate the depreciation which added R43,7m to our costs," says Pretorius.



Anton Moolman

"We will write that off over three years. The process started in financial 1996, which ended on March 31, and will continue through the current financial year and end on March 31 1998 "

PX has 23 960 unused containers stockpiled all over the country, says Pretorius. "We agreed on June 7 1995 at a PX sub-audit committee meeting that we should refer the write-off of R104m as an extraordinary item, to get them off the balance sheet

"The correct amount is not R146m, it's R148m, the R104m agreed to by the auditors, and the R43,7m to be written off over three years. They are assets that aren't being used "

PX's assets in 1994 had a net value of R728m. Their net value at the end of March this year was R244m So the figures begin to add up. One would think that the story ends there But again one must ask — what was it all about? Could it possibly have any bearing on the recent furore over the alleged abuse of credit cards by Transnet senior management?

Saki Macozoma

It's an old tactic Wishing to douse the lights on something glaringly ugly, cause a diversion. But when Transnet attempted to publicly humiliate Moolman and De Waal it forget one essential. When you wash dirty linen in public make sure your own underwear is clean

When chairman Tager opened the Pandora's box that was the abuse of Diners Club credit cards by senior Transnet personnel little did she realise what would emerge. Having looked inside she hastily closed the lid and pronounced the matter closed. It may be closed but it hasn't gone away. ■

FEATURE

MAPUTO CORRIDOR

BLAZING A TRAIL TO THE EAST

FM 26/7/96 (269)

With investment projects valued at almost R20bn already identified by the SA and Mozambican governments, this week's "milestone" signing of a broad framework accord — and three ancillary agreements — will step up the pace of the Maputo Corridor project (*Business* July 19)

The entry of the giant Sumitomo Bank, together with Absa, Grinaker Construction, Group Five and two major Portuguese construction companies as members of the Consortium Via do Sol — one of three tender bidders for the toll road contract — indicates interest on the part of the big guns.

Sumitomo, one of the largest financial institutions in the world, is also a global leader in the so-called "build, operate, transfer" concept, popular in developing Asian economies. It involves the private sector obtaining a government licence to invest in and manage a project for a specified period, after which ownership reverts back to government Sumitomo is acting as financial adviser in the Via do Sol tender bid

Apart from high-level presidential support at the April launch, Mpumalanga premier Matthews Phosa recently visited Botswana and Swaziland to drum up support "The process started to gain momentum with the signing of agreements between the provinces of Maputo and Gaza in Mozambique and Mpumalanga, aimed at regional co-operation," he says

Matthews Phosa

An obvious selling point is transport cost savings by using Maputo, rather than Durban "Once the corridor is up and running, we will save substantially on stainless steel export costs," says Columbus Stainless CE Fred Boshoff.

And, adds Sasol spokesman Alfonso Niemand: "The development provides Sasol with an opportunity to increase the cost-effectiveness of transporting our export products."

Transport Minister Mac Maharaj says Maputo is only one of seven transport corridors in the SA Development Community (SADC) region, "each with its own catchment area of economic potential being linked to a port for export/import." Others, such as the Beira and Malawi/Nacala corridors, should also come in for international attention in the near future

"The next step," he adds, "together with our SADC partners, is to formulate a coherent strategy to develop these regional corridors Mozambique and SA are willing to share the experience gained in the Maputo Corridor with the SADC "

Extensions of the corridor include linking up, through Rustenburg and Botswana, with Walvis Bay in Namibia, via the planned Trans-Kalahari highway And southern Zimbabwe also fits into the picture, through a link-up through the Tzaneen/Northern Province subcorridor route An improved transport link between Maputo and Beira, along the Mozambican coastline, should also stimulate other developments

The agreements signed this week by Maharaj and Mozambican counterpart Paulo Maxanga include a protocol on the operating framework of the toll road

"The way will be opened for the initial phases of the project· rail, road and port upgrades which will lay the foundations for an integrated regional infrastructure network crucial to the realisation of the opportunities for economic growth and development which exist in the area," says Department of Transport spokesman Karen Pearce

Department of Trade & Industry special ministerial adviser Paul Jourdan and Department of Transport director-general Ketso Jordhan have just returned from the UK and the US after studying new trends in public-private joint venture partnerships. So, with this kind of top-level focus, private-sector investors can start planning to get in on the action

Says Maharaj· "Both governments are confident that the take-off point has now been reached for the implementation of the many private-sector investments and public-private partnerships which together will release the enormous potential of the corridor and subcorridor areas." Project details recently released by Maharaj and Maxanga, include·

- Essential transport infrastructure projects — which have entered various stages of tendering — such as the US$180m toll road (rehabilitating 380 km of existing road between Witbank and Maputo and building about 50 km of new road in Mozambique), $170m on port upgrading and $20m on upgrading the 90 km rail link between Maputo and Ressano Garcia on the SA border;
- Upgrading the telecommunications system, by way of a digital microwave system, to increase trunk carrying capacity between SA and Mozambique Additional plans to establish a cellular network are also under consideration; and
- Private-sector projects such as the $700m Pande gas pipeline project; $250m for surveying the development potential of building material resources in Maputo province; the $300m Red River ilmenite/magnetite and vanadium project near Tzaneen; Iscor's $300m heavy minerals project adjoining Red River; estimated investments of $1,43bn on the development of petro-chemical and stainless steel clusters at Secunda and Middelburg; $37m on agro-industrial projects in Mpumalanga, as well as investment opportunities in the Mozambican fishing, forestry and tourism sectors (hotel developments valued at $10m are being planned for Maputo)

Other investment projects already disclosed include Alusaf's $1bn Maputo-based aluminium plant; a new multibillion dollar hydro-electric dam in the lower Zambezi river, a R3bn fertiliser plant (also in Maputo), Gencor's plans to develop heavy mineral sand deposits on the lower Mozambican coastline; Sappi's proposed forestry project south of Maputo, a costly, US-funded ecotourism project on the coast south of Maputo and proposals to link SA's Kruger National Park with a huge transnational park in Mozambique. ■

Transnet is facing action over director

(269) BD 26/7/96

Amanda Vermeulen

TWO unions, representing half Transnet's work force, have threatened legal action against the parastatal after internal financial misconduct charges were dropped against executive director Sipho Nyawo.

The unions have called on Transnet chairman and ombudsman Louise Tager to investigate the matter.

Technical Workers' Union secretary-general Christo van Heerden said yesterday he had approached Tager formally to look into the 181 charges of financial misconduct "being swept under the carpet".

Nyawo was appointed a Portnet executive director shortly after all charges of credit card abuse, which emerged after an internal probe instigated by Tager, were dropped. Van Heerden alleged that former Portnet CEs Neil Oosthuizen and Philip Venter had resigned recently in protest against Nyawo's appointment.

Nyawo's credit card expenses ap-

Continued on Page 2

Transnet

(269) BD 26/7/96

Continued from Page 1

parently included cash withdrawals, air tickets for a friend, bursaries and hotel rooms. Van Heerden said the credit cards were allocated to senior management "for official Transnet business only".

The Technical Workers' Union and its sister organisation, the SA Footplate Staff Association, representing 60 000 Transnet employees, had also called on Tager to investigate alleged abuses of Transnet's medical aid scheme by Nyawo.

Van Heerden said the unions were threatening legal action against Transnet on the grounds that there appeared to be a double standard at work regarding the treatment of financial abuses by staff and management.

Van Heerden said a train conductor had been dismissed earlier this year over a R5,20 shortfall, yet Nyawo's credit card expenses, estimated at more than R100 000, had been ignored and he had been promoted.

Van Heerden had also written to Deputy President Thabo Mbeki to complain about the matter, saying previous attempts to get Tager to take action had been ignored. He alleged in his letter that Nyawo was related to Public Enterprises Minister Stella Sigcau.

Sigcau's office denied this yesterday, saying Nyawo addressed the minister as "auntie" as a sign of respect.

Higher licence fees proposed to raise funds for transport

BD 26/7/96 (269)

Linda Ensor

CAPE TOWN — The Western Cape provincial government planned to raise about R270m a year by doubling vehicle licence fees, increasing parking charges and introducing a "loading" licence for commercial vehicles, according to a draft green paper on the Western Cape provincial transport policy distributed for comment.

Other proposals included the imposition of a development tax on those non-residential land developments which failed to comply with an approved land use plan and a development grant for those which did.

Also, a land tax on strategically placed undeveloped land was proposed to encourage the use of the land in such a way as to facilitate urban restructuring and a reorganisation of the transport system.

The effect of the tax would be to increase the holding costs of undeveloped land, the draft paper said.

It proposed that these tax proposals be explored with Transport Minister Mac Maharaj or with Western Cape land affairs MEC Lampie Fick.

The paper stressed that in the context of diminishing government funds for transport, items such as parking charges and licence fees had to be more realistically priced to provide the resources with which to meet the public transport needs of the marginalised poor. Grants and subsidies should also be used for this purpose.

Parking charges, which would include an inbuilt tax and which would produce about R30m annually, should be used to restrain the growth in private vehicle transport (estimated at 6% annually) and limit the high levels of atmospheric pollution in Cape Town.

The increase in vehicle licence fees would be the primary source of provincial funding for transport and would provide the basis for a dedicated fund.

The basis of the fee would be changed from mass to engine capacity and discounts would be offered to vehicles fitted with catalytic converters.

Also proposed was the introduction of a supplementary annual licence for commercial vehicles which would entitle them to use on-street loading and off-loading facilities.

The scale of the charges would be related to the length of the vehicle and would be on a sliding scale. The licence fee was anticipated to be about R100/m for vehicles shorter than 5m rising to R250/m for vehicles longer than 12m. It was estimated that this would produce additional income of R20m an annum in the metropolitan areas.

These proposals formed part of a proposed 15-year restructuring programme, based on the "public transport first" system and integrated with the RDP.

To achieve it, a fundamental restructuring of the land use system was required to reduce the demand for movement.

The paper drew a direct link between transport flows and land use structures, saying transport policies should be proactively used to encourage the development of a particular land use structure.

Apartheid had not only structured land use in a way dysfunctional to an efficient transport system, but the transport system itself was skewed in favour of the rich with the poor being condemned to remote areas and forced to undertake long and costly journeys.

The result was congestion in certain parts of the system and a generally low level of overall system utilisation.

Urban restructuring would reduce the length of public transport trips and lead to its more intensive use.

Higher density development should be promoted along development corridors and nodes with public transport being proactively used to establish the corridors. The minibus taxi industry would be formalised into registered business units, with services being submitted to public tender.

To reduce demand for travel, average trip lengths should be reduced and the paper proposed a 20% cut in average trip lengths for journeys to work which were greater than 10km by 2010. If both these targets were met, overall travel by private car would have been kept at current levels and travel by public transport increased by 30%, the draft paper noted.

The parastatal should be 'a catalyst for development' in South Africa

A time of opportunity for Transnet

CT (BR) 29/7/96 (269)

By Thabo Leshilo

Johannesburg — Never call Louise Tager, the head of Transnet, chairperson if you want to ingratiate yourself with her. She is quite happy being called chairman.

Tager says there is nothing wrong with addressing a woman as chairman because the title has nothing to do with gender

"I am not a feminist. I believe in the rights of people. As a woman, I am part of the society and women are people," Tager says

Some feminists, she says, make the mistake of equating the struggle for women's rights with the desire to be equal to men, thus perpetuating the myth that men are superior and women should be measured against them.

"Women who seek equality lack ambition," she says, quoting her favourite bumper sticker.

Tager's commitment to change in South Africa finds expression through her membership of such varied organisations as the Black Women's League, Black Lawyers' Association, Women's Development Business and Business Skills for South Africa. She also serves on several commissions and boards of companies and charities.

A crusader for ethical business conduct and consumer rights, Tager is chairman of the Business Practices Committee, which seeks to stop harmful business practices.

"Consumers in South Africa are too trusting. They are willing to part with their money and wages without thinking seriously about it."

The former dean of the faculty of law at Wits University, Tager is an honourary professor of law at Unisa. She was also the executive director of the Law Review Project from 1985 until this year. The project drives the process to change laws and regulations that inhibit economic activity and is largely credited with the deregulation of laws affecting street sellers, taxi operators, backyard specialists and generally relaxing curbs on small traders.

"We need to restore the right of people to create wealth. The reason the economy did not grow properly was because more than 80 percent of the people were condemned to being workers. Until 1979, industrial activity was prohibited in black areas and therefore no black person could carry on this activity since group areas legislation excluded them from other areas," says Tager.

She became a director of Transnet from 1990, a position she held until last year. She was appointed non-executive chairman of the board by Stella Sigcau, the public enterprises minister, in January this year. Her responsibilities include corporate governance, corporate ethics, the tender system, promoting the reconstruction and development programme, and the restructuring of the company

Since being appointed chairman, Tager has initiated investigations at Transnet to improve corporate governance and accountability at the R40 billion transport parastatal.

One probe showed that the system of controls for the company credit cards was weak, inadequate and too loosely administered. It has resulted in the tightening of controls on cards. To avoid an investigation into all 4 500 credit cards and the supervisors throughout Transnet who failed to administer the system conscientiously, a moratorium was placed on transgressors.

Certain trade union leaders are demanding through the office of the ombudsman that particular individuals be investigated for alleged credit card transgressions. The ombudsman's office, which was recently established to deal with complaints from inside and outside Transnet, will handle these complaints through its usual processes.

Tager considers Transnet's vision to be transformation and restructuring in accordance with the government's policy.

"Our size has an impact on the country We want to take Transnet to areas that have been previously neglected, such as the Northern Province and Eastern Cape. We want to bring growth and development to these areas by operating businesses that are run efficiently and effectively."

She is pleased that the process of transforming Transnet is already starting to have an effect; conscious effort is being taken to use the services of black professionals, including lawyers, chartered accountants, engineers, architects and land surveyors.

The procurement policy wants half of the company's goods and services to be acquired from blacks, women and people with disabilities. Transnet buys R9 billion worth of goods and services a year, some of which are put out to tender. The tender board is being reconstituted and a new chairman will be appointed soon.

Tager says the appointment of the six black executive directors earlier this year is more proof of the commitment to transformation.

"It is not true that they will make Afrikaner males an endangered species. It will be wrong for people to think we have gone totally in the opposite direction. There are new opportunities for everybody."

Tager dismisses concerns made by detractors that the new directors lack experience and may have been too hastily appointed

"Talk of mentorship assumes our executive directors are not capable in their own right. It is quite an insult to the people, who are highly qualified and have proven themselves capable of carrying out their responsibilities."

Tager says the imminent restructuring of Transnet, within the parameters of the national framework agreement with the unions, will result in opportunities for the private sector.

"Privatisation is still on the agenda as part of the restructuring process. However, a wholesale sell-off is not going to happen."

Not all of the opportunities flowing to the private sector will involve changes of ownership Many will include sub-contracting, partnerships and joint ventures

The company may also use the "build, own and transfer" method, whereby the private sector builds public infrastructure, operates it for a stipulated period and then transfers ownership back to the government, as with toll roads.

"I support a free economy very strongly. Government should interfere only when necessary and create the legal framework, but especially in South Africa, the government cannot withdraw totally from the economy," says Tager.

IN THE CHAIR *Louise Tager. "I believe in the rights of people"* PHOTO JOHN WOODROOF

Economic corridor to Maputo may be extended

(269)

Stephen Laufer

BD 29/7/96

MAPUTO — The planned economic development corridor from Maputo to Mpumalanga could be extended beyond Gauteng to Rustenburg in Northwest Province by 1999, Transport director-general Khetso Gordhan said on Friday.

Gordhan was in Maputo with Transport Minister Mac Maharaj, his Trade and Industry colleague Alec Erwin, and Water Affairs and Forestry Minister Kader Asmal, who signed three accords on the corridor and one establishing a joint water commission.

Plans for the Maputo-Mpumalanga corridor now aim to extend the Johannesburg-Witbank highway to the Mozambique capital as a toll road, the improvement of harbour facilities, and the upgrading of the rail link from the Ressano Garcia border post to the port.

A feasibility study showed that an extension of the corridor, including the existing toll road between Pretoria West and Pelindaba costing between R700m and R800m, would be viable, opening access for industry and agriculture to Maputo harbour, Gordhan said.

An extension, further westward to Gaborone, of the Pelindaba-Rustenburg highway did not appear to make financial sense yet, particularly as the Botswana capital was to be linked to the port of Walvis Bay via a new road by 1997.

Concerned about becoming economically isolated, the Botswana government is apparently pushing for inclusion in the corridor concept.

The transport department had received three formal tenders for the construction, operation, and maintenance of the Witbank-Maputo toll highway, which will allow speeds of 120km/h.

Maharaj said he expected to award the contract in August, just a year after the corridor idea had first been mooted in earnest.

He would like construction to begin "the day after we sign the agreements". The road contract has been valued at R1,5bn over 30 years at current rates.

GE/9417/R

Many die in Reef station stampede

Guards with electric prods, checking for commuters who travel without tickets, trigger panic and subsequent tragedy

(269) Star 31/7/96

By Shirley Woodgate, Nikki Whitfield and Susan Miller

Fifteen commuters died and scores were injured in a peak-hour stampede at the Tembisa railway station this morning, Metrorail spokesman Cresswell Venter has told The Star.

Eyewitnesses said the chaos was triggered when passengers were being checked for tickets by security guards who are armed with electrified batons. The passengers forced their way through the control point and crashed those in front.

The stampede occurred at about 7am when 13 people were killed instantly. At that stage 42 people were admitted to the Tembisa Hospital where two died soon afterwards.

A hospital spokesman said two critically injured patients were airlifted to H F Verwoerd Hospital in Pretoria.

According to the spokesman, most of the patients who were admitted were suffering from "electrical injuries".

Callers claimed the deaths may have been caused by security guards at the station using excessive violence when ensuring passengers had bought tickets.

Apparently passengers often travelled without tickets, callers said. Guards launched a check this morning to identify those who had tried to get free rides.

But allegations of excessive force being used by the guards were denied by Metrorail area manager Michael Khumalo.

Earlier today the station resembled a battlefield with the dead covered in blankets. Police and paramedics maintained a heavy presence and curious crowds milled around the station.

Sapa reports that a schoolteacher who gave his name only as Simon told a local radio station that inspectors armed with "black rods of some sort" tried to check tickets at the entrance to a footbridge over the line at Tembisa, the black residential area north-east of Johannesburg.

Khumalo said the railway company had hired private security guards to help crack down on commuters who routinely travel without tickets costing the railways a fortune.

At the time of going to press the police had not given an official number of the dead and injured.

Pension fund deficit a major obstacle

Transnet calls for delay to restructuring

(2b9)

BD 31/7/96

Robyn Chalmers

TRANSNET wants its restructuring to be held back until its new executive management has turned around loss-making businesses — a process which could take at least 18 months.

Chairman Louise Tager said yesterday that the parastatal's management did not oppose privatisation, but that it would be wrong to take any steps now.

Bringing in equity partners or selling lucrative businesses would prevent the parastatal funding its pension deficit, Tager said. Government would also net a poor price for loss-makers.

"Obstacles facing Transnet such as the pension fund deficit and loss-making business units dictate that privatisation will not take place immediately. However, we are working through the National Framework Agreement on Transnet's restructuring options, so no decision can be taken unilaterally."

Transnet's operations include SA Airways, Spoornet and Portnet. It was previously thought to have assets of roughly R32bn, but the public enterprise ministry said earlier this month that an independent audit had shown the figure to be inaccurate.

Government said previously equity partners for Transnet or its units, such as SAA, would be considered, but the programme appears to have been put on the backburner. Public Enterprises Minister Stella Sigcau failed to clarify plans for Transnet in her budget speech on June 15, saying that huge liabilities — up to R14bn — linked to the pension fund were the main obstacle to its restructuring.

It now appears that management opposition to the drive was a further factor in government's decision to delay an announcement.

The ministry said yesterday that a decision on the programme for reshaping Transnet now depended on the recommendations of the transformation task team created to oversee Transnet.

Transnet made a net profit of R118m for the first time in the year ended March 1995, but had a number of loss-making divisions, notably troubled parcel services group PX.

Continued on Page 2

Transnet

(2b9)

Continued from Page 1

BD 31/7/96

Transnet human resources executive director Joe Ndhlela said management was focusing on four underperforming divisions — PX, engineering concern Transwerk, telecommunications unit Transtel and cellular business Transtel Cellular. "We are starting to make progress on turning around these and other loss-making business units, but on average it should take up to 18 months before they can be ... turned around."

Ndhlela said a stringent business plan had been implemented to turn around PX, which made a net loss of R297m (R344m) for the year ended March 1 1995, and this was already showing good results. Management had considered the potential of Transwerk to focus on external activities, and it was tendering for business in Botswana, Malaysia and Uganda, which would give it a boost.

It had previously refurbished and manufactured transport-related systems, equipment and components almost exclusively for Transnet.

Ndhlela said Transnet's executive committee was considering ways to improve the performance of Transtel and particularly Transtel Cellular.

Maputo Corridor 'will bring the vision of the RDP to life'

(269)

Mpumalanga premier says province must convey message of optimism and ability to deliver to outside world, then broad benefits will follow

By Clyde Johnson
Nelspruit

Mpumalanga had been first to initiate the Maputo Corridor, is first with the casino application process and is also first in economic growth, according to Premier Mathews Phosa.

Speaking at a joint Nafcoc, Sakekamer and Chamber of Commerce meeting last week, he said this was enough for businesses in the province to convey a message of trust and optimism to the outside world.

"We now need to concentrate on translating these successes into delivery," he told the well-attended meeting

However, in order to be successful in their delivery efforts, the different cultures in the province needed to be understood, Phosa said.

"We should not attempt to change individuals to suit the companies they serve, but should rather capitalise on our many cultures which, if combined, can contribute tremendously to our success story."

'Business, govt must unite and beat crime'

There was no doubt in his mind that the Maputo Corridor initiative would bring the RDP to life.

The shorter and more cost-effective movement of goods along the network of the corridor would ensure a mobile RDP, which, in turn, would result in benefits for construction, tourism, and agriculture, as well as the technical, management and training industries, he said.

Phosa added that Nelspruit, as the capital of Mpumalanga, had enormous opportunities which could benefit the whole province.

Business had boomed since 1994, but it was important that the business sector in the province recognised the government's efforts to realise these opportunities.

"The business sector in Mpumalanga must unite in such a way that the government can communicate with them under one umbrella."

The government and business should also form a strong, united front against crime, which had become a national disease, he said.

An initiative allowing the government and business sector to join forces and create watch schemes to ensure that the province became investor friendly would be launched in Witbank soon.

Star 31/7/96

PUBLIC SECTOR – TRANSPORT – GENERAL
1996

AUGUST — DEC.

Major changes planned for Portnet in order to improve efficiency and facilities

(269) ARG 1/8/96

HENRI du PLESSIS
Shipping Reporter

PORTNET faces a major shake-up as plans are made to improve efficiency and infrastructure.

A budget of more than R950million had already been prepared to improve security in all ports around the country, and the facilities of some such as East London, where container handling facilities needed expansion, said Sipho Nyawo, Transnet executive director, at a press conference yesterday.

A three-day conference, involving the majority of Portnet customers and stakeholders, including labour unions and foreign experts, was held in Cape Town this week as a beginning to improving business.

A host of foreign and local shipping lines, shipping agents and freight forwarders, experts from as far afield as Britain, Singapore and Europe, bankers and government departments were represented at the conference.

Priorities discussed included improving working conditions for staff, staff training and the involvement of staff in the transformation process.

Shipping sources have described Dr Nyawo's efforts to involve the whole industry as a big step towards future improvement by opening up decision-making and planning within the harbour authorities.

"The objectives of this conference were to establish fresh relationships between our management, international and local clients and labour, to inform our clients of our new philosophy of 'Space for All', to align ourselves with the national objective of a regional approach to infrastructure development, and to send a clear message that, for the first time, we are united and in this 'ship' together," Dr Nyawo said.

Labour was happy to be involved in the transformation process and looked forward to working with management to achieve success, said Nelson Ndinisa, president of the South African Railways and Harbour Workers' Union.

When asked what workers were prepared to give in return for what they were getting, Mr Ndinisa said there would in future be much greater co-operation between them and management.

"We are against privatisation when it is offered as the only solution to efficiency problems, but we are prepared to listen when it is included in a total strategy and there are no other choices," he said.

Tony Farr, managing director of Safmarine, South Africa's largest shipping line, said: "As ship owners, we would obviously like to see efficiency improved, but the lack of capital expenditure on facilities in the past counted against it.

"It is clear that the new direction being taken could lead to great improvements."

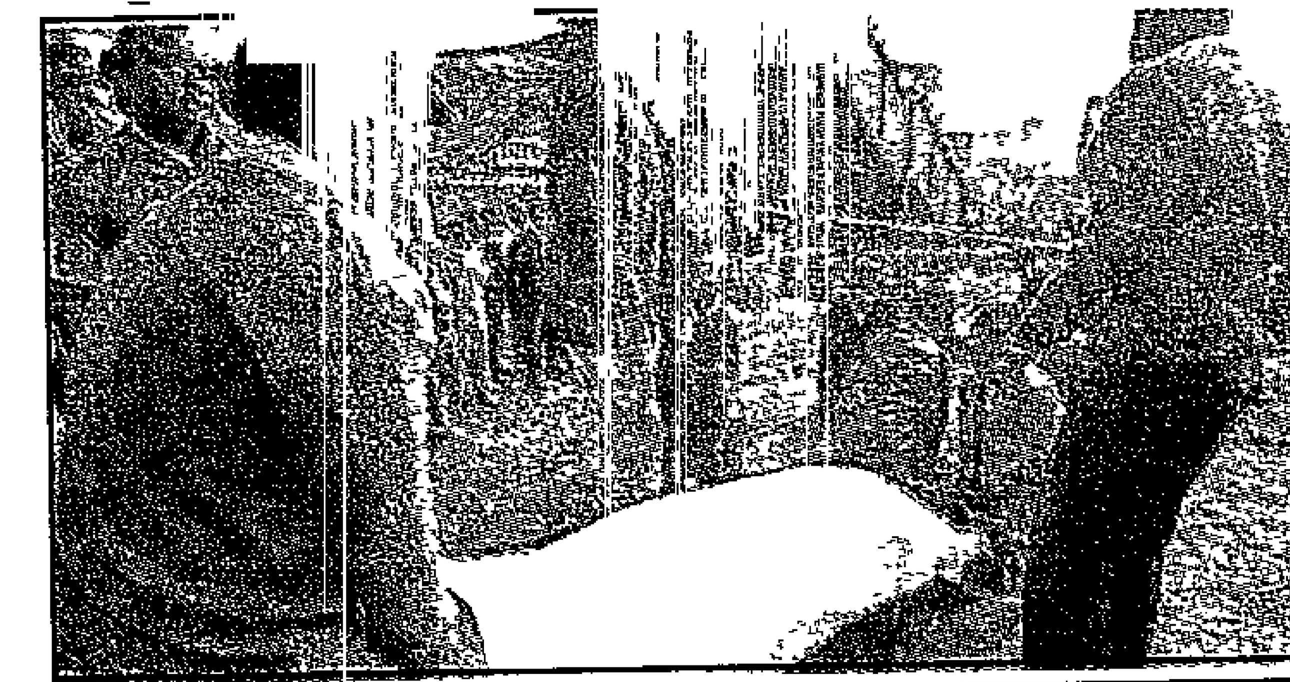
During the conference delegates were able to voice criticisms and concerns openly and discuss possible solutions.

Criticism came from Walter Grindrod, commercial manager of Unicorn Lines.

He said that while Portnet was the ship owners' service provider in ports, its sister companies competed against them by running Spoornet and Autonet, the rail and road transport business under the Transnet umbrella.

Massive investigation into Tembisa deaths launched

(269) ARG 1/8/96



Joint police, Metro, government group to probe how ticket clampdown turned into bloodbath

The Argus Correspondents

JOHANNESBURG – A massive investigation by police, Metrorail and the government is under way to uncover how and why a ticket clampdown turned into a bloodbath at Tembisa railway station.

At least 15 people were killed and more than 60 injured in a stampede after security guards used electro-shock batons to prevent commuters boarding trains without tickets.

President Mandela said it was with "deep shock" that he heard of the incident, calling it "a national tragedy".

It came a day after Wits Metrorail announced it would hire a private security company to curb fare evasion

"Non-paying commuters embarked on a practice of waiting on top of the bridge until the train would arrive and then storming down the stairs past the access points," said a Metrorail spokesman.

The company defended the actions of security and ticket officers using stun batons to contain the surging crowd.

Transport Minister Mac Maharaj and Metrorail announced yesterday a joint committee of enquiry had been appointed to establish who was responsible for the deaths

The committee would release its findings by August 15, Mr Maharaj promised.

Metrorail strategic marketing manager Honey Mateya said the security company – SSH Security – was hired "to ensure the safety of the commuters" He explained SSH used shock batons – instead of guns – "in a move to demilitarise the railways and to make it more commuter-friendly"

Dr Annamarie Radloff, medical superintendent of HF Verwoerd Hospital, said one of the critically injured patients had shock burns and heart arythmia as a result of the shock-batons used by security personnel at the station. Another critically injured patient had fractured ribs and bruises and a third patient had serious head injuries

The stampede was followed by violence when about 100 people started stoning the surrounding buildings after police tried to arrest an unruly man

The situation was brought under control, but minutes later again erupted into violence as about 2 000 people set fire to a ticket office Police used teargas and rubber bullets to disperse the increasingly volatile crowd which started stoning private vehicles and surrounding premises. Police said the situation was calm last night

Shock batons 'non-lethal'

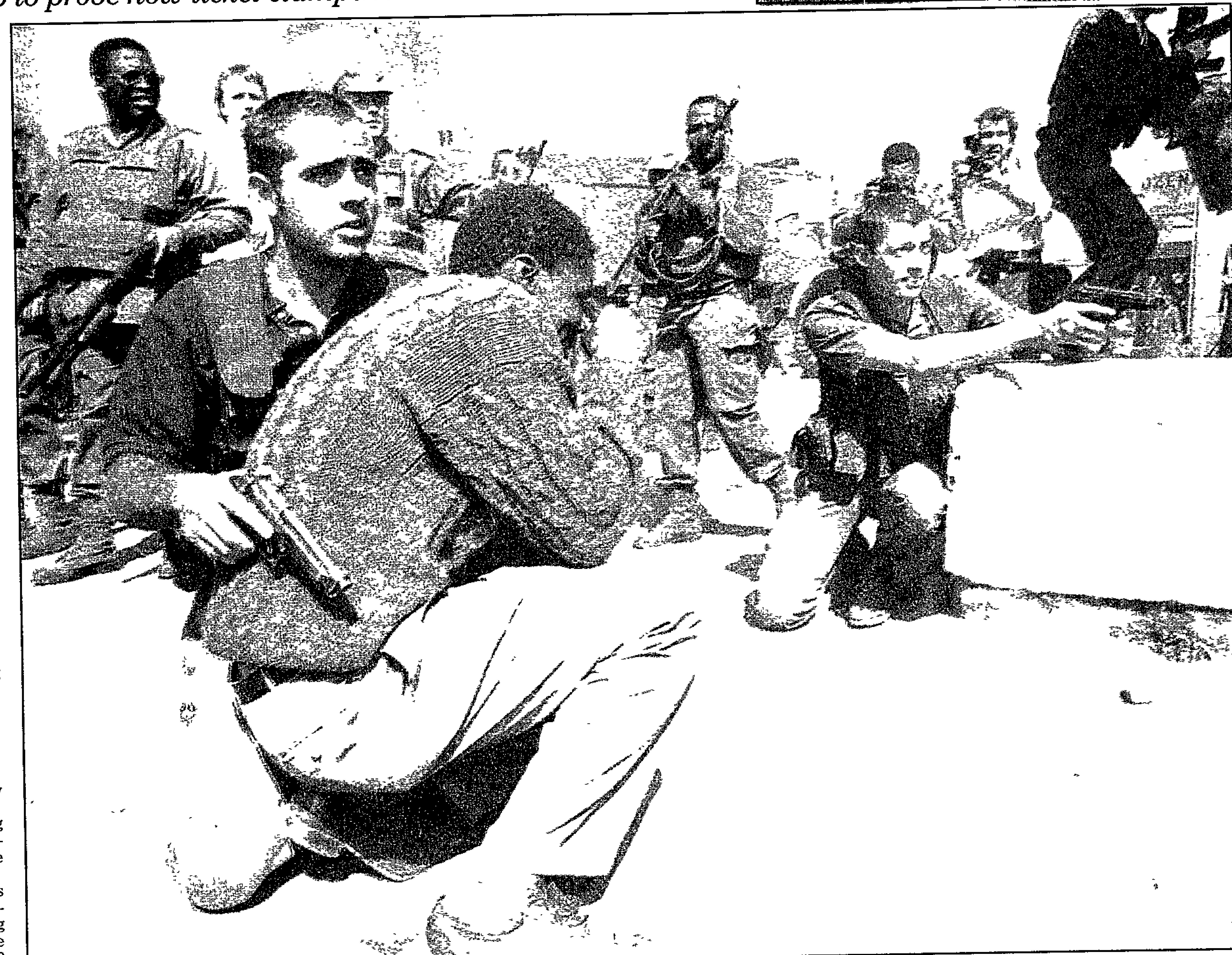
The Argus Correspondent

JOHANNESBURG – Shock batons used by security guards at Tembisa station were excellent non-lethal, self-defence instruments which were widely regarded as the most humane form of crowd control, says manufacturer Attie Booysen

All other options, from tear gas to rubber bullets and live ammunition, wooden batons, pick-axe handles or even knives were capable of serious injury or even killing, he said.

It is believed SSH Gauteng East Security Services, contracted to Metrorail, were equipped with shock batons

According to regulations under the Machinery and Occupational Safety Act governing electric fences, the peak value of voltage allowable is 10 000 volts, but manufacturers of ESE admit their products, including shock batons, emit impulses of up to 50 000 volts.



UNDER FIRE: A township resident seeks cover, above, as police come under attack from stonethrowers in Tembisa township when tensions ran high after security guards tried to control a crowd by using cattle prods, which led to a stampede. **TOP:** One of the victims of the Tembisa violence is carried away, watched by police and members of the large crowd that surrounded the station for most of the day.

Tensions high in Tembisa after stampede deaths

(269)

The Argus Correspondents

ARG 1/8/96

PRETORIA. – Gauteng Premier Tokyo Sexwale had a glimpse of the high tensions in Tembisa when a passenger train was pelted with stones in full view of his entourage a few hours after yesterday's tragedy at the township's railway station.

Groups of youths hurled abuse at policemen patrolling the area and hurled stones at them as anger spilled over.

At least 50 people were admitted to the Tembisa hospital, many of them unconscious and some in deep comas, said medical superintendent Dr Sandile Mfenyana.

The early morning stampede at the station was sparked when security guards armed with electro-shock batons checked commuters' tickets and caused a logjam on a pedestrian bridge. As a train arrived at the station the crowd pushed forward. In the ensuing chaos 15 people were crushed to death.

Mr Sexwale's security personnel and the police had their hands full persuading people to give way so that the entourage, which included ANC Women's League president Winnie Madikizela-Mandela, could inspect the scene of the tragedy.

Before their visit to the station the group had joined Transport Minister Mac Maharaj for a tour of Tembisa Hospital, where they visited some of the injured.

Ten of the most critically injured were transferred to the HF Verwoerd and Johannesburg hospitals.

HF Verwoerd Hospital duty superintendent Dr Annamarie Radloff said the patients were in a serious condition.

"With the level of equipment we have here, we are nowhere near coping with a disaster like this," said Dr Mfenyana, adding that many of the patients needed head and spinal scans, which the hospital could not provide.

Earlier Dr Julius Kunzmann, head of Gauteng hospitals, said he had treated people at the scene with burn wounds inflicted by electrical shock apparatus.

The South African Rail Commuter Corporation has donated R500 000 to the families of victims of the Tembisa station stampede.

The corporation said the relief fund would be administered by the SARCC, assisted by independent auditors.

Mr Maharaj urged the public to donate money to the fund. Donations can be paid into the Tembisa Relief Fund account at the Volkskas Bank, Market Street, Johannesburg, Branch number 30-13-05-00, account number 100000059.

● See page 3

Commission to probe train station disaster

BD 1/8/96 (269)

GOVERNMENT had appointed a commission of inquiry to investigate the cause of the stampede which led to 15 deaths at Tembisa railway station yesterday, Transport Minister Mac Maharaj said. At least 65 people were admitted to hospital.

The crowd reportedly panicked after security guards used electric prods on commuters in a bid to prevent ticket defaulters from breaching a barrier.

Maharaj told an impromptu media briefing at Tembisa Hospital that the commission, headed by Pretoria advocate Tiego Moseneke, would start work immediately and report by August 15.

The commission would also propose measures to prevent similar incidents.

Maharaj appealed to the community of Tembisa to remain calm. This followed news that an angry crowd had burnt down the ticket office at Tembisa station after the deaths. Police reinforcements had been called in after surrounding buildings were stoned.

Asked how he felt about the reported use of electric shocks by SSH Security to try to control commuters, Maharaj said he did not want what had happened to become part of "a public controversy". An SSH spokesman said the prod was a non-lethal device.

Metrorail manager Honey Mateya said the company had started a "pay for the service" campaign on Monday. Metrorail was expected to run a business and, if necessary, commuters' tickets would be checked, he said. The security company was employed nationwide to protect commuters and seal off entrances to help ticket inspectors. However, Maharaj said: "If it becomes necessary to relax (ticket checking) measures, it will be done because ... the community is grieving."

A special fund, known as the Tembisa Relief Fund, had been set up to assist victims and their families. The fund had already received R500 000 from the SA Rail Commuters' Corporation, he said. — Sapa.

An unidentified man flees after groups of local residents stormed the station, setting a building alight and stoning vehicles.

Scores of people gather around a fire-brigade truck near the Tembisa station following the death of 15 people yesterday morning.

Ready for action ... police had to use teargas to disperse crowds gathering in the vicinity of the station.

Running for dear life ... police fired teargas on township residents, sending them scuttling in all directions.

15 killed in station stampede

Sowetan 1/8/96

(269)

By Noxolo Kweza and Lulama Luti

THE practice of non-payment for train tickets – which caused Metrorail losses totalling about R180 million during the past 12 months – led to the death of 15 people and the injury to 65 others in Tembisa yesterday morning.

Shortly after news of the tragedy at the Tembisa station broke, groups of local residents and Ivory Park squatters stormed the station building and set it ablaze.

Extensive damage was caused to the building which houses the ticket office. Railway security guards' jackets, hats, a safe box containing cash and two firearms were stolen from the building.

Beeld reporter Mr Peet Bothma was assaulted and slightly injured when a group of people mistook him for a policeman. His car keys, cellphone and wallet containing his bank cards and R30 were stolen during the assault.

Windows smashed

Also, a police vehicle was damaged when its windows were smashed by rampaging residents. Five other cars, including one belonging to a *Sunday Times* news team, were also stoned.

Meanwhile, Metrorail communications manager Ms Bintu Petsana said in a statement that the incident, which occurred after action by Wits Metrorail Region to curb fare evasion in Tembisa, was being fully investigated.

He said a report would be issued as soon as the probe was completed.

Petsana said the company lost about R180 million as a result of fare evasions during 1995-96 and that they had employed the services of private security companies to help solve the problem.

Meanwhile, attempts by the police and members of political organisations at the scene to calm the situation failed when angry schoolchildren stoned police vehicles and ambulances approaching the scene.

Stones were also thrown at policemen who fired teargas to disperse the crowd gathering at the station.

More policemen and members of the South African National Defence Force were deployed in the area.

According to eyewitness Mr Lucas Mabunda of Ivory Park people were pushing to board a Germiston-bound train just before 6am when the incident occurred.

"I was with my girlfriend on top of the bridge when the train arrived. People were rushing to board the train and the access gate at the station was eventually blocked.

● To page 2

Meals on all flights to be upgraded

As competition looms, SAA jacks up its image

(269) CT (BR) 1/8/96

By Audrey d'Angelo

Cape Town — South African Airways (SAA) is jacking up its image as it faces tough competition on domestic routes and the arrival of Virgin Atlantic on the London to Johannesburg route.

From today, SAA says, it will improve meal services on domestic flights in economy and business classes. The blunt plastic cutlery and disposable meal packs for economy passengers will be replaced by melamine crockery and stainless steel cutlery.

Business class meals will be served on Royal Doulton crockery, and service of meals and drinks will, the airline promises, be improved to the same standard as on international flights.

Announcing the changes this week, SAA carefully avoided any mention of rival Comair's cabin service which is to be upgraded from October 1 to match that of British Airways. Comair has become a BA franchise holder and its cabin staff will undergo retraining this month.

Virgin Atlantic, due to start its service from Heathrow to Johannesburg in October, is said to be discussing a link with Sun Air. Hugo Smit, the general manager of Nationwide, said the airline had also been approached by foreign airlines.

Mike Myburgh, the chief executive of SAA, said passengers chose an international airline based on their experiences on domestic flights.

PLAIN SAILING *Sipho Nyawu, Transnet's executive director, responsible for Portnet*

Transnet has plans to spend R950m on ports

(269)

By Audrey d'Angelo

CT (BR) 1/8/96

Cape Town — About R950 million will be spent on improving South Africa's ports, Sipho Nyawu, Transnet's executive director responsible for Portnet, said at the conclusion yesterday of a three-day conference on the transformation of South Africa's ports.

The improvements will include better container-handling facilities for East London and Port Elizabeth and a grain elevator to facilitate the export of maize.

Security at the ports will be tightened with immediate effect, and conditions will be improved for the workforce.

A forum will be set up at which all stakeholders including port clients, management and the workforce can exchange views.

A new tariff and pricing policy will be adopted, more will be done to develop employees' potential, and ways will be found to improve productivity and service levels.

He said this had been a unique occasion on which views and information had been exchanged between people representing 150 different interests, including port managers and operators from abroad.

"Never before have we been exposed to this wealth of experience in one location at one time, comparing our efficiencies with our competition abroad," said Nyawu.

He said shipping lines, organised bodies in the industry and eminent labour representatives participated. These included the South African Footplate Association, Salstaff, the Transport and General Workers' Union, the Employment Union of South Africa and the South African Railway and Harbour Workers' Union.

"Their presence was a clear statement that we are in this ship together," said Nyawu.

Stun batons 'widely regarded as most humane and effective form of crowd control'

(269) Star 1/8/96

BY SHIRLEY WOODGATE AND LORNA SCHMIDT

Stun batons used by security guards at Tembisa station were excellent non-lethal, self-defence mechanisms which were widely regarded as the most humane form of crowd control.

Attie Booysen, managing director of The Force Group in Turffontein, which has been manufacturing and exporting the devices for the past 11 years, stressed the devices were legal weapons intended to temporarily shock through a combination of a micro-of-an-amp and up to 50 000 volts.

"Amps will kill, not voltage," he said.

"When the baton or stun gun is applied to an assailant, it will cause instant muscle spasm through material as thick as an army great coat.

"Unlike an electric charge, which attracts and holds the victim, the shock triggered by pushing the control switch on this electronic device will repel the attacker.

"A three to eight second burst to the torso is capable of knocking a grown man to the ground, but will not kill him, leave burn marks or break his bones.

"The baton which emits a flashing light can be re-activated if necessary."

The shock batons had been approved for use by staff employed by security firms contracted to Metrorail, a spokesman said.

However, there is no legislation in SA governing the level of shock allowed in such electro-shock equipment (ESE).

Human rights group Amnesty International said it has "not been able to find any standards or norms for this electro-shock equipment" in South Africa.

Notes a discussion paper: "This equipment seems to be manufactured in a complete regulatory vacuum allowing manufacturers to make equipment which delivers even more painful and dangerous shocks."

Electronic stun weapons were banned in the United Kingdom in 1988 and were deemed to be a "prohibited weapon".

According to regulations under the SA Machinery and Occupational Safety Act governing electric fences, the peak value of voltage allowable in these is 10 000 volts, but manufacturers of ESE in South Africa admit that their products, including shock batons, emit impulses of up to 50 000 volts.

A survey done in Britain by the UK Forensic Science Service, in which the possible hazardous effects of a range of different electro-shock devices on the human body were examined, found that receiving a typical discharge from an electro-shock prod for up to only half a second startled and repelled the victim.

If this continued for one to two seconds the victim lost the ability to stand up while a three to five seconds exposure resulted in a total loss of skeletal muscle control with immobilisation occurring. This effect could last for between five and 15 minutes.

Sexwale calls on crowd to act sensibly

Gauteng Premier Tokyo Sexwale faced an excited crowd in the Tembisa community centre yesterday and chastised youths who stoned trains following the deaths of 15 people at Tembisa station earlier in the day.

"These trains are yours and mine," he told the crowd.

Sexwale said those responsible for the tragedy would face the full weight of the law and urgent steps would be taken to ensure that this sort of tragedy never happened again.

"That place must change," he said, referring to Tembisa station. For example, the gates against which victims had been crushed would have to be redesigned.

Sexwale said the commission of inquiry announced yesterday by Transport Minister Mac Maharaj would review the situation at other train stations to prevent similar occurrences.

He appealed to the community to honour the dead in a dignified manner and asked people to wear black as a sign of respect. – Sapa.

Slim hope of compensation for those crushed at station

(269) Star 1/8/96

By Stuart Kelly

South Africa's laws will make it difficult for the families of those who were killed or injured in yesterday's tragedy at Tembisa railway station to sue for compensation, a legal expert has said.

A firm of attorneys specialising in personal injury says that while many of the victims may have a valid case, the law makes it difficult to sue anyone unless they are directly responsible for an action which caused injury or death.

"While those who suffered injury as a direct result of being prodded with stun guns by security personnel would find litigation more straight forward, those who suffered in the resultant stampede would have to prove that the deaths or injuries were directly attributable to the actions of those they hold responsible.

"This is because South African law tries to restrict the 'opening of the floodgates of liability' as much as possible," said a lawyer

The lawyer drew comparisons between yesterday's tragedy and the Hillsborough football stadium disaster in England in 1989, when 94 people were crushed in a similar stampede. Those victims were able to sue under British law. But the victims who suffered as a result of the Tembisa stampede may not be as lucky.

The lawyer said: "The first step would be to prove attributable fault or negligence to a particular party.

"In this case it may be the individual security guard, for example, his company, or perhaps another party – those who hired the security firm or who ordered the use of stun guns.

"Then one would have to prove that one's injury was as a direct result of the defendant's actions. The injuries would have to be ascertained and backed up by an expert, such as a doctor. In case of death, one would have to establish whether or not the deceased was a breadwinner with a resultant loss of income."

The lawyer also commented on the futility of suing an individual security guard or any other individual who may have been responsible for the injury or death. "They have no money. If they were acting within the cause or scope of their duties, then one can sue the company involved."

Security guards suspended until Tembisa probe is completed

(269)

Star 1/8/96

BY DEREK RODNEY, LARA SMITH AND TARYN LAMBERTI

Private security guards at Reef railway stations have been suspended until the commission of inquiry, launched after yesterday's tragedy at Tembisa station, is completed.

A Metrorail spokesman said Peace Force and SSH Guards were the contracted operators.

There was a heavy police presence at the station today, following yesterday's early morning tragedy in which 15 people died during a stampede down an overhead bridge by commuters rushing for a train while, it is reported, security guards, checking tickets, tried to stop them.

The normal timetable through Tembisa was suspended today and was replaced by a shuttle service between Kaalfontein and Leralla stations. Many passengers, fearing a repeat of yesterday's disaster, avoided the station.

President Mandela has called the disaster "a national tragedy" and urged the public to "exercise calm" so officials could probe the tragedy as quickly as possible.

The tragedy comes only a day after Wits Metrorail Region announced it would hire a private security company to curb fare evasion.

The company defended the actions of security and ticket officers for using stun batons to contain the surging crowd, saying their staff withdrew immediately when the stampede started.

By last night, it was reported that 65 people had been treated at various hospitals in Gauteng. While some had been discharged, many were still in a serious condition and four were in intensive care at the H F Verwoerd Hospital in Pretoria.

The stampede was followed by violence when about 100 people started stoning surrounding buildings.

The situation was brought under control, but minutes later again erupted into violence as about 2 000 people set fire to a ticket office. Stones were thrown at buildings and police reinforcements had to be called in.

Police used teargas and rubber bullets to disperse the increasingly volatile crowd which had taken to stoning private vehicles and surrounding premises.

Police said last night two youths had been arrested for stone-throwing and arson.

The situation was calm last night, but police were monitoring the situation by patrolling the area. Police said they were aware of threats made by a mob to burn down the station overnight.

Transport Minister Mac Maharaj and Metrorail announced yesterday that a joint committee of inquiry had been appointed to establish who was responsible for the deaths and mayhem.

The committee would release its findings by August 15, Maharaj said. He would not be drawn on who appeared responsible for the disaster, but said he was aware that electric prods had been used.

Metrorail's strategic marketing manager, Honey Mateya, said the security company – SSH Security – was hired "to ensure the safety of the commuters". He said SSH used shock batons – instead of guns – "in a move to demilitarise the railways and to make it more commuter-friendly".

Police have started questioning dozens of witnesses to the stampede.

Gauteng provincial police spokesman Director Azwinndini Nengovhela said the nature of charges to be laid would only be ascertained once all the statements had been taken.

The names of the dead would only be released once their next of kin had been informed.

Provincial commissioner Sharma Maharaj, who flew to the scene with deputy commissioner Barry van der Walt and area commissioner Carel Victor, offered his condolences to the families of the deceased and a speedy recovery to the injured.

Death stampede: non-payers blamed

(269)

Sowetan 1/8/96

Police reinforcements rushed in after commuters trampled to death

By Lulama Luti

METRORAIL has blamed non-paying train commuters for the disaster at Tembisa Station on the East Rand yesterday in which 16 people were trampled to death and 58 injured

According to Metrorail communications manager Ms Bintu Petsana the tragedy occurred around 5.50am when a group of singing and dancing commuters pushed their way past security personnel.

She said the incident was preceded by special action taken by the Wits Metrorail Region on Monday to curb fare evasion.

"Metrorail made use of a private security company to seal off all entrances to Tembisa Station while ticket officers were checking and issuing tickets"

Petsana said since the beginning of this action, resistance had been building up among non-paying commuters who had refused to move to ticket offices

"These commuters started the practice of waiting on top of the bridge until the train arrived. They would then storm down the stairs past the access point.

Free access

"At this stage, all the security and ticket officers would immediately withdraw to make free access possible," she said

The same action took place yesterday morning and resulted in a stampede that led to the death and injury of commuters, she added. The incident is being fully investigated

A caller to Radio 702 said yesterday that on Tuesday he had witnessed a person being kicked and beaten with batons by security guards at the station, apparently because he did not have a boarding ticket.

Meanwhile, Gauteng Police Commissioner Sharma Maharaj, who together with other senior police officers visited Tembisa Station yesterday, described the incident as tragic

Police reinforcements from Alexandra, Alrode and Dunnotar have since been deployed in the area as tension around the station mounted.

Thembisa tragedy (269)

Sowetan 1/8/96

From page 1

"The security guards then applied electric shocks to them from hand-held iron rods while another fired two shots," Mabunda said.

He said when the guards noticed that people were dying they ran and boarded the train without trying to help the crowd.

Some people were injured trying to run away from the security guards. They fell and were trampled by the crowd.

President Nelson Mandela said in a statement it was with "deep shock" that he had heard of the incident.

"This is a national tragedy. On behalf of myself and the Government, I extend heartfelt condolences to the families of all victims."

Mandela said he had been assured that a thorough investigation would be conducted. "No stone will be left unturned to establish fully what the causes were and where responsibility lies. I wish to call on the public to exercise calm so that the authorities can act as swiftly as possible and with due process."

He added that the safety of commuters "must be given the highest priority".

Outrage over Tembisa bloodbath

(269) CT 1/8/96

TENSE SITUATION: Police stand ready to fire after coming under attack yesterday from stone-throwers in Tembisa township, north-east of Johannesburg. Tensions ran high after at least 15 people were killed in a stampede set off when security guards used electro-shock batons to prevent commuters from boarding trains without tickets. *PICTURE: AP*

JOHANNESBURG: The outrage of residents over the stampede that led to the death of 15 commuters at Tembisa station yesterday erupted into sporadic violence that was quelled by police using teargas and rubber bullets.

AN investigation by police, Metrorail and the government is under way to find out how and why a ticket clampdown turned into a bloodbath at Tembisa railway station.

At least 15 people were killed and more than 60 injured in the stampede that followed the use of electric-shock batons by security guards to prevent commuters boarding trains without tickets.

Police later opened fire at a crowd of several thousand people who gathered at the station to demand that the guards be handed over to them. Vivid footage of the shooting was captured on camera before journalists were expelled from the area.

National police commissioner George Fivaz has said he would investigate the removal of journalists. "I will request Gauteng provincial commissioner Sharma Maharaj for a full report to determine the circumstances under which the media were removed."

President Nelson Mandela said it was with "deep shock" that he heard of the incident, which he called "a national tragedy".

He urged the public to "exercise calm" so that officials could probe the incident as quickly as possible.

"No stone will be left unturned to establish fully what the causes were and where responsibility lies."

The crowd of several thousand converged on the station after the stampede that occurred about 6am, and threatened to burn it down. They began throwing stones at police and set fire to the station.

Police fired at the residents in a tense stand-off that lasted for most of the day.

Police Director Azwinndini Nengovhela said two people had been arrested for stone-throwing

RAND DROPS TO HISTORIC LOW AGAINST STERLING – Page 13

and arson after outbreaks of violence in which part of the station was set on fire.

"By late afternoon, the situation had cooled down and the atmosphere in Tembisa is now calm but tense," Nengovhela said.

The tragedy came only a day after Wits Metrorail Region announced it would hire a private security company to curb fare evasion. "Non-paying commuters have embarked on a practice of waiting on top of the bridge until the train arrives and then storming down the stairs past the access points," a Metrorail spokesman said.

The company defended security and ticket officers who were criticised for using stun batons to contain the surging crowd, saying their staff had withdrawn immediately the stampede started.

Although exact figures were not available, by late last night it had been reported that 65 people had been treated at various hospitals in Gauteng. Some had been discharged, but many were still in a serious condition and four were in intensive care at the H F Verwoerd Hospital in Pretoria.

Transport Minister Mr Mac Maharaj and Metrorail announced yesterday that a joint committee of inquiry had been appointed to establish who was responsible for the deaths and mayhem.

The committee — chaired by corporate lawyer Mr Tiego Moseneke and including Mr Connie Nkosi of the SARCC and Metrorail's Mr Sandile Jakavula — would release its findings by August 15, Maharaj promised, adding that the report would be made public.

Maharaj would not be drawn on who appeared responsible for the disaster, but said he was aware that electric prods had been used.

"Yes, electric prods were used. We will not hide any facts from the public," he said, adding that the committee of inquiry would establish who authorised their use.

Metrorail's strategic marketing manager, Mr Honey Mateya, said the security company — SSH Security — had been hired "to ensure the safety of the commuters".

He said that SSH had used shock batons — instead of guns — "in a move to make the railways more commuter-friendly". — Own Correspondent.

Mrs Josephine Gaba (68) at home in Tembisa on the East Rand with her five grandchildren whose mother Thamsanqa Kate Gaba (36) was one of the 15 people who were killed in the stampede. Pictured with their granny are Nombulelo (16), who is in Standard 9, Sibusiso (12) in Standard 4, Mandla (7) in Sub A, Gugu (3) and one-year-old Ntombifuthi.
PIC JOE MOLEFE

Shattered hopes

Tembisa station tragedy leaves a legacy of orphans

Sowetan 2/8/96 (269)

By Sonti Maseko

WEDNESDAY'S stampede tragedy at Tembisa Station on the East Rand, that must have lasted only a few minutes, left five children, including a one-year-old baby, orphaned

Ms Thamsanqa "Thami" Kate Gaba (36) was like a person who had been given a new lease of life, only to have it snuffed out in a brutal accident

Only two weeks ago, she had found a job after years of unemployment. She had been upbeat and enjoying her new job, her mother Mrs Josephine Gaba (68) said yesterday

So on Wednesday morning, it was no problem for Thami to wake up very early, be at the station before six to catch the first of three trains to her workplace, a plastic factory on the East Rand.

"She enjoyed working and used to say at last she would be able to care for her five children, feed and clothe them and find a nursery school for three-year-old Gugu," said Mrs Gaba

Her R150-a-week wage made a world of difference between watching her children starve and being able to provide for them.

But Wednesday morning turned out differently for Mrs Gaba and Thami's children. As the shocking news of what had happened at the station that morning gripped Tembisa and people rushed to the hospital to search for missing relatives, a family member found Thami already dead.

"Her face was big, round and swollen – she was unrecognisable," her sister Mrs Reginah Ncokazi said

Crushed by the people

The family believes she fell and was crushed by the people who tried to back away from the electric prods used by the security guards and those who had rushed forward to get through the gates onto the platform to catch the early train.

Yesterday as Thami's orphans Nombulelo (16), who is in Standard 9, Sibusiso (12) in Standard 4, Mandla (7) in Sub A, Gugu (3) and Ntombifuthi (1), gathered around their grandmother for a photograph, it became too much to bear for one family member, who wiped her eyes and suppressed sobs to avoid upsetting the children.

Ncokazi, who was also caught up in the stampede, said it was only God's hand that had protected her from being injured or killed.

"I managed to hold on to the iron poles lining the stairs descending into the station and I steadied myself. It was impossible to move back. People were just falling and others walking over them," she said, as she described the horror of the stampede

The Gaba family has not yet had an explanation from Metrorail authorities The only sign of consolation for their loss is a small bouquet of flowers sent by Daisy Plastics, Thami's employers for only two weeks

● Transnet yesterday sent a message of condolence to the families of the dead and injured The message read "The chairman and members of the board of directors of Transnet Limited would like to extend their heartfelt sympathy to the families of the train passengers who lost their lives in the Tembisa Station tragedy of Wednesday 31 July 1996"

Calm replaces chaos after Tembisa station disaster

(269) BD 2/8/96

METRORAIL, in the wake of the Tembisa station stampede in which 16 people died and at least 65 were injured, sent one train down the line to Tembisa at 6am yesterday to test the apparent calm before slowly increasing the frequency of trains, spokesman Bintu Petsana said.

Commuters said police and soldiers stood guard outside the ticket office that was stoned and torched after the stampede, which occurred when private security staff wielding electric batons tried to crack down on fare dodgers.

Petsana said no attempt was made yesterday to ensure that passengers had tickets.

Nomavenda Mathiane reports that the committee of inquiry set up to investigate the incident is to report to Transport Minister Mac Maharaj not later than August 15. The committee, chaired by Tiego Moseneke, will start work today with a site inspection. Public hearings on the incident will be held at the Kempton Park Civic Centre on Monday August 5.

The SA Rail Commuter Corporation's Connie Nkosi, launching a relief fund for victims and their families with R500 000, appealed to businesses for donations to the fund.

Meanwhile, Amnesty International SA said it had in the past called on government to ban the use of electric shock "weapons" until regulations governing their manufacture, sale and use had been put in place. — Sapa, Reuter.

Comment: Page 10

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Comment: Page 10

Metrorail talks begin after station tragedy

The two-week investigation by a commission starts today and members of the public are asked to testify

Star 2/8/96 (269)

By Shirley Woodgate and Taryn Lamberti

Metrorail started talks with Tembisa community leaders early today in the aftermath of Wednesday's tragedy at the railway station when a passenger stampede left 16 dead and 65 injured.

Police have so far identified only eight of the 16 who died: Josias Nakedi, Jacob Serumule, Sipho Vuma, Godlive Ngema, Alfred Chukudu and Jane Ndlovu, all from Tembisa. The seventh is Mathanyane Qusa, whose address is not known, and the eighth a Mrs Mtshali from Mqantsa section, whose first name is not known.

The two-week investigation into the tragedy by a commission starts today. Metrorail spokesman Bintu Petsana said a large number of policemen were on standby in Tembisa last night after a shuttle services coach – introduced because scheduled trains were suspended – was set alight at the station yesterday But all was quiet overnight.

Although the coach was gutted, the conductor and driver kept level heads, which prevented further injuries or deaths in the area.

The passengers – all schoolchildren – were moved towards the front of the train and escaped without injury. The driver took the train straight to the end of the line at Leralla, train conductor Jan Oberholzer said.

Nengovhela said no arrests had yet been made and no other incidents had been reported.

He said police had obtained about 40 statements from witnesses, including all security officials who were at the station at the time of the stampede. Forensic tests were being conducted on five "electric-shocking sticks".

The commission of inquiry appointed by the Government will inspect the death scene at 10am today and will then prepare for a week of public hearings starting on Monday, said chairman Tiego Moseneke.

Police have so far only identified 8 of 16 dead

He invited members of the media and the public to attend the hearings at the Kempton Park Civic Centre daily from 9am to 4pm.

Anyone with information about the dead, or who could help to identify other victims, is requested to contact Senior Superintendent Vincent Lechabane at (011) 926-2970 or 920-2704 during office hours.

STAR 2|8|96 (244)

NAASHON ZALK

Flame fighting … a member of the Edenvale Fire Department sprays water on to a Metrorail train after it was torched at the Leralla station near Tembisa yesterday.

SA AIRWAYS

LOSING ALTITUDE FAST

(269) FM 2/8/96

SA Airways (SAA) has slipped into a R100m loss in the first quarter of the current financial year, ended June 30 The airline recorded a profit of R340m — its best figures ever — in its last financial, ended March 31

Load factors began dropping in April and, despite a slight surge during the school holidays, the hoped-for recovery in May and June didn't materialise SAA is now taking a hammering on both domestic and international routes "and is implementing measures to combat the drop in income," says CE Mike Myburgh

Other factors affecting performance include the drop in the value of the rand against the US dollar, the currency used in all aviation business Increases in fuel prices have also played a role Between November and March, fuel costs added R20m/month to operating costs, says Myburgh Shortly before the rand's most recent plunge, SAA estimated fuel-price increases would add R190m to its costs during the current financial year. As the rand hasn't stabilised yet, it's difficult to predict how the combination of a fluctuating currency and increasing fuel prices will affect the airline

The increased competition it is having to fend off is also playing a role in its flagging fortunes Johannesburg International airport, which handled 21 airlines less than 10 years ago, now accommodates 74 and will rise to 75 in October, when Virgin Atlantic starts its service to SA.

SAA is also facing severe competition on domestic routes. There hasn't been very much variation in its load factors of around 73% on the Johannesburg-Cape Town route — where Comair and Sun Air are intensifying efforts to gain market share. A load factor of 65% is being achieved on all its other routes

Myburgh blames SA's high crime rate and increased hotel prices for much of the fall-off in international business

SAA spokesman Leon Els says that the number of out-going international passengers in the June quarter was 10% down on the same period last year The only international routes showing satisfactory returns are London, New York and Miami, with load factors of up to 100%

Central Statistical Service's latest figures show clearly that SA is no longer the flavour of the month for leisure tourists — 88 243 foreign tourists arrived in SA through its three main international airports (Johannesburg, Cape Town and Durban) in April, a modest 2,2% increase on April last year. But there was a 2,1% decrease in holidaymakers and an 18,6% increase in business visits.

Comair MD Piet van Hoven says that his airline did better "in terms of bottoms on seats" in 1996 than last year on the Johannesburg-Cape Town route It increased capacity by 25% this year, compared with last year, and load factors remained a constant 70%

Sun Air's 1995 load factors on this route were in the mid-70%, according to spokesman Birgit Koster "We're in the low seventies this year, but last year we flew eight flights a day on the route, using two 100-seat Douglas DC-9s. This year we have 12 flights a day, using two 144-seat Boeing 727s and one DC-9 "

SAA isn't the only carrier suffering from a fall-off in international traffic — Lufthansa and Singapore Airlines are among those experiencing a drop in load factors

Singapore Airlines' GM for SA Claude Vankeirsbilck blames crime "Word has got around in Asia that it's no longer safe to come to SA," he says

Lufthansa's Karin Duncker sees no reason to be despondent, though. "It's difficult to compare one year with another," she says "We didn't have an election this year to wreak havoc with airlines' load factors, as the 1994 election did Nor did we have a Rugby World Cup to bump them up to last year's levels But we always catch up later in the year

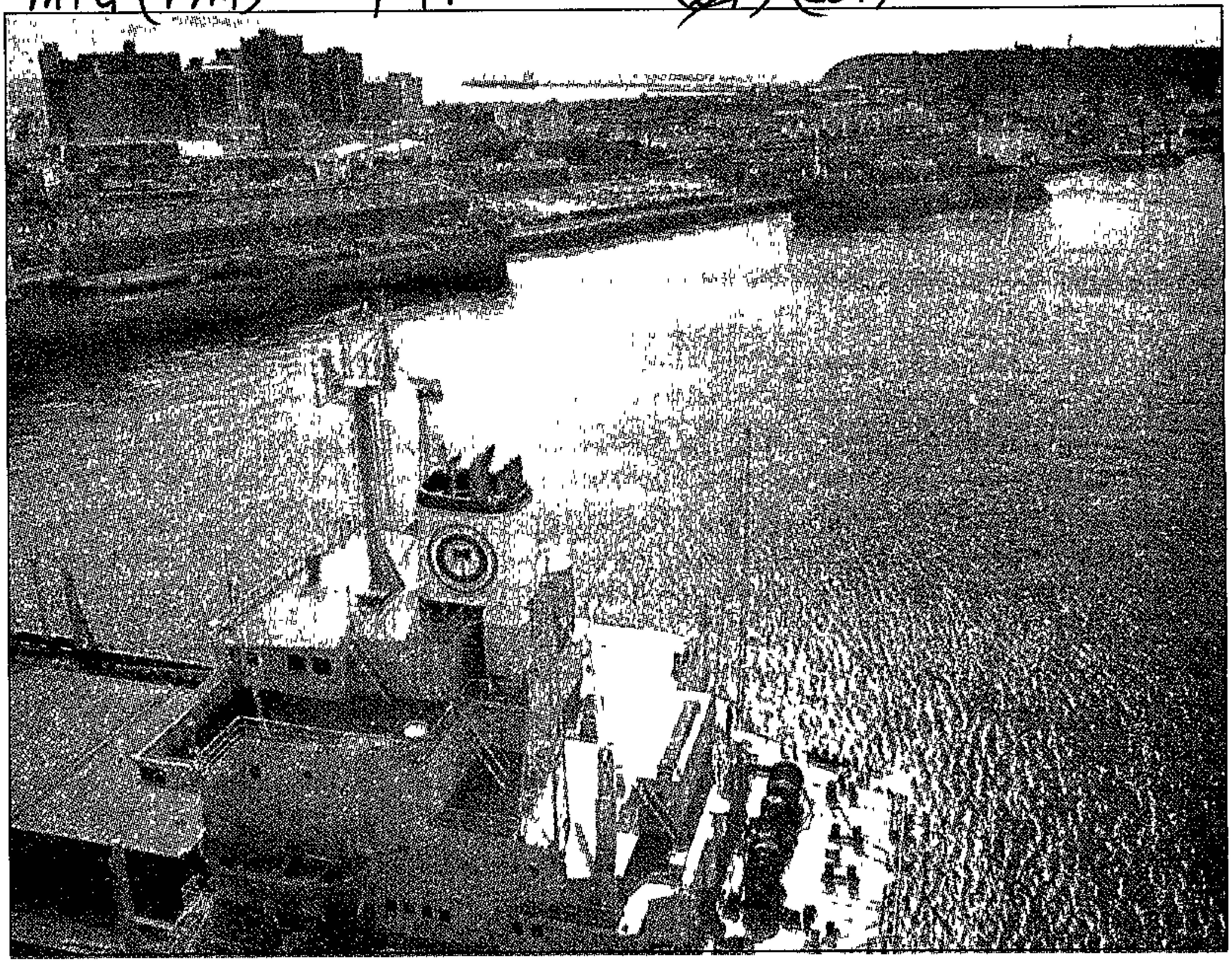
"And it isn't only the SA route that isn't performing as well as we would like it to. Lufthansa's passenger figures in Europe are also down." ■

MAIL & GUARDIAN
August 2 to 8 1996

Portnet charts new waters

M+G (BM) 2-8/8/96 (269)

South Africa's giant port authority, under new directorship, faces up to the growing pressures of burgeoning trade, writes **Lynda Loxton**



Durban Harbour: The infrastructure and staff at South Africa's ports require urgent attention

PHOTOGRAPH ADAM WELZ

NEWLY appointed Portnet executive director Sipho Nyawo had an unusual brainstorming session in Cape Town this week to help him map out what should be done to the giant port authority to meet the needs of burgeoning post-apartheid trade

Held only four weeks after his appointment and including representatives from as far afield as Hong Kong, Britain, Germany and New York, the conference provided Nyawo and his top officials with a unique opportunity to tap into sometimes conflicting views on port management, whether ports should be privatised or not and the role of unions in keeping ports operating

Hong Kong-based Ahrenkiel Liner Service Limited managing director Peter Nash said the previous, white management had not made vital decisions about upgrading facilities such as container terminals to meet increased traffic flows after the first all-race elections in 1994.

The cross-fertilisation of ideas at the conference would help Portnet have a better informed view when making these and other important decisions, Nash said.

Nyawo, who has trained in ports around the world, said that although he had had some experience in Portnet before his appointment, he realised that he needed to consult fairly widely to get a better grip on the issues, pitfalls and challenges facing him.

Afterwards, he said the experience had been worthwhile and he planned a follow-up conference with the same delegates a year from now to measure progress.

The initiative was welcomed by the local and international delegates, even though, as Wolf Arlt of the Port of Hamburg put it, there was some initial suspicion about the purpose of the meeting. But that soon dissolved "and we had a really good discussion".

That the infrastructure and staff at South Africa's ports need urgent attention is well known. Unprecedented flows of imports and exports all but clogged the major ports last year and labour unrest has often ground one or other port to a halt.

'... part of the problem had been the us and them approach of previous [white] management ... and inadequate training and poor staff relations'

In addition, as Safmarine managing director Tony Farr pointed out, productivity is not as high as it should be. Security has also been a problem and Nyawo said a top priority would be to beef it up with the help of Felixstowe port officials in Britain.

Nyawo said part of the problem had been the "us and them" approach of previous [white] management, the lack of communication between port officials and their clients and inadequate training and poor staff relations.

During the conference, delegates identified certain key areas that needed attention and Nyawo said that he would be appointing an advisory group to help him deal with the issues raised.

The key areas included port regulation, improved client relations through a national stakeholder forum, improved tariff and pricing policies, security, productivity and training, a more participative management approach to infrastructure development and improved marketing of ports.

Nyawo also announced that Portnet would spend more than R950-million in 1996/97 to upgrade South Africa's ports to handle increased traffic.

The upgrade would include a new quay at Richards Bay, a new terminal at Saldanha Bay and new grain elevators at East London and Port Elizabeth.

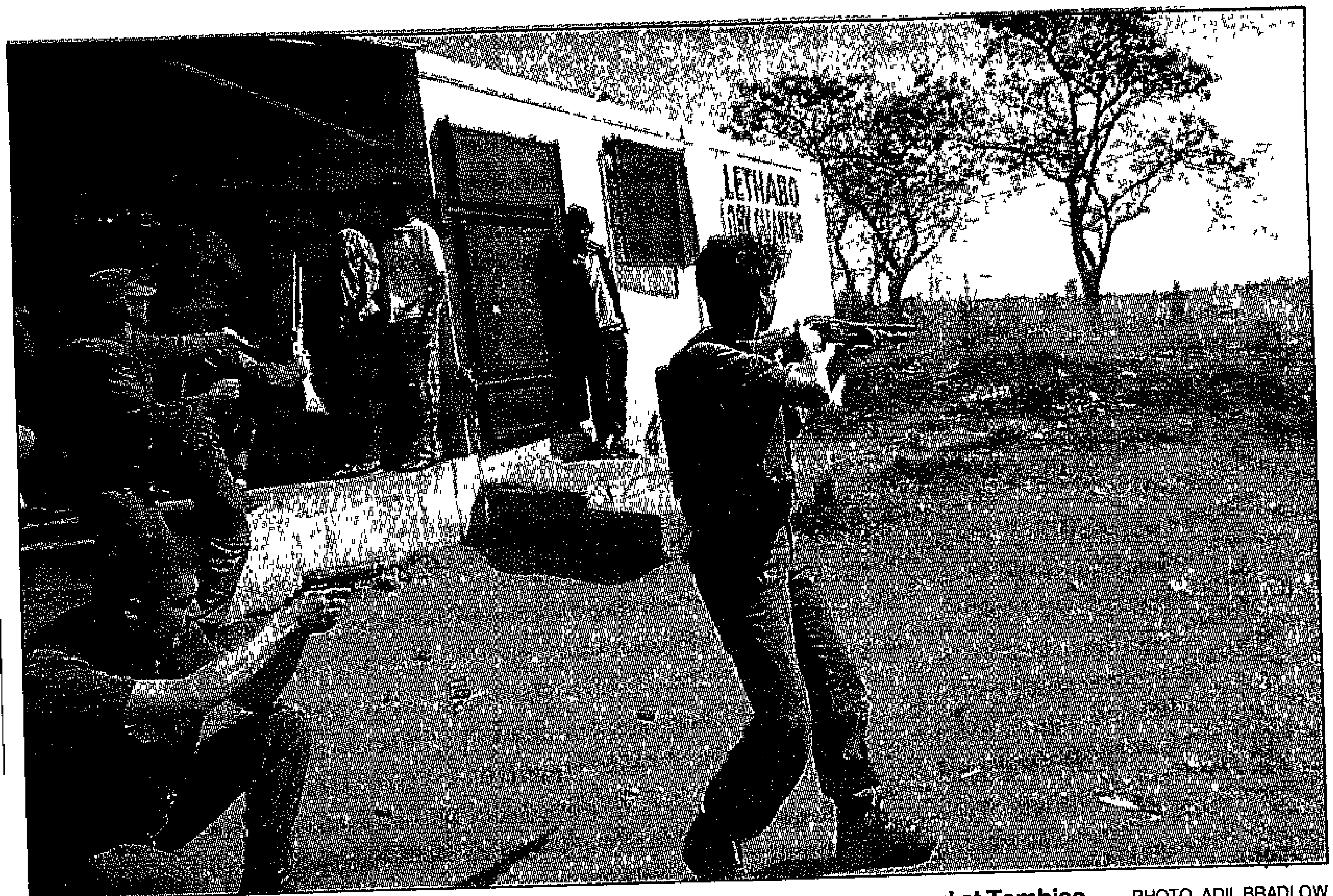
He also hinted that major new developments would be announced "in six weeks' time" to improve container handling facilities in the two Eastern Cape ports.

The conference also gave Portnet a chance to air the controversial issue of whether it should be privatised or not. Delegates heard about the ports of Hong Kong and Felixstowe, which were privatised and highly efficient and Singapore port which was government-owned, but was moving towards privatisation.

Union representatives at the conference reiterated their opposition to privatisation, but said that if the present restructuring agreement indicated that this was what was needed, "we will address it when it comes".

Nyawo said he was also awaiting the completion of the restructuring exercise under the National Framework Agreement, but that he had been encouraged by the "practical" approach of the unions.

Other issues that were discussed included the development of hub ports to serve the region and whether the development of the Maputo corridor would not take traffic away from South African ports.



Sword and shield: A civilian shields a policeman trying to contain an angry crowd at Tembisa PHOTO ADIL BRADLOW

Travelling to tragedy

The Tembisa tragedy has highlighted South Africa's disastrous public transport system. **Stuart Hess, Joshua Amupadhi** and **Justin Pearce** report

M+G 2-8/8/96 (269)

WEDNESDAY'S disaster at Tembisa station on the East Rand, which left 15 dead and at least 50 in hospital, was a bloody reminder of a deep crisis in South Africa's public transport system.

"Some stations are like cattle stations," said a source in the Transport Ministry, which is heading an inquiry into the disaster. "This shows the need for a reliable and decent public transport system — something South Africa has lacked for years.

"But the government can't continue to pump money into commuters. We need to get the system to a standard where people are prepared to pay for it."

Metrorail representative Bintu Petsana said the company lost R118-million in unpaid commuter tickets last year and has been trying to find means to get commuters to pay for the service.

She said: "There is a resistance from some people to pay for tickets. There are those who pay and others refuse. I think that's what caused the incident."

Petsana said 33% of rail commuters in the Wits region evaded paying their fares. In Cape Town, the figure is as high as 40%, with a 33% evasion rate in Port Elizabeth and East London, and 25% in Pretoria.

The inquiry will consider whether the security firm, or the Rail Commuter Corporation, gave adequate warning of the ticket clampdown. It will also look at the issue of using electric batons as a deterrent, and the quality of the batons that were used

Tembisa station is used by 17 000 people daily, and this week Metrorail embarked on a large scale ticket inspection. Metrorail has defended both the use of electric batons and its "surprise security raids" as a way of combating the problem of fare evasion.

Petsana said Metrorail started abolishing the carrying of guns by its security after complaints from commuters two years ago, and the batons used in the disaster this week were non-lethal.

Ian Olivier, managing director of security firm SSH, employed by Metrorail to police the station, was not prepared to comment, but said that security specifications are laid down by Metro. "We just carry out what they specify us to do," he said.

Petsana said surprise raids were made on a "regular" basis and said commuters were aware of this, but did not know when raids took place.

On Monday and Tuesday, there was the same number of security officers on duty at the station as Wednesday. The Transport Ministry inquiry will consider the possibility that Wednesday's tragedy was the result of a concerted protest against the security measures which have been beefed up recently, and the fares charged for a poor quality of service.

Honey Mateya, Metrorail's acting executive communications manager, says Metrorail had monitored SSH's operations to ensure security methods were according to their specifications.

"Metrorail is happy with the work of SSH and has renewed their contract."

Mateya was not prepared to blame anyone in particular for the disaster, and felt the commission of inquiry should be allowed to deal with the matter.

Leader of rail disaster probe condemns conditions at Tembisa

(269) Star 3/8/96

By KURT SWART and NTHABISENG RAMPONENG

Railway stations in Tembisa are in appalling condition, according to the head of the commission of inquiry into this week's railway stampede in which 16 commuters died.

The commission yesterday inspected the scene of the disaster, apparently caused when security guards used stun batons on commuters trying to board a train during the morning rush on Wednesday.

The commission is headed by lawyer Tiego Moseneke. The others are Connie Nkosi (South African Rail Commuter Corporation), Zandile Jakavula (acting chief, Metrorail) and Venetia Govender (legal adviser to Gauteng Public Safety and Security MEC Jessie Duarte).

The commission, escorted by an army detachment and policemen, armed with shotguns and wearing bullet-proof vests, visited Tembisa station and other stations on the line.

At Leralla station, Moseneke said: "Surely these stations need to be designed so we never have this kind of disaster again. Clearly they were built donkeys years ago and were not designed for a population this size. It is clear these stations have great difficulty in coping with the number of people – not to mention the fact that they are filthy."

Moseneke said the commission would work through the weekend and conduct public hearings at the Kempton Park Civic Centre from Monday to Friday. "A report will be ready by August 15."

The investigating officer, Senior Superintendent Vincent Leshabane, head of reactive policing in Tembisa, said he had obtained "all the statements" from witnesses and was awaiting postmortem results.

On the noticeboard of his police station was a list of 60 of the injured, along with the note: "Six not identified. Fourteen corpses at Boksburg." The final death toll is 16, including a pregnant woman, with 65 injured.

The actions of security guards hired by Metrorail to halt fare dodgers caused the stampede, witnesses said. Incensed residents said the guards had shocked commuters with stun batons and hit them with the handles of their shotguns. Police said five "electric shocking sticks" were confiscated.

Tembisa Hospital superintendent Dr Sandile Mfenyana said at least 10 of the victims showed evidence of electric shock.

H F Verwoerd Hospital superintendent Dr Annemarie Radloff said: "The patients have had eye and neurological tests done to establish if their injuries were the result of electric prodders."

Anger boiled over after the incident, and vehicles, policemen and journalists were stoned on Wednesday. Police used teargas and rubber bullets to disperse the crowds. On Thursday a shuttle train was set alight at Tembisa station. A coach was gutted in the blaze.

Metrorail had launched a crackdown on fare dodgers, claiming that the loss of revenue was hampering its efforts to improve poor apartheid-era facilities.

Metrorail had lost more than R118-million in the 1995-96 financial year from train fare dodgers and spent more than R9-million repairing vandalised train coaches, Metrorail spokesman Bintu Petsane said.

She added that no attempt had been made since the stampede to ensure passengers had tickets. "We were worried that it might just inflame the situation. We will look at the ticket issue again soon."

In an earlier statement, Metrorail suggested the commuter stampede was caused by a group of fare dodgers. The statement did not refer to reports that the stampede was sparked by guards using electric prods. Petsane said Metrorail did not condone the use of these weapons.

President Mandela said the Government would do everything to ensure a disaster like that at Tembisa never happened again. He called it a national tragedy and appealed for calm while investigations took place.

Shock weapons used at station under fire

Star 3/8/96 (269)

By LORNA SCHMIDT
INVESTIGATIVE UNIT

The description of the electro-shock weapons used at Tembisa station this week fits that of a report received by Amnesty International (AI) of torture by South African soldiers using electro-shock weapons in February 1994, the organisation disclosed in a statement from London yesterday.

AI is calling on the South African Government to institute an investigation into the incident, examining the use of electro-shock weapons and the entire security guard industry.

In a statement released to the Investigative Unit of Independent Newspapers, AI said it was appalled by the deaths and serious injuries of civilian commuters in an incident "which appears to have been triggered by the inappropriate use of force by security guards using electric shock weapons".

It added: "We have repeatedly warned of the dangers to human rights arising from the rapid spread of electro-shock weapons, as well as the dangers arising from inadequate training of law enforcement officials and security guard personnel.

"These weapons make it very easy for law enforcement officers or private security guards to inflict severe pain and to incapacitate a person, or to psychologically threaten them."

AI is furthermore calling on the Government to immediately suspend the use of electro-shock weapons until "independent medical evidence can clearly demonstrate that the likely practical use of any such weapons will not contribute to deaths or injury arising from the inappropriate use of force or contribute to torture or other degrading treatment".

The organisation has on record the details of two Johannesburg-based South African companies marketing electro-shock weapons, one of which claims to have exported them to other countries, including some with persistent records of torture such as Indonesia and China. AI says electro-shock companies in Germany, the UK and US also claim to have South African associates.

"AI takes no position on the arms trade or the security trade as such, but is concerned that the transfer and use of electric-shock weapons will contribute to human rights violations such as torture or ill treatment."

Attie Booysen, chief executive of Force Products, which manufactures and exports electro-shock equipment, said: "We do not agree with a suspension on electro-shock weapons as our products are non-lethal. However, we will welcome an investigation into our products as we feel they fall well within the human rights parameters."

A lucky escape from station horror

(269) ST 4/8/96

By ELIAS MALULEKE

A HUNT for a missing address book caused William Nchabeleng to miss the number 15 train at 5.55am at the Tembisa station on Wednesday.

Nchabeleng's wife, Margareth, 35, who had been catching the train with him for three years, was less fortunate. She left her husband at home — and woke up hours later in hospital with several broken bones.

Margareth was among the peak hour commuters who were at the station when a stampede left 16 people dead and about 50 injured.

In the ensuing chaos, journalists were robbed, cars were broken into and the station's administration offices were looted and set alight.

A coach was set alight at the station the next day and another gutted at the Oakmore station on Friday.

Nchabeleng, 54, a machine operator at a workshop near Kempton Park, said his wife had rushed to the station because she did not want to be late for work

"I decided to take a later train because I needed the address book. I left home and, to my shock, I found ambulances taking the injured to hospital.

"There were bodies lying in different places, but I did not suspect my wife was one of the injured because I was told the incident occurred on the arrival of the 6.05 train," he said.

That afternoon, Tembisa Hospital telephoned him to tell him that his wife had been hospitalised. "I'm sure that, if it was not for the address book, I could have been caught in the stampede," said Nchabeleng.

Margareth could not remember what had happened, but witnesses claim the stampede was caused by six security guards who charged at commuters with electric batons.

Patrick Maneli, 25, said the guards were embroiled in an argument with "staff riders", people who board trains without tickets.

The guards allegedly blocked the access gate on the platform and demanded tickets, but the "staff riders" refused to budge.

Maneli said the blockade had created a bottleneck and people on the stairs were screaming at the guards to open the gate, when one of the "staff riders" jumped on the platform.

"Two guards gave chase and the others jabbed at people at the access gate with their batons to force them back," he said.

"The man who jumped on the platform managed to cross the rail line to the other platform and ran back to the overhead bridge, but the guards followed him. There was pandemonium as they attacked him with their electric batons."

The man then jumped over the bridge and was electrocuted by overhead wires, he said.

"One guard at the access gate started more panic when he fired two shots. I saw more people jump from the bridge, others fell forwards and backwards and there was a lot of screaming," Maneli said.

Petrus Khoza, who works in Rosslyn, Pretoria, said he was at the station to board the 5.55am train for his connecting train when "all hell broke loose".

He said he saw six guards blocking the access gate and stopping people from boarding the 5.45am train. Commuters arriving to board the next train could not get to the platform, he said.

"Just as the 6.05am train arrived, there were screams and a scuffle ensued. One of the guards added to the confusion when he fired two shots in the air.

"Most of the people who were in front near the access gate fell forward and others jumped from the bridge." The guards then ran away.

Police are investigating and two people have been arrested in connection with arson at the station.

Tembisa Hospital superintendent, Dr Sandile Mfenyane, said 13 people had died at the scene, one had been certified dead at the hospital and another had died after being admitted that day. The 16th victim had died at the hospital on Thursday.

Police have identified eight of the victims as Josias Nakedi, Jacob Serumule, Sipho Vuma, Godlive Ngema, Alfred Chukudu, Jane Ndlovu, Mathanyane Qusa and Johanna Mtshali.

Transport Minister Mac Maharaj, who said the cause of the stampede had not been established, has appointed a commission of inquiry, headed by Advocate Tiego Moseneke, to probe the matter.

Metro said it was considering withdrawing train services in the area, but would negotiate with community leaders before doing so. The six guards, employed by Peace Force Security, have been suspended.

Government to lease out metropolitan train services

ST(BT) 4/8/96 (269)

By SVEN LUNSCHE

THE Department of Transport will soon give up direct control of the SA Rail Commuter Corporation in four major metropolitan areas.

The corporation, which runs rail commuter services in urban centres, has come under fire for the handling of this week's Tembisa station stampede.

In terms of proposals tabled by Transport Minister Mac Maharaj at a transport sector restructuring meeting on Friday, the department will grant concessions to the private sector for the corporation's operations in northern and southern Gauteng, Durban and Cape Town.

Maharaj said on Friday the department's proposals were subject to negotiations with unions, Transnet and the Department of Public Enterprises.

At the meeting, Maharaj also tabled restructuring plans for the other two companies under his control — the SA Roads Board, which controls the national road network, and the Airports Company.

However, plans for a wider revival of the transport network are being delayed by the slow process of transformation at Transnet.

Transnet falls under Public Enterprises Minister Stella Sigcau. Last year Maharaj and Sigcau became embroiled in a public squabble for control of the parastatal's policy.

Maharaj said the two departments had since co-operated successfully on drafting a white paper on transport which is due for release this month. The only difference which has still to be settled was over the running of the country's ports

However, officials have privately expressed frustration at the slow pace of restructuring at Transnet.

The partial privatisation of Transnet subsidiary SA Airways, announced by the government late last year, has been delayed in the wake of the appointment of new executive directors at Transnet.

Maharaj said he had his opinions on Transnet and that he would debate the issue openly at the transport sector meetings. He confirmed his earlier view that there was "no logic" in the state owning SAA, Sun Air and Eastern Airlines.

Maharaj said Transnet's approach of cross-subsidisation between various operations was inefficient and distorting, "as it places subsidisation burdens on different groups of transport users".

Giving details of restructuring plans for the rail commuter corporation, transport department officials said they would ask private-sector operators to make proposals on running the four urban commuter rail networks.

"The operators will take control of (the corporation's) infrastructure and rolling stock and we will pay them a fee for running the networks," one official said.

A similar proposal is envisaged for the SA Roads Board. The department recently announced plans for an expansion of the national road network from 7 000km to 18 000km. Because of budgetary constraints, the bulk of the maintenance and construction of the expanded road network will be undertaken by private-sector consortia, mainly through build-operate-transfer concessions.

The department's plan that is likely to meet with most resistance from the unions is the sale of up to 49% of the Airports Company. Since its commercialisation a few years back, the company has turned the bulk of the country's airports into profitable operations and will soon resume paying dividends to the state.

However, further expansion will depend on the injection of additional cash and expertise from multinational groups, such as the British Airports Authority.

Privatisation plans for Sun Air and Eastern Airlines are being held up by disputes over control between Transnet, the Transport Department and the North-West and Eastern Cape governments.

Anger boils at station carnage

(269)

CP 4/8/96

By **DERRICK LUTHAYI**

COMMUTERS have blamed the tragedy at the Tembisa station this week on "drunkenness, corruption and irresponsibility" of Metrorail personnel.

Sixteen people died and 65 were injured in a stampede on Wednesday at about 5.50 am after private security guards armed with electric shock sticks allegedly tried to prevent passengers without tickets from boarding a train to Johannesburg.

Commuters complained to City Press that:

☐ There were four ticket sales offices, but usually only one was opened. This caused delays and commuters claimed they were forced to rush for trains without tickets;

☐ Ticket examiners left gates unattended for most of the day;

☐ When caught without tickets commuters were charged a booking fee of R5 plus the single fare of R1,50 – making it R6,50 for a single trip from Tembisa to Kempton Park. Commuters claimed it was unfair as it was not always their fault that they did not have tickets; and

☐ Commuters blamed security guards for the tragedy because they had used shock sticks. The sticks were sent for tests to the police's forensic department in Pretoria.

☐ Metrorail communications manager Bintu Petsana said they did not know of these irregularities and urged commuters to lay complaints.

Petsana said the security guards and their staff at the station had been suspended pending a commission of inquiry.

The commission – headed by advocate Tiego Moseneke assisted by acting chief of Metrorail Zandile Jakavula, South African Rail Commuter Corporation manager Connie Nkosi and lawyer Venita Govender – will hold a public hearing from tomorrow to Friday at the Kempton Park Civic Centre.

Petsana said to help prevent bottlenecks Metrorail would instal portable ticket machines at supermarkets and colleges. She said that action would still be taken against ticket evasion as Metrorail was trying to curb R118,47 million losses incurred last year.

☐ The investigating officer, Senior Superintendent Leshabane, said police had finished their investigations and the docket had been submitted to the attorney general.

☐ The arrival of Winnie Madikizela-Mandela and Gauteng Premier Tokyo Sexwale calmed down a township in flames after the carnage in the station stampede on Wednesday, reports **Themba Hlengani.**

On Madikizela-Mandela's arrival at the Tembisa hospital, the crowd started ululating and mobbed her.

After a brief visit to some of the injured, she was again mobbed on her way to the Tembisa station. She had to plead with the crowd to allow her delegation inside the station.

Madikizela-Mandela told the crowd that she had come to offer her condolences to the community and families of the victims.

"We are also here to try to defuse the situation to avoid further confrontations as we hope the government will take this matter seriously," said Madikizela-Mandela.

☐ A train coach was set alight on Thursday between Lindindlela and Leralla stations in Tembisa in what is believed to be a revenge attack by angry commuters.

TRANSNET (269)

GOOD GOVERNANCE

FM 9/8/96

"Our purpose is not to nitpick. We are determined to establish good corporate governance; we want to set things straight for the future and ensure everything is done in a proper, accountable way."

Fateful words from Transnet chairman Louise Tager last month (*Business* July 26). In that issue, the *FM* warned Tager that though she may consider the matter closed, the misuse of Diners Club credit cards by staff members would come back to haunt her.

Perhaps the chairman should reconsider and "nitpick" the inconsequential matter of alleged abuse of taxpayers' money by Portnet executive director

Sipho Nyawo? He is alleged to have spent more than R100 000 for private purposes using a credit card issued to him by Transnet.

An internal charge sheet, which would never have seen the light of day had it not been for concerned personnel within the organisation, lists 181 such alleged abuses. These insiders have understandably and conveniently been labelled racist. What is interesting to note is that many senior staff who encouraged the release of the information are black.

That the chairman has now laid the matter to rest is surprising considering her commitment to good corporate governance. That Nyawo has not slapped law suits on Transnet's "white" unions and various media is amazing in the circumstances Nyawo was Portnet's manager for planning and development at the time. He was subsequently promoted to executive director. Just reward?

Tager says the volume of items identified in an overall probe "rendered further investigation impractical. The individuals concerned have thus not been given the opportunity to explain the apparent anomalies of the past, many of which could have reasonable explanations."

In the name of good corporate governance, the taxpayer is at least entitled to hear some of these.

Tager, who also chairs a rather toothless Business Practices Committee, now has the power to bite. Her statement that the volume of abuse rendered further investigations impractical is unacceptable. If she wishes to "set things straight for the future," surely now is the time to act?

When the investigation was completed, says Tager, Transnet's executive director for human resources and transformation Joe Ndhlela recommended a number of controls be implemented

All investigations were stopped and individuals were given the opportunity to respond to "this act of amnesty." Those who misused credit cards were given until June 30 to make arrangements to repay any money owed to Transnet.

One can only assume that this act of clemency was rewarded with an influx of cash which should make Transnet's bottom line glow.

Claims against Nyawo include allegations that he withdrew significant cash amounts from ATMs; spent more than R2 400 in the US while on holiday; flew business class on SA Airways on 23 occasions when he was entitled to only economy class; and that on three occasions he used his credit card to pay nearly R24 000 for flights between SA and the US for a Ms L Journee. Some of the alleged misuses of medical benefits are for gynaecologist consultations for a Laura Journee.

Public interest in the affair has now grown to the extent that only a complete and open inquiry will justify Tager's stated "proper, accountable" policy. ■

SPOORNET (269)

THE BIG SHUNT

FM 9/8/96

Spoornet's share of the transport of high-value, high-tariff goods has shrunk from 20% of 116 Mt before deregulation of the transport industry in 1988, to around 16,3% of 92 Mt in 1995

Though still holding the major share of the transport of low-value, low-tariff bulk material, as a result of the market share lost to road transport, the corporation is experiencing financial problems, says Mafika Mkwanazi, one of Transnet's new executive directors

"Changes will be made in the way Spoornet is run," says Mkwanazi, who believes he has identified its major problems But many of the problems he pinpoints and the solutions he suggests are a repeat of methods that have already been tried, and found wanting.

He believes tariffs, compared with road transport, are too high. "We weren't focused on the market, we weren't offering a full solution to moving freight, and we weren't looking for business to ensure we would grow. I intend to have soldiers who will go out and win back the business we lost."

Mkwanazi suggests countering the threat of road transport "by reducing our prices to somewhere between the cheapest and most expensive road tariffs," That too was tried before and proved a dismal failure. Road transporters are ready to undercut any tariff Railways eventually did away with the tariff book, and allowed its marketers to strike all types of deals with customers All that did was anger road hauliers who accused it of conveying goods for less than cost.

Mkwanazi's way of overcoming the advantage hauliers have of offering a door-to-door service is "by getting others at railheads to move goods to customers' yards." This has also been tried, and found wanting He will find, as did his predecessors, one of rail's inherent problems is its lack of flexibility.

His vision of rendering one account for transport, from point of dispatch to point of receipt, may be novel from Spoornet's viewpoint, but it's an essential part of logistics, which is the domain of Viamax, Transnet's logistics company, which also falls under him He is thinking of involving Viamax in the Spoornet operation, and setting up a logistics centre and a market forecast centre.

History is also repeating itself, in that government sees new rail lines as the answer to socio-economic problems

"I told government, if it makes business sense to Spoornet, it will build them, but if it doesn't, government will have to assist us," he says

Many road hauliers are taking full advantage of the lack of law enforcement on SA's roads to take traffic away from rail Gross overloading reduces operating costs so much that road hauliers can undercut rail, even on bulk loads

It looks as if Mkwanazi has his work cut out to improve a service that is hamstrung by its own rigidity ■

SIDE EFFECTS . . . A police reactive squad vehicle is attacked by a group of youths near the Tembisa station after the police fired

(269) CP 4/8/96

'olitics & aid: tug-of-war in Tembisa

By ANDILE NOGANTA

THE ANC-Sanco alliance in Tembisa is in danger of collapsing following the call by the civic body for all councillors in the Kempton Park/Tembisa MSS to resign

Sanco also took the decision to declare a motion of no confidence and call a by-election in the substructure in protest against the expulsion of Ali Tleane as mayor and councillor

Sanco indicated that it would fight the election independently of the ANC.

However, the ANC's publicity secretary, Bheki Khumalo, said that the Tembisa branch's action was against Sanco's national policy position.

"We shall be consulting our allies on this issue But if Sanco fights the by-election independently they will be violating the position of Sanco's national policy framework. We will fight that election as we would any other party – and we will still win it," said Khumalo

He added that though the ANC is still committed to maintaining its relations with Sanco it rejects its call for councillors to resign.

The ANC also rejected Sanco's demand that by-elections be held in the entire substructure

Tleane was expelled for failing to comply with the council's call for residents to pay their service charges.

He said that he stood by Sanco's rejection of the council's decision to scrap the flat rate system and go ahead with the installation of pre-paid meters.

However, Henrietta Wesseman, the public relations officer for the Kempton Park/Tembisa MSS said that at a rally on July 14 it was agreed that if residents of the MSS did not pay money owed to the council, strict credit control measures would be introduced.

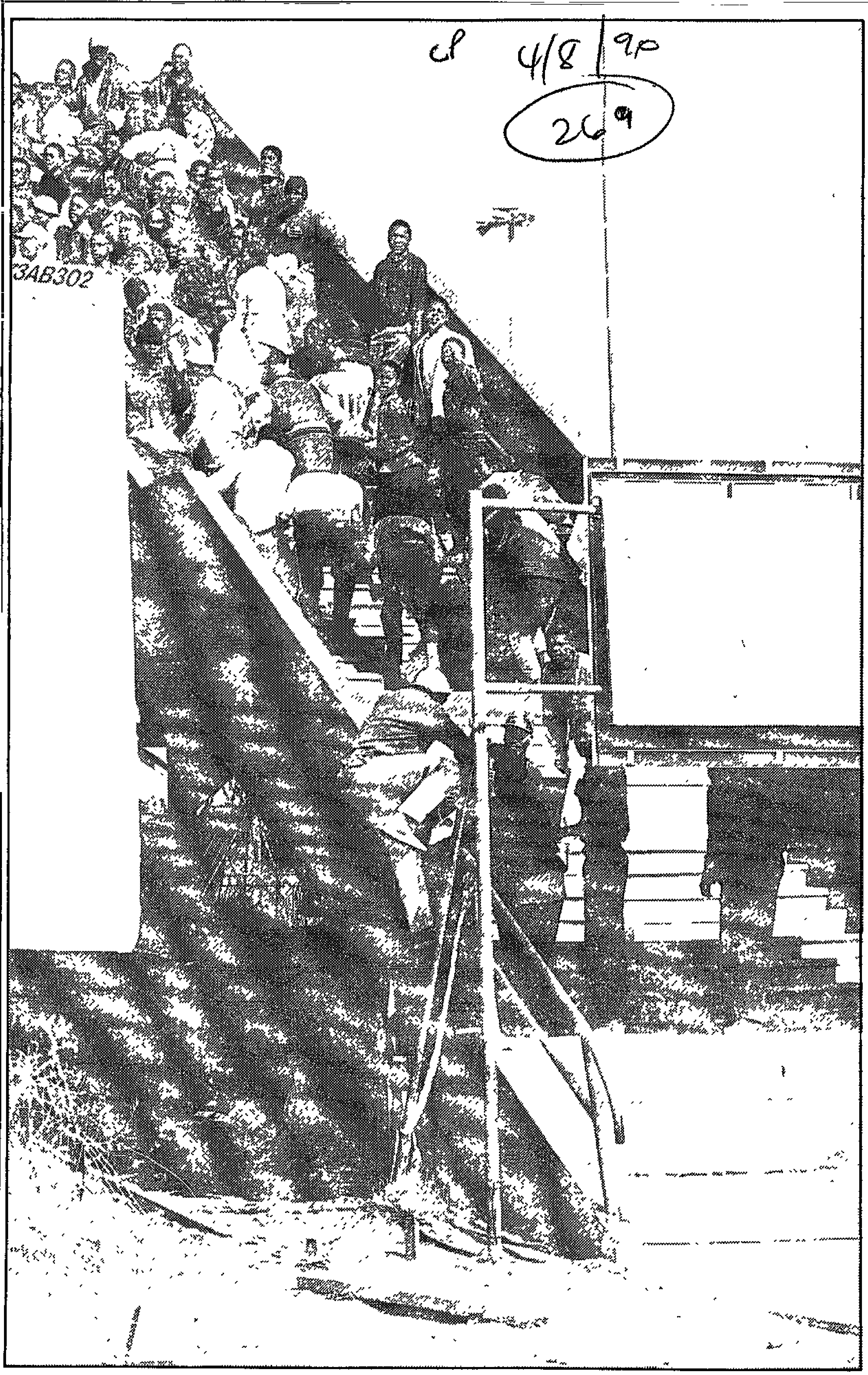
Wesseman said that Tleane was over three months in arrears on his service charges to the council

☐ On Friday the ABSA Bank Group announced a R10 000 pledge into the Tembisa Relief Fund.

The group, through Volkskas Bank, assisted the Ministry of Transport in setting up a disaster fund

ABSA General Manager for Communications, Victor Nosi, said: "We at ABSA feel deeply sorry about this terrible tragedy. Through the setting up of the relief fund, the business world is able to assist the people affected We encourage all financial institutions to contribute."

The details of the account are: "Tembisa Relief Fund", Volkskas Bank, account number 10000059.



WAVE OF FURY . . . A group of youths barred from the scene of the Tembisa station disaster try to break through into the area cordoned off by police.

Police will have to answer tough queries

JOSEPH ARANES and JOHAN SCHRONEN
Staff Reporters

ARG 6/8/96 (256)

NATIONAL police commissioner George Fivaz is flying to Cape Town tomorrow to demand an explanation from police why they stood by and allowed militant Muslims to execute gang leader Rashaad Staggie.

Two of his deputy commissioners, John Manuel and Mike Bester, will accompany him on the fact-finding mission, which will visit the scene of Sunday night's slaying in Salt River.

It is understood Commissioner Fivaz will demand to know:

- Why police allowed the situation to escalate without stepping in to prevent the convoy of hundreds of cars carrying armed members of the militant Muslim group People Against Gangsterism And Drugs (Pagad) from attacking a house in Salt River.
- Why police did nothing to prevent the mob from executing Staggie – he was shot repeatedly and set alight with a petrol bomb.

Western Cape police spokesman John Sterrenberg said police would have been unable to prevent the killing even if there had been 100 000 of them at the scene.

National Safety and Security Minister Sydney Mufamadi has accused Western Cape provincial police minister Gerald Morkel of abdicating his responsibilities by not being able to tackle the problem of gangsterism.

Mr Mufamadi said a provincial police plan had prioritised gangsterism as a serious problem in the region, and it was unacceptable for any group of individuals to take the law into their own hands.

He said he had a preliminary report from provincial commissioner of police Leon Wessels about the killing.

"I am extremely concerned that the police have not been able to give me a satisfactory explanation why this incident could not have been avoided.

"The action by members of Pagad must be condemned in the strongest possible terms. At the same time gangsterism in all its forms must not be tolerated by the police," Mr Mufamadi said.

- Western Cape police were investigating the run-up to the slaying of Rashaad Staggie and the performance of police in whose presence he was killed.

Police confirmed that they knew about the planned after-dark parade to the Salt River house on Sunday and had patrols monitoring the convoy of cars transporting armed and masked anti-drug activists.

But investigators monitoring the activities of Pagad said they had not expected the protest to result in a bloody gun battle and murder.

According to Superintendent Sterrenberg, all aspects were being properly investigated.

He today confirmed that police were aware of the demonstration well before the time and had a contingency plan but were not expecting a bloody gun battle.

"We were promised on the scene by the leader of the Muslim group that there would not be trouble, but his words were not cold when gunfire started," said Superintendent Sterrenberg.

"By then our hands were tied. There were hundreds of onlookers around, it was too late, even if we were 14 000 strong, it was too late – many more could have died.

"If we had tried to stop the march earlier we would also have had a serious problem," he said

Tembisa guards 'aggressive'

ARG 6/8/96 (269)

The Argus Correspondent

JOHANNESBURG. – Security guards were aggressive and had refused to allow commuters with valid tickets on to the platform, a commission of inquiry investigating last week's stampede at the Tembisa railway station heard.

Patrick Manele, who was one of five witnesses who testified before a four-man panel at the Kempton Park Civic Centre yesterday, said a security guard told him: "You dogs are troublesome," and: "You dogs are very stubborn, you so-called clever people from the location."

Mr Manele said there were around 1 300 people at the station and although only about six of them did not have tickets, the security guards and ticket examiners treated all the commuters with suspicion.

He said when he asked security guards why they were so aggressive, he was told he "should not try any funny tricks to go to the other side or you will get injured badly".

"Then they switched on their shocking sticks and I saw sparks of fire coming out.

"I was terrified," said Mr Manele.

The inquiry was prompted after 16 commuters were killed and about 65 injured in a stampede last Wednesday after security guards began using shock sticks to prevent commuters without tickets from boarding the 5:55am train.

Ticket examiners had opened only two of the four gates to check tickets and allow commuters through.

Tembisa man says he 'was terrified' by security guards

(269)
Star 6/8/96

One of the first witnesses to testify repeated how he was told:'You dogs are stubborn, you so-called clever people'

By Priscilla Singh

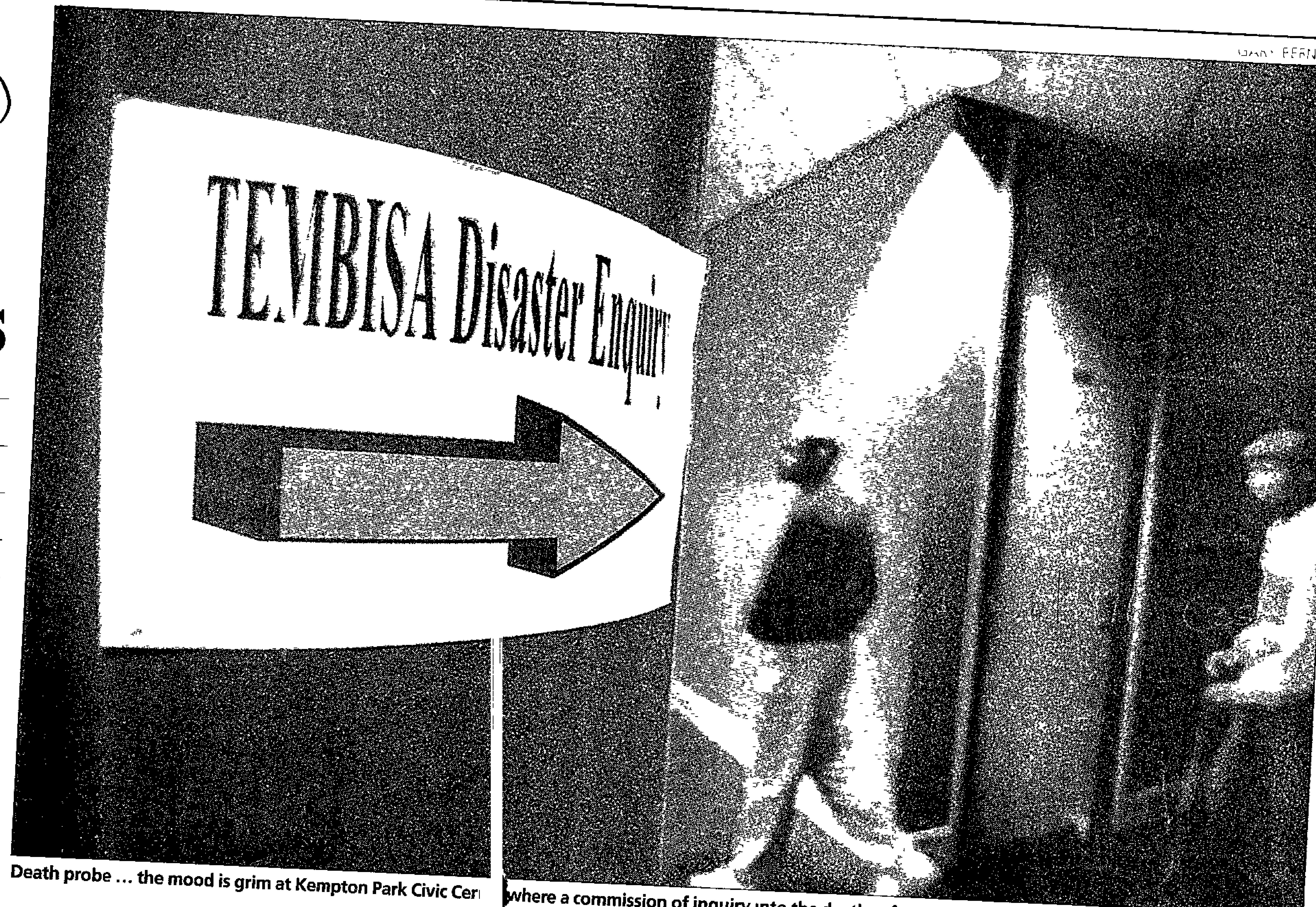
Secunty guards were aggressive and refused to allow commuters with valid tickets on to the platform at Tembisa railway station before the stampede in which 16 people died last week, a commission of inquiry into the tragedy heard yesterday.

Patrick Manele, one of first witnesses to testify before the panel at the Kempton Park Civic Centre, said a security guard told him: "You dogs are troublesome" and "You dogs are very stubborn, you so-called clever people from the location."

gale Mabulane, Rufus Maluleka, Cornelius Maponya and Caipheus Marereng, concurred in their testimony, and repeated how security guards and ticket examiners refused to allow commuters with valid tickets through the gates, even though they had clearly displayed their tickets.

Maponya said that when he went up the stairs of the overhead bridge, he was approached by a security guard who told him nobody was allowed on top and he should go back down.

"I pulled out my ticket to show the ticket examiners and the security guards, and then the train



Death probe … the mood is grim at Kempton Park Civic Cen where a commission of inquiry into the deaths of 16 people at Tembisa railway station has begun

Manele said there were about 1 300 people at the station and although only about six of them did not have tickets, the security guards and ticket examiners treated all the commuters with suspicion.

He said when he asked security guards why they were so aggressive, he was told he "should not try any funny tricks to go to

> **"Mentally, I am not OK since the incident"**

the other side or you will get injured badly".

"Then they switched on their shocking sticks and I saw sparks of fire coming out. I was terrified," said Manele.

The inquiry was prompted after 16 commuters were killed and about 65 injured in a stampede on Wednesday after security guards began using shock sticks to prevent commuters without tickets boarding the 5.55am train.

Ticket examiners had only opened two of the four gates to check tickets and allow commuters through, and this created overcrowding because of the slow pace of entry.

Although there were only about 10 commuters present before the start of yesterday's hearings, commission chairman Tiego Moseneke said they had a schedule to follow and could not delay any further.

The other witnesses, Peter Mo-

appeared and people started rushing towards the platform.

"There were problems at the gates and I realised only two of the four gates were open. People were pushing from the back and the people in the front were falling back on us because the security guards were shocking them," said Maponya.

"I was about to enter the gate when I became short of breath and fell unconscious. When I woke up there was an old man on top of me and he was crying, and I also started crying as I was unable to move my body."

When Maluleka was asked how he felt after last week's ordeal, he said: "Mentally, I am not okay since the incident.

"I saw a pregnant woman killed when she was crushed by the crowd trying to escape the shock batons.

"Security guards should not be given these dangerous things (shock batons and pump guns) which are harmful to us. People in possession of train tickets are dying," he said.

Witnesses said the commuters did not toyi-toyi or provoke the security guards.

The commission will hear testimony from senior officials of the South African Rail Commuter Corporation, Metrorail, and security companies SSH Security and Peaceforce Security.

Moseneke said the commission wanted to show that "black lives are not cheap" and would do everything to ensure that those responsible would be punished.

The commission has to submit a report to Transport Minister Mac Maharaj by next Thursday.

The toll-free number to call for information about testifying to the commission is 0800-117-557.

269

STAR 8/8/96

Guards blamed for Tembisa tragedy

(269) Sowetan 6/8/96

By Noxolo Kweza

SECURITY guards at Tembisa Station, where 16 people died and 65 were injured last Wednesday, were yesterday blamed for the tragedy.

Several witnesses who testified at the commission of inquiry hearings in Kempton Park yesterday blamed Peaceforce and SSH security guards for the deaths.

Mr Rufus Maluleke, Mr Peter Mabulane, Mr Cornelius Maponya and Mr Patrick Maneli, all of Tembisa, testified before Advocate Tiego Moseneke, who is chairing the commission.

Maneli and the other witnesses accused the guards of being arrogant, aggressive and having been in a fighting mood since the Monday before the tragedy.

Maneli (29) testified that he was standing between the guards and the ticket examiners when the incident occurred.

Swearing at people

"They were swearing at people who were attempting to cross to the other side of the bridge in order to buy tickets," he said.

When the train approached the station at 5.55am, the crowd started pushing through the guards and ticket examiners, who were blocking the only entrance to the platform.

"They rushed down the platform to board the train," Maneli said. "I heard two guards saying 'these dogs are stubborn and think they are clever'. They then switched on their electric batons. One of the guards touched the iron bar on the platform with the baton. Immediately people started shaking. Some fell down because of the shock."

He said that on the other side of the bridge other guards started beating people and shocking them with the batons.

The guards continued checking tickets and beating commuters despite their screaming and others were being trampled upon.

The hearing continues.

Guards criticised at stampede inquiry

(269)

CT 6/8/96

JOHANNESBURG: Five men who witnessed the Tembisa station stampede that left 16 people dead last Wednesday have criticised the conduct of the security guards on duty.

Giving evidence at the inquiry that opened yesterday, most of the men said there had been no provocative singing or toyi-toying among commuters before the stampede.

The inquiry, chaired by Pretoria advocate Mr Tiego Moseneke, is sitting at the Kempton Park civic centre. It is to hear testimony over five days from witnesses, professional experts, railway officials, security personnel and civic organisations.

Mr Peter Mogale Mabulane, a truck company employee, told how security guards manning an entrance to the platform had used electric batons to shock people pushing against the gate.

He had been pushed and shoved as the crowd moved away from the security guards. He had fallen and had been unconscious for about 20 minutes. When he recovered, he was at the bottom of a pile of people who had fallen — most of them dead.

Ticket examiners did not usually check commuters' tickets early in the morning, he said. Asked by Moseneke if people without tickets had planned to storm the gate, Mabulane said there had been no indication of this. There were at most five people who did not have tickets and there had been no singing or toyi-toying. — Sapa

Bid for R3,5-b SAA contract not final

Sowetan 6/8/96 (269)

By Shadrack Mashalaba

PUBLIC Enterprises Minister Ms Stella Sigcau is awaiting a recommendation from Transnet executives on tenders to supply nine aircraft engines to South African Airways

In November last year the minister announced that SAA was to buy nine engines valued at R3,5 billion to overhaul its fleet.

Public Enterprises Department administrative officer Advocate Mdutshana says the new Transnet executives asked for more time to decide on the suppliers.

New executives

"Part of the delay has been caused by the fact that the new executives wanted to see if all set requirements were being met and how the tender could be beneficial to local people."

Mdutshana says the race to supply the engines is between Britain-based corporations Rolls Royce and British Aerospace.

Mcdonnell Douglas, an American company that was also in the race, is understood to have withdrawn.

SAA asked the bidders to put up proposals on the updating of its fleet up to the year 2000 as part of an overhaul in keeping with international trends.

The successful supplier will have to make a pledge to involve the company in helping with training programmes, especially for the disadvantaged groups, in compliance with the spirit of the Reconstruction and Development Programme.

Public Enterprises Minister Stella Sigcau.

Stationmaster still ignorant of details

BD 7/8/96 (269)

Nomavenda Mathiane

SIX days after the Tembisa railway station disaster, stationmaster Naas Ferreira had not received a report of the incident and therefore did not know what happened last Wednesday, the commission of inquiry into the accident heard yesterday.

Answering questions put to him by commission chairman Tiego Moseneke, Ferreira said the security guards had been there on the two days prior to the incident in which 16 people died and many were injured. He did not know what caused the problem as the report was with the police department.

Yesterday's hearing held at the Kempton Park Civic Centre and attended by Transport Minister Mac Maharaj and Gauteng transport MEC Paul Mashatile, heard Metrorail officials contradict one another in their evidence. The commission heard that part of the station, which was built in 1960, had been closed while upgrading work was in progress. Ferreira said more than 700 commuters regularly boarded the train in the mornings and on the morning of July 31, the crowds were larger than usual.

East Rand Metrorail area manager Willie van Rensburg said there had been no proper planning between railway officials to ensure commuters' safety during the upgrading.

He said there was no co-ordination between ticket examiners (his staff), and the security guards. It was not for him to ensure security guards were trained in crowd control as "security guards know their job description, they know what they must do," he said.

His staff had to verify and issue tickets while security guards were to look out for suspects and criminals and calm down crowds, Van Rensburg said.

However, Metrorail customer service manager Christo Viljoen later said there had been proper planning.

One of the six ticket examiners who was on duty on the morning of the incident, Wiseman Khawuleza, said he had not seen anything amiss. He did however see security guards carrying electric batons and when the crowd got out of control, he had fled.

Pearl Sebolao reports that a strong police presence will be maintained at the station today when train services return to normal, Tembisa disaster committee spokesman Bheki Khumalo said yesterday.

Khumalo said a shuttle service had been introduced as an interim measure to service the community.

He said the decision to resume services was taken on Monday night following a meeting between the community and several organisations.

He also appealed to the community to "exercise maximum restraint and allow people to go on with their lives".

The funeral for victims of the disaster is to be held on Saturday at Tembisa's Metlhareng Stadium.

Tembisa disaster committee spokesman Bheki Khumalo and Metrorail strategic communications and marketing manager Honey Mateya at a news conference yesterday to discuss the deaths of 16 people at Tembisa station last week. They were crushed to death in a stampede after guards with electric prods tried to check passengers' tickets.

Picture LINDSAY YOUNG

Staff calls for aid of curator

Farouk Chothia

BD 7/8/96 (54)

DURBAN — Staff at ML Sultan Technikon yesterday called on Education Minister Sibusiso Bengu to appoint a cura-

Mandela, premiers the target of Sasco marchers

BD 7/8/96 (54)

Kevin O'Grady

exclusions and a review of institutions' language policies — that were de-

Rail authorities 'made recipe for Tembisa disaster'

(269) Star 7/8/96

In aftermath of 16 deaths after commuters storm station entrance, railways say 30% don't pay

By Priscilla Singh

Although commuters regularly stormed the gates at Tembisa station, nothing was planned to prevent a disaster, the Tembisa commission of inquiry heard yesterday.

Metrorail's inspector of passenger services, Corrie van Buuren, said he believed in a civilised society where people wanted tickets, they did not kill each other.

Asked by commission chairman Tiego Moseneke whether Van Buuren believed the people in Tembisa were uncivilised, the inspector bowed his head and said he did not say that.

Van Buuren was at the Tembisa station on the morning of July 31, when 16 people were killed and 64 injured in a station stampede caused by a bottleneck at the entrance gates leading to the platform.

"I, together with the group station master Naas Ferreira, plan-ned the operation at Tembisa station to check that commuters had valid tickets.

"This operation was necessary as there are often people who stand at the top of the bridge and when the train arrives, they storm the entrance gates, often using foul language and harassing ticket examiners," Van Buuren said.

He added he was not concerned that there was limited access to the platform.

Metrorail East Rand area manager Billie van Rensburg conceded that railway authorities did not prepare themselves to prevent a disaster or ensure that precautionary measures were in place to protect commuters.

"I was satisfied no extra planning was required for the operation and it was sufficient to have one gate open," Van Rensburg said, adding that people had stormed the gates before and it had not been a problem.

SA Rail Commuter Corporation managing director Wynand Burger said about 30% of commuters nationally last year had been "fare-evaders".

Moseneke said the railway authorities had cooked up a recipe for disaster, knowing they would have to turn away up to three out of every 10 commuters without tickets.

Guards carried shock batons

Other railway officials who gave evidence during the hearings said they were not aware that security guards carried electric-shock batons.

Ticket official Wiseman Kauleza said he saw the security guards with the shock batons in their hand, but did not see them use them as he had fled when the commotion started.

It also emerged during yesterday's hearings that railway staff were not trained to cope with crisis situations, especially crowd control.

The hearings continue today when representatives from SSH Security and Peaceforce Security give evidence.

Doctors unite against new controls

By Janine Simon
Medical Correspondent

Doctors and trade unions have united against health department attempts to clamp down on dispensing doctors, and may take the issue to the Constitutional Court.

Regulations on new controls for dispensing doctors were gazetted on July 12, and although comment was invited, Health Minister Nkosazana Zuma has the power to change the Medicines Control Act and implement the changes on October 12.

The new regulations enable the health department to stop private doctors close to pharmacies from dispensing; this, doctors say, autocratically robs them of their right to dispense.

An alliance of groups representing about 18 000 doctors will meet in Port Elizabeth at the weekend to formulate alternative proposals to the regulations, according to Dr Joe Maelane, chairman of the South African Medical and Dental Practitioners Association (SAMDP).

But Dr Ernst Snyman, of the National Association of Independent Practitioners Associations (Naipa), said he believed the Government would go ahead despite objections.

"The talk is all window dressing. We are already considering taking the matter to the Constitutional Court, as pharmacists are the only ones who will benefit from these changes."

Trade unions, medical, dental and consumer organisations united for the first time last week to voice their objections to the planned changes at a meeting with the health department, Maelane said.

Included at the meeting were the Medical Association of South Africa (Masa), Naipa, the SAMDP, the South African Managed Care Coalition, the National Education, Health and Allied Workers' Union, the Congress of South African Students, ANC and PAC doctors groups and the Black Consumer Union.

In a statement this week Masa threw its weight behind opposition to the regulations, saying they contradicted the objective of making affordable health care more accessible.

Regulations appeared to be aimed at paying patients and private doctors only, said Dr Ivan McCusker chairman of Masa's health policy committee.

Chief director of National Health Systems Ray Mabope said yesterday that the regulations would go ahead, but that, based on the content of the objections, the director-general of health would ask the minister to discuss the possibility of changes.

Joint funeral for three Tembisa stampede victims

By Mike Masipa

The service for three of the 16 people killed in the stampede at Tembisa station will be held at the Mehlareng Royal Beech Nut Stadium in the township on Saturday.

Spokesman for the Tembisa disaster committee, Bheki Khumalo, appealed to Tembisa residents to exercise maximum restraint in the runup to the funeral service.

He said the rest of the victims would be buried in various areas across the country.

Khumalo said police had assured funeral organisers there would be a massive security presence throughout the service.

But he cautioned against the use of private security companies "because the situation was still tense".

"We don't anticipate the presence of security companies during the service. Their presence might lead to emotions heating in the light of last week's incident," said Khumalo.

The use of electronic batons by security guards during a ticket search is widely believed to have caused the stampede that led to the death of the 16 people and injuried 64 others.

Organisers appeal to mourners to remain calm

Meanwhile, Metro Rail has temporarily withdrawn the services of the two private security companies involved in the carnage last Wednesday.

Metro spokesman Honey Mateya said the security companies had been withdrawn from the Tembisa line until the findings of a commission of inquiry into the stampede, currently sitting at Kempton Park, were available.

The commission is scheduled to report to Transport Minister Mac Maharaj by August 15.

He also announced that train services, suspended after the tragedy, would resume their normal schedules in Tembisa today.

Khumalo said the decision to resume services was reached at a meeting attended by Metro Rail, local ANC and PAC leadership, commuter associations and community organisations.

Speaking at the joint media briefing, Mateya said Monday's meeting also decided on setting up train commuter forums in Tembisa to improve facilities and to address "the culture of non payment".

SARCC 'was not aware of batons'

(269)

Sowetan 7/8/96

By Noxolo Kweza

THE South African Railway Commuter Corporation (SARCC) was not aware that security guards at Tembisa Station were armed and had used electric batons to shock commuters last Wednesday.

This was said yesterday by SARCC managing director Mr Wynand Burger during the hearing of the commission of inquiry into the Tembisa Station tragedy. The inquiry is being held under the chairmanship of Advocate Tiego Moseneke in Kempton Park.

Burger said Metrorail had lost more than R130 million a year as commuters did not pay for train tickets. He said Tembisa Station was not directly on Metrorail's plans for capital expansion.

However, Metrorail area manager Mr Pieter van Rensburg said he was aware that the guards were using the batons and knew what would happen if they were used on commuters.

Asked for restraint

Van Rensburg said he had asked the guards to treat commuters with restraint. He did not know what had caused the incident, which left 16 people dead and 65 injured.

Tembisa station master Mr Naas Ferrier told the commission that he was also not aware that the guards had used the batons.

Asked if he had any crowd control training, he said he did not. "Crowd control jobs are only for security guards or policemen," he said.

A witness, Mr Innocent Nkomo, testified that Metrorail always treated commuters badly.

Nkomo said he overheard ticket examiners instructing security guards to continue beating and shocking people with their batons.

Guards advised not to testify on stampede

(269)

Sowetan 8/8/96

By Noxolo Kweza and *Sapa*

GUARDS from SSH security company who were on duty at Tembisa railway station when 16 people died in a stampede last week, have been instructed not to testify before the inquiry into the incident.

A company spokesman told the inquiry their lawyers had advised the guards not to appear, but he gave no reason for this.

Earlier this week witnesses blamed security guards for causing last Wednesday's stampede which left 16 people dead and 65 injured

Commission of inquiry chairman Tiego Moseneke said people had a right not to testify

He said the hearings would continue and the commission's findings would be based on available evidence Representatives of another security company, Peaceforce Security, are expected to give evidence today.

A ticket examiner, Mr Morris Sikwakwa, yesterday told the inquiry they had never been briefed on how to work with security guards during their daily duties

He said they had also never been trained on how to deal with crowd control.

Sikwakwa said he was not aware that security guards were carrying electric batons or any other weapons on that day.

Asked about the cause of the incident, Sikwakwa said commuters without tickets had pushed those in front trying to board a train.

"This led those in front to fall and others were trampled upon. When we (ticket examiners and guards) noticed that there was a stampede, we boarded the train and escaped "

Contrary to testimony from previous witnesses about the purchasing of train tickets, Sikwakwa said there were few people who regularly bought tickets in Tembisa

He said this was apparently caused by the high rate of unemployment in the area

Tembisa a 'recipe for disaster'

(269)

The Argus Correspondent

ARG 8/8/96

JOHANNESBURG. – No special measures were taken to prevent a possible disaster during the crackdown on fare-dodgers at Tembisa railway station – even though commuters regularly stormed the entrance gates, the Tembisa Commission of Inquiry has heard.

Commission chairman Tiego Moseneke said the railway authorities had cooked up a recipe for disaster, knowing they had to turn away up to three out of every 10 commuters without tickets.

Metrorail's inspector of passenger services, Corrie van Buuren, who was at Tembisa station on July 31 when 16 people were killed and 64 injured in a stampede at the entrance gates, said: "I, together with the group station master, Naas Ferreira, planned the operation at Tembisa station to check that commuters had valid tickets.

"This operation was necessary as there are often people who stand at the top of the bridge who when the train arrives storm the entrance gates, often using foul language and harassing ticket examiners."

He said he was not concerned that there was limited access to the platform.

Metrorail's East Rand area manager Billie van Rensburg said they "never had a stampede before, but it had occurred to him it could happen".

But he also conceded that railway authorities did not prepare to prevent a disaster or ensure that measures were in place to protect commuters.

"I was satisfied no extra planning was required for the operation and it was sufficient to have one gate open," Mr Van Rensburg said, adding that people had stormed the gates before and it had not been a problem.

Probe told Tembisa men cannot testify

Nomayenda Mathiane

(264)

SECURITY guards working at Tembisa station, where 16 people died last week, could not testify before the commission of inquiry into the disaster because the majority of them lived in Tembisa, lawyers representing Peace Force and SSH Security told the Kempton Park Civic Centre yesterday.

Senior manager for Metrorail Risk Management Francois van Eden was excused from making a submission until he had conferred with his lawyers.

Before being excused, he said he had sanctioned the use of electric batons by security guards because they were non-lethal weapons. Responding to questions from commission chairman Tiego Moseneke, Van Eden said the maximum voltage on an electric baton was 38 000 volts. He said he had not been aware that the use of the batons was banned the world over.

He said the crime and violence on the trains had been inherited from the past, and quoted an incident in September 1990 when a group of youths attacked commuters. He said in Soweto revenue increased from R800 000 to R1,1m because of the "visual presence of police" at the stations.

BD 8/8/96

Van Eden would not say who was ultimately responsible in an event where lives had to be protected. When Moseneke asked him if the buck stopped with him as the overall manager of security for Metrorail, Van Eden would not admit or deny the question, and then asked to seek legal advice.

Pearl Sebolao reports that normal train services did not resume at Tembisa station yesterday. Metrorail's Bintu Petsana said a logistical problem had caused the delay and a normal schedule would run today. A shuttle service would run during funeral services tomorrow, Saturday and Sunday. Normal services would resume on Monday.

Batons considered non-lethal

Commission of inquiry investigating the stampede at Tembisa station hears that security guards were instructed to use electric prods for personal protection

(264) Star 8/8/96

By Priscilla Singh

The 38 000-volt electro-shock batons used by security guards to quell the station stampede in Tembisa were approved for use because they were considered to be non-lethal weapons, according to Metrorail.

Metrorail's senior manager for risk management, Francois van Heerden, told the Tembisa Commission of Inquiry yesterday that the security companies contracted to Metrorail required their security guards to use the batons for protection.

The commission is investigating the stampede in which 16 people died and 64 were injured last week.

"We evaluated the use of the batons and shotguns and found that the use of the batons scaled down the risk of people getting injured. We also specifically agreed with the policy of the security companies as the electro-shock baton was listed as one of the strategies for self-protection from the people, the same as for shotguns," Van Heerden said.

He said it had been mentioned to him after the disaster that electric prods had been used, but were not used before the stampede He had heard that "one was used when a security guard was attacked by a commuter"

In his earlier testimony, Van Heerden said the use of electro-shock batons was the final step before the use of firearms, and only when all other methods of "persuasion" had failed

He said he was not aware that electro-shock batons were banned in many countries.

"I did not consider it an illegal weapon here as it was often used by police officials and was freely available," he said

Commission chairman Tiego Moseneke then asked him whether he knew the effects of the baton when used on people. Van Heerden replied he had received a technical report from the Wits Metro region, but he had no knowledge of how the baton worked or its effects.

"Whether it was 38 000 or 58 000 volts would not make any difference to me. I just had to approve the instrument," Van Heerden said. A short while later, Moseneke excused Van Heerden

Legal counsel for SSH Security and Peaceforce, which were the two companies on duty that day, said no security guards would be testifying before the commission.

Attorney Hannes Botha said they were awaiting copies of police statements made by the security guards and did not want to put any of them on the stand without prior knowledge of the contents of their statements.

Immediately after the testimony of Tembisa commuter Maria Kekana, an attorney, acting on behalf of Peaceforce Security, insisted on cross-examining her, and said Kekana's evidence was "very objectionable and was prejudicial towards his client".

Moseneke told the attorney he would have an opportunity to cross-examine witnesses once the investigation was complete and the matter had gone to court.

Van Heerden will continue his testimony today, as will experts who will lead evidence on the use of electro-shock weapons, methods used in other countries for crowd control, and facilities at Tembisa station.

■ Resumption of normal rail services in Tembisa went off without a hitch yesterday, but will revert to the shuttle service on Saturday, when three victims will be buried.

TESTIMONY POSTPONED

'Emotional' witness grilled on stampede

(269)

CT 8/8/96

JOHANNESBURG: A senior Metrorail employee giving evidence at the Tembisa stampede inquiry stepped down from the witness box in a highly emotional state after facing intensive questioning by the inquiry's chairman.

A senior Metrorail security official left the Tembisa station stampede inquiry yesterday, too emotional to give further evidence after seeking legal advice concerning responsibility for the incident.

Mr Francois van Eeden, Metrorail's senior manager responsible for risk management, was the most senior security official to appear before the inquiry on its third day.

Commuters who testified earlier blamed security guards at the station for the stampede last Wednesday, in which 16 commuters died and 65 were injured

The inquiry, sitting in the Kempton Park civic centre, was set up last week by Transport Minister Mac Maharaj.

Tuesday's sitting was due to hear the accounts of security personnel, but was postponed so their laywers could consult with them.

Van Eeden faced a persistent line of questioning from inquiry chairman Mr Tiego Moseneke, particularly with regard to the planning of and responsibility for an operation intended to clamp down on ticket evaders at the station.

Van Eeden replied that Metrorail regions were autonomous and the region concerned would have planned and co-ordinated such an operation itself within standard operating procedures laid down.

He did not know what specific instructions had been given to security personnel with regard to the Tembisa operation.

"Does the buck not stop with you?" Moseneke asked Van Eeden several times. He then said he would ask Metrorail for a copy of Van Eeden's employment contract to ascertain his obligation to his employers in assisting with the inquiry.

Van Eeden then said he could not answer further questions without first consulting legal counsel. Moseneke called a short adjournment so that he could consult privately with Van Eeden.

When the hearing resumed, Moseneke announced that Van Eeden was "in an extremely emotional state" and postponed further evidence from him until today.

Lawyers representing Peaceforce Security and SSH who provided the guards at the station, said they had not been able to obtain statements given by the guards to police after the stampede. They felt the guards could not be allowed to give testimony.

Earlier, Van Eeden said it had been reported to him that the stampede was caused by people at the top of an overhead footbridge rushing towards the access control points manned by security guards and ticket examiners.

He had been informed that one security guard had used an electrified baton when he was attacked by a commuter, but could not ascertain the truth of such claims.

Commuter Ms Maria Kekana described the stampede and told of guards with "sticks" that she had not realised were dangerous.

Security guards at the top of the bridge were very aggressive and constantly told people to move forward. The guards were touching people with the "sticks" and demanding to see their tickets.

The inquiry continues today — Sapa

TEMBISA DISASTER

CULTURE OF ENTITLEMENT SERVED AS CATALYST

(269) FM 9/8/96

A commission of inquiry is investigating the Tembisa Station disaster which cost 16 people their lives. Without trying to pre-empt the detailed findings and recommendations of Tiego Moseneke's commission, a broad statement cries out for attention. It can be expressed succinctly: the culture of entitlement — the belief by a large section of the community that they are entitled to free services, that it is owed to them by the authorities and/or the rich — is an underlying cause of the tragedy.

Several factors appear to have contributed to the disaster: deteriorating facilities at the station, overcrowding on trains carrying commuters from townships, over-reaction from newly employed security guards armed with electrically charged or shock batons, and attempts by free-riders or ticket dodgers to board a peak hour train. The exact weight which should be attached to these multifarious elements will be a matter for the commission to ponder.

But, judging from a statement by Metrorail, the attempt by the free-riders to push past the guards, cannot be excluded as a causal component of what Nelson Mandela has rightly labelled a national tragedy. The Metrorail statement talks of free riders congregating on a footbridge and then "storming down the stairs past the access points."

The growing phalanxes of ticket dodgers draw their sustenance from the culture of entitlement which grew up in the townships over the past decade.

Forged in the heat of the struggle against minority rule, the refusal to pay — for train rides, for services, for bonds or even for education — has been shown to be a potent political weapon against unpopular and unrepresentative government, at local and national level. But it is totally inappropriate in the new, democratic SA.

As ANC leaders from Mandela downwards have repeatedly emphasised, payment of services is fundamental to government's objective of building a new, more equitable society Without it, reconstruction will flounder Instead of progress there will fratricide.

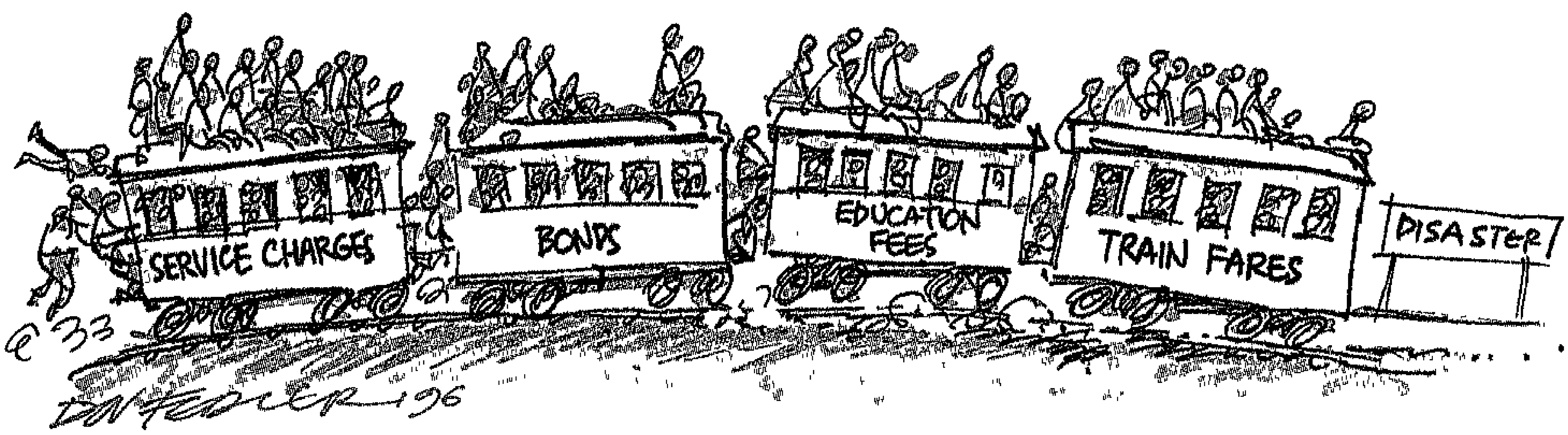
Think of the invasion of land set aside for housing programmes, it is a script written for intra-black conflict between the ruthless (or desperate) usurpers and rightful owners.

Think, too, of prospective home-owners who borrow money from the banks and then renege on bond repayments; it is calculated to encourage redlining by banks, particularly when the men sent to collect debts or repossess unpaid houses are murdered

Metrorail has quoted disturbing figures: during the financial year 1995-1996, free riders cost it R118m while repairs to coaches by vandals cost another R9m. With those kinds of losses, much less money is available to upgrade railway stations already buckling under the pressures of social alienation and rapid population growth Outdated and inadequate facilities raise the risk of another disaster

Winnie Madikizela-Mandela has assured shocked Tembisa residents: "We will fight to see that what happened will never happen again." Brave words. But unless the ANC leadership takes decisive and concerted action to end the culture of entitlement it may well happen again.

Apart from its expensive and largely ineffective Mashakane campaign to coax or shame defaulters into paying for services rendered, the ANC leadership has done little or nothing to change the attitudes of their constituents More often than not they are too busy grabbing for themselves. ■



'No training in use of shock batons'

(259)

BY PRISCILLA SINGH

Security guards in South Africa do not receive training in crowd control and should not have used electro-shock batons to deal with commuters at Tembisa station last week, the Tembisa commission of inquiry heard yesterday.

During the fourth day of hearings at the Kempton Park Civic Centre, the commission investigating the stampede that claimed 16 lives and injured about 64 heard testimony from the Peaceforce Security company, the superintendent of Tembisa Hospital, and Mark Shaw from the Institute for Defence Policy.

Shaw said security guards in SA did not receive training in crowd control and crowd management on any level and that "it would have taken an experienced policeman to control that kind of situation in Tembisa, and not private security guards".

"I do not approve of the use of a shock baton for crowd control, especially if the security guards have not received training in the use of it," he said.

"If used in a closed environment, such as at Tembisa station, then, it obviously causes panic. The baton is primarily used as a defence against a single individual and not meant for crowds."

Peaceforce chief executive George McNeill said that on the day of the disaster, a mobile team consisting of security guards from SSH Security, under the control of Wits Metrorail Protection Services personnel, were conducting a special action to curb fare evasion.

"It must be stressed that Peaceforce security guards were in no way involved in the special action as was implied in unsubstantiated media reports.

Star 9/8/96

"In closed environment it obviously causes panic"

"At the time of the tragic incident, four nightshift Peaceforce guards were on duty at the Tembisa station and were deployed in pairs at both ends of the platform. Each pair was armed with one shotgun and one shock baton as defensive weapons.

"The guards took no part in the incident as they were too far away to observe what had happened and at no stage did they use their batons or shotguns," McNeill said.

Tembisa Hospital superintendent Dr Sandile Mfenyana said people brought to the hospital had injuries consistent with electrocution and their bodies showed a tampering of the nervous system.

"Some of the patients were crouched on the stretchers and had high-pitched screaming – symptoms of electrocution.

"A woman patient I spoke to said all she remembered were continuous illuminating lights, before she passed out," he said.

Heinz Dieter Glockle, a manager at Paralyser CC which supplies the shock batons to security companies, said the effect of the baton was "quite harmless" and proceeded to demonstrate the effect by shocking himself during the hearing yesterday.

The hearings will conclude today. The commission will submit a report of its findings to Transport Minister Mac Maharaj on August 15.

■ Transnet has donated R100 000 to the Tembisa Relief Fund and the Kempton Park council handed over a cheque for R10 000 yesterday. Donations can be deposited into Volkskas Bank, Market Street, account number 1-000-000-59, bank code 301-305-00.

Railways stop short of giving train services out for leasing

(269)

ST (BT) 11/8/96

By SVEN LUNSCHE

THE SA Rail Commuter Corporation has shied away from leasing out its metropolitan train operations as an immediate step in reducing government's vast R1,3-billion annual subsidy.

Instead it is likely that Transnet's Metro Rail, which is currently contracted to the SARCC to run commuter railways, will operate the services "under a negotiated concession" over the next three to five years.

The corporation, which transports about 1-million commuters a day, is under the spotlight for its handling of the Tembisa station stampede.

Managing director Wynand Burger this week reacted to proposals by the Department of Transport to lease out the commuter rail network to the private sector in four major metropolitan areas — Pretoria, Wits, Durban and Cape Town.

Burger says that the concession proposals have support in principle from management but adds that the timing of such a move is sensitive from a trade-union perspective.

He says leasing out the operations to the private sector will be considered after the Metro Rail concession period, but a pilot project could be introduced in the near future

He rules out privatisation of metropolitan rail services "Commuter transport in South Africa addresses the transport needs of the poorest of the poor. There is no way this can be run without a government subsidy."

The high subsidy is one of the main reasons why the Department of Transport is seeking a greater role for the private sector in the rail network.

After increasing the subsidy by 10% from R1,28-billion in the 1994/95 financial year to R1,37-billion in 1995/96, it was left almost unchanged at R1,38-billion in the current fiscal year. Burger is hoping for a R1,44-billion subsidy next year.

In real terms the department's budget is at 1960 levels and Transport Minister Mac Maharaj has been seeking ways of cutting down on expenditure.

The government subsidy comprises almost 70% of the SARCC's income with the remainder contributed by fares and its profitable property division.

Burger says that fare income in 1995/96 was increased by 17% to R415-million, mainly because of higher passenger numbers. However, about 30% of commuters evade fares, costing the group about R150-million in lost earnings.

He says the group has consistently run a surplus over the past four years, but has used this to reduce its debt burden from R2-billion in 1991 to R1,1-billion at present. The corporation this year also managed to wipe out the accumulated actuarial deficit on its pension fund.

Its capital programme averages about R250-million a year, which is financed largely through loan capital.

Burger says the group is working towards financing 50% of its cost through fare income and other earnings, which is the international norm. Only 35% of its costs are currently covered by income other than government subsidies.

Savings have been achieved over the past few years mainly by reducing the staff numbers from 18 000 six years ago to 10 500 at present.

Detailing the restructuring of rail services, Burger indicates that Metro Rail will have to run a tighter ship and that its financial subsidy should be more performance related. The eventual concessions to the private sector are likely to coincide with the central government handing over control of commuter transport to provinces and local authorities.

Burger says the government is impressed with the Argentinian transport model. Since Argentina leased out commuter rail networks to the private sector between 1992 and 1994, the government subsidy has been reduced by 75% and revenue increased by 71%.

What percentage of the gross domestic product was spent on education in (a) 1994 and (b) 1995?

N1034E

The MINISTER OF EDUCATION:

The total public or state expenditure on education (at national and provincial levels collectively) for the 1994/95 and 1995/96 financial years was 7,2% and 6,9% of the gross domestic product, respectively.

Under-graduate/post-graduate students

583 Mr T C NTSIZI asked the Minister of Education:†

How many (a) under-graduate and (b) post-graduate students were registered at the (i) University of Cape Town, (ii) University of the Western Cape, (iii) University of Stellenbosch, (iv) Potchefstroomse Universiteit vir Christelike Hoer Onderwys, (v) University of the Orange Free State, (vi) Rhodes University, (vii) University of Durban-Westville, (viii) University of the North, (ix) University of the Witwatersrand, (x) University of Pretoria, (xi) Rand Afrikaans University, (xii) University of South Africa, (xiii) University of Port Elizabeth, (xiv) University of Transkei and (xv) University of Bophuthatswana as at the latest specified date for which information is available?

N1035E

The MINISTER OF EDUCATION:

Students registered 1996

University	*Under-graduate*	*Post-graduate*
Stellenbosch	10 600	4 409
Western Cape	11 378	2 190
Orange Free State	6 763	2 620
Witwatersrand	11 749	5 308
Cape Town	10 633 (1995)	4 039 (1995)
Pretoria	18 821	6 028
The North	16 497 (1995)	2 130 (1995)
Rhodes	3 894	918
Durban-Westvile	8 701	1 735
Rand Afrikaans	15 347 (1995)	4 923 (1995)
Unisa	111 568	23 511
Port Elizabeth	4 714	534
Transkei	6 187	1 100
North West	4 508	410
Potchefstroom	7 567	2 892

Transport: Green Papers 269

588. Pastor Z K MANGALISO asked the Minister of Transport:†

(1) Whether his Department has released any Green Papers since 27 April 1994; if so, when, in each case;

(2) whether any comments have been received on these Green Papers, if so, what was the (a) nature and (b) extent of such comments in each case;

(3) whether any steps are envisaged with regard to such comments, if not, why not; if so, what steps?

N1040E

The MINISTER OF TRANSPORT:

(1) Yes, the only Green Paper issued by the Department during this period was the "Green Paper on Transport Policy".

(2) (a) Yes, written comments, in reply to an invitation by the Department to do so, were received from 54 institutions and individuals.

In addition, two public seminars on the Green Paper were held during February and May 1996, at which many verbal comments were also made. Approximately 350 persons attended these seminars.

(b) The comments varied considerably across a wide spectrum of viewpoints on the issues highlighted in the Green Paper. However, by far the majority of comments were in support of the proposals in the Green Paper. Furthermore, most of the comments received related to details of implementation rather than matters of principle.

(3) Yes. The comments have as far as possible been taken into account in the current process of formulating the Department's White Paper on Transport Policy. Because of the sometimes completely contrasting comments on specific issues, government will have to mediate between the opposing viewpoints to arrive at the best Transport Policy options for the social and economic development of the Country.

Correctional Services: White Papers

590. Mr F P SMIT asked the Minister of Correctional Services:†

(1) Whether his Department has released any White Papers since 27 April 1994; if so, when, in each case;

(2) whether any comments have been received on these White Papers, if so, what was the (a) nature and (b) extent of such comments in each case;

(3) whether any steps are envisaged with regard to such comments; if not, why not; if so, what steps? N1042E

The MINISTER OF CORRECTIONAL SERVICES:

(1) Yes The White Paper on the policy framework of the Department of Correctional Services in the new South Africa, was released on 21 October 1994 with the ultimate goal of stimulating debate on correctional issues and soliciting inputs on the said issues

(2) Yes Input was requested and various individuals and organisations responded before and after the drafting of the White Paper

The prior contributions from the various organisations, individuals and members were taken into consideration during the formulation of the White Paper. Many issues were again discussed afterwards with the interest groups, Portfolio Committee on Correctional Services and Transformation Forum.

(3) The results of those debates and inputs will eventually culminate in a new act for Correctional Services. Various persons/organisations will again make further submissions and invitations in this regard were sent to a total of 784 persons and institutions and a notice soliciting further response was also published in the Government Gazette. All inputs will be taken into consideration when drafting the new act.

Housing: White Papers

591. Mr M G MASHER asked the Minister of Housing:†

(1) Whether her Department has released any White Papers since 27 April 1994; if so, when, in each case,

(2) Whether any comments have been received on these White Papers; if so, what was the (a) nature and (b) extent to such comments in each case;

(3) whether any steps are envisaged with regard to such comments, if not, why not; if so, what steps?

N1043E

The MINISTER OF HOUSING:

(1) Yes. A White Paper on Housing was published on 23 December 1994 in the Government Gazette.

(2) Yes

(a) and (b) After the release of the White Paper, comments have been received from various interested parties in the housing field These comments vary from proposals which could possibly be utilised during future policy development to submissions of entrepreneurs who provide innovative building technology and household appliances and who utilised the opportunity to introduce their products

Concomitant with the above, enormous response was received from the private sector, banks, developers, material supply industry, organised formations such as SANCO, COSATU and NUM, Homeless People's Federation as well as individuals and experts during the Public Hearings on the White Paper on 26 and 27 March and 15 April 1996. Questions were raised in several submissions regarding the process of policy formulation whilst favourable comments on the White Paper were made in a number of submissions. Other presentations were critical of the general thrust of the White Paper such as the fact that policy had a number of serious flaws whilst some formations argue that fundamental policy review will disrupt housing delivery. Several submissions drew the distinction between a standard housing programme and

SAA rethinks routes after R98m loss

BD 13/8/96 (269)

Stephané Bothma

SAA is re-evaluating the continuation of some of its European and Far Eastern routes, after a first-quarter operating loss of more than R98m.

The delivery of SAA's first Boeing 777, initially scheduled for next July, had also been cancelled, airline spokesman Leon Els confirmed yesterday.

However, no final decision on the fate of the R3,5bn Boeing deal had been taken as yet.

The recent increase in aviation fuel prices had resulted in a "worldwide airline recession" and SA carriers were hit very hard because of the rand's slide of more than 20% against the dollar.

Passenger numbers on European and Far Eastern routes have fallen by up to 10% since April, while SAA's US routes — to New York and Miami — remained strong, Els said.

A large percentage of the 74 international carriers serving SA also reported a marked decline in passenger numbers. However, it was unlikely that the empty seats on airlines will lead to a fare war.

Due to existing competition on most of the air routes to and from SA — less than 10 years ago only about 20 airlines served the country — economy fares were already rock-bottom and in many cases did not cover an airline's costs.

"The cost of a one-way flight between Johannesburg and London is about R1m, whether the flight is full or not," Els said.

In many instances, business and first class passengers subsidised those in economy class. "It is therefore of the utmost importance to have a perfect balance between the economy, business and first class passengers," Els said.

Referring to the demise of a number of airlines attempting to compete with British Airways and SAA on the London-Johannesburg route by offering discounted fares, Els said it was impossible for an airline to have a full load of discounted passengers.

"Airlines are now competing by offering improved service and added benefits to passengers." He said frequent flyer programmes were constantly upgraded to ensure passenger loyalty.

Although Virgin Atlantic, to start its service to SA in October, has offered discounted fares of R2 500 on all its 187 economy seats for a limited period, a spokesman earlier said the airline competed not on price, but service.

The British carrier confirmed it was looking at a code-share agreement with a local domestic carrier; it has been speculated that Sun Air could link up with the airline.

SAA was also improving its domestic service. Passengers will no longer be served refreshments in plastic cups, and plates and plastic cutlery will disappear. Also, its entire fleet upgrade would be finished by the end of November.

Erwin: Gauteng-Mozambique link will lead to 135 regional projects

$5bn for Maputo Corridor

CT (PM) 14/8/96 (269)

By James Lamont
INDUSTRIAL EDITOR

Johannesburg — The department of trade and industry has identified projects worth $5 billion associated with the Maputo Development Corridor, Alec Erwin, the minister of trade and industry, said yesterday

Erwin said his department had earmarked 135 projects with the investment potential of $5 billion in Mozambique, South Africa and Zimbabwe, that could begin in five to six years

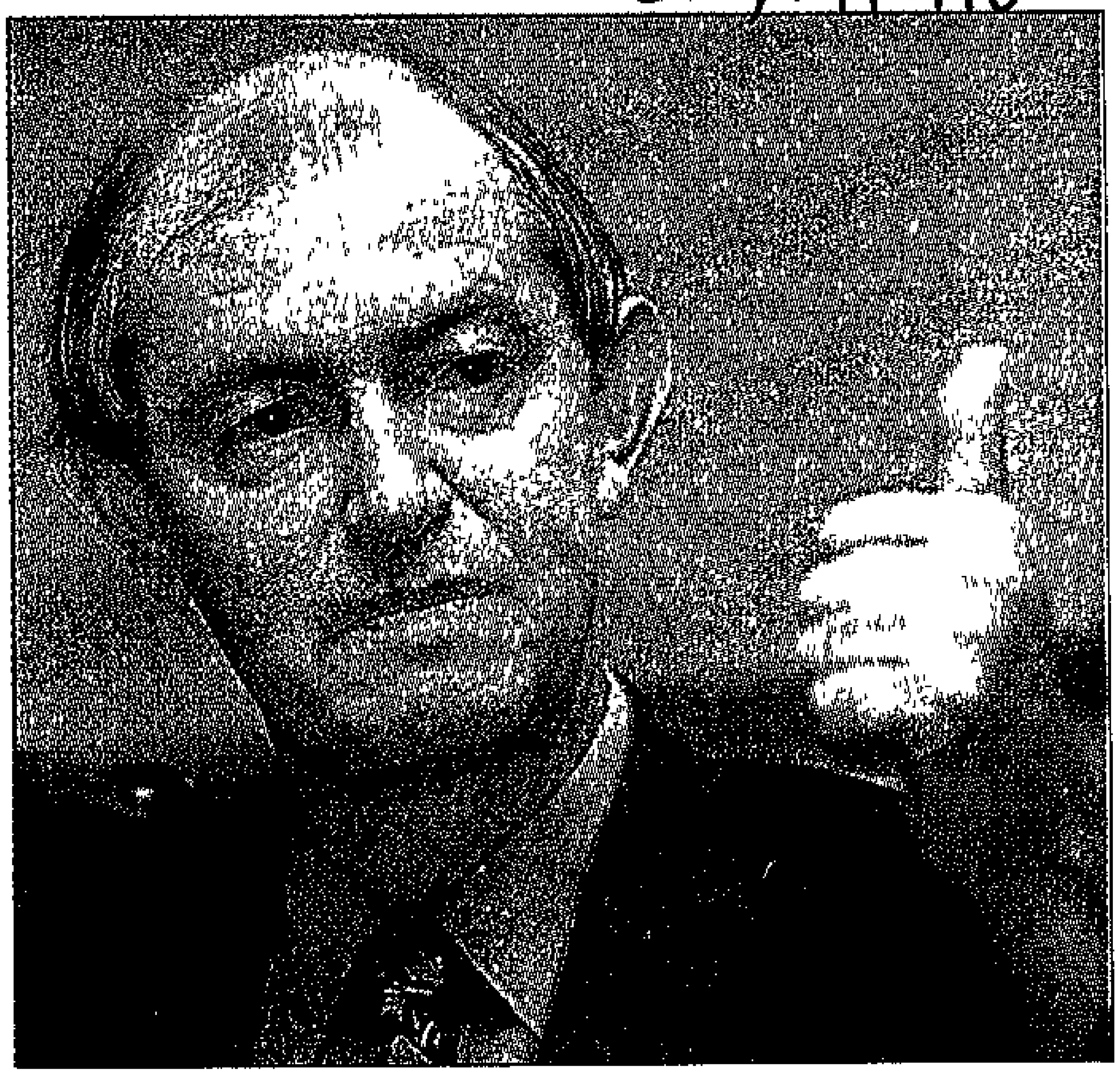
He was addressing delegates at an African steel conference.

The Maputo Development Corridor will connect Gauteng with the Mozambican port of Maputo.

Improved transport links between the Mozambican coast and South Africa's economic heartland through the corridor would boost investment and employment in southern Africa.

Erwin said the projects were not speculative and were likely to come to fruition.

The bulk of these investments would come from public- and private-sector partnerships, notably for the development of an aluminium smelter, roads and a railway line.



THUMBS UP *Alec Erwin gives the go-ahead to 135 projects*

PHOTO SELWYN TAIT

He said the aid component was only likely to be $150 million of the $5 billion investment bill. Aid was mainly directed at the upgrading of Maputo's port facilities.

The extent of private and public sector commitment to the project heralded a new era of cross border co-operation and trade and investment in the region, after years of dependency on foreign aid, Erwin said.

The regional governments would establish a "small" Maputo Development Corridor promotion company in the next two months. He said Mozambique, South Africa, Zimbabwe, Swaziland and Botswana had signed a protocol last month providing for the establishment of this company

At a Maputo Development Corridor conference held in Maputo last May, President Nelson Mandela said feasibility studies carried out by the private sector foresaw huge projects in South Africa and Mozambique

"They would enlarge enormously our region's capacity to add value to its abundant mineral and energy resources, to boost exports and to create jobs," he said The whole development project was expected to create 100 000 jobs.

In yesterday's address, Erwin urged African governments to abandon the protection of their industrial bases and adapt to global flows of trade and investment.

"It's now very clear that the tariff protection approach will not protect industrial sectors," he said. "High levels of protection will not create the jobs that we want."

He said African governments should commit themselves to predictable macroeconomic strategies to attract investment flows for the processing and beneficiation of the continent's natural resources, as the basis for economic growth.

Privatisation call by Tembisa probe

(269)

Lukanyo Mnyanda

BD 16/8/96

THE probe into the Tembisa station incident on July 31 in which 16 people were trampled to death, has raised eyebrows after the commission of inquiry — chaired by Tiego Moseneke, whose law firm specialises in privatisation consultancy — recommended a greater private sector role to help avoid such disasters.

DP Gauteng legislature leader Peter Leon said yesterday that the findings — which he dubbed "superficial" — represented a potential conflict of interest, given Moseneke & Partners' interest in privatisation.

In its report to Transport Minister Mac Maharaj, the commission said "excessive reliance on the state's overburdened fiscal and managerial resources is at the root of the present tragedy".

Maharaj, who has also proposed greater private sector involvement in rail services, backed the findings.

Moseneke said yesterday Maharaj had known of "what kind of work we do". The recommendations had been based on "objective" assessments.

Revamped commuter service is on track

(269) ARG 17/8/96

■ Spoornet is wasting no time in upgrading for the Olympics, reports **NIKKI WERNER**

SPOORNET, doing its bit for the 2004 Olympic bid, is right on track with a revamped commuter friendly, safe and secure passenger service which would include bullet proof windows and closed circuit television in trains It also plans to install ticket vending machines on stations.

Cape Town station is first in line to be equipped with computerised ticket vending machines and unmanned turnstiles which would read data from a magnetic strip on tickets.

This move would eliminate long, time-consuming queues at ticket offices and free staff who could be redeployed on trains where they were needed urgently.

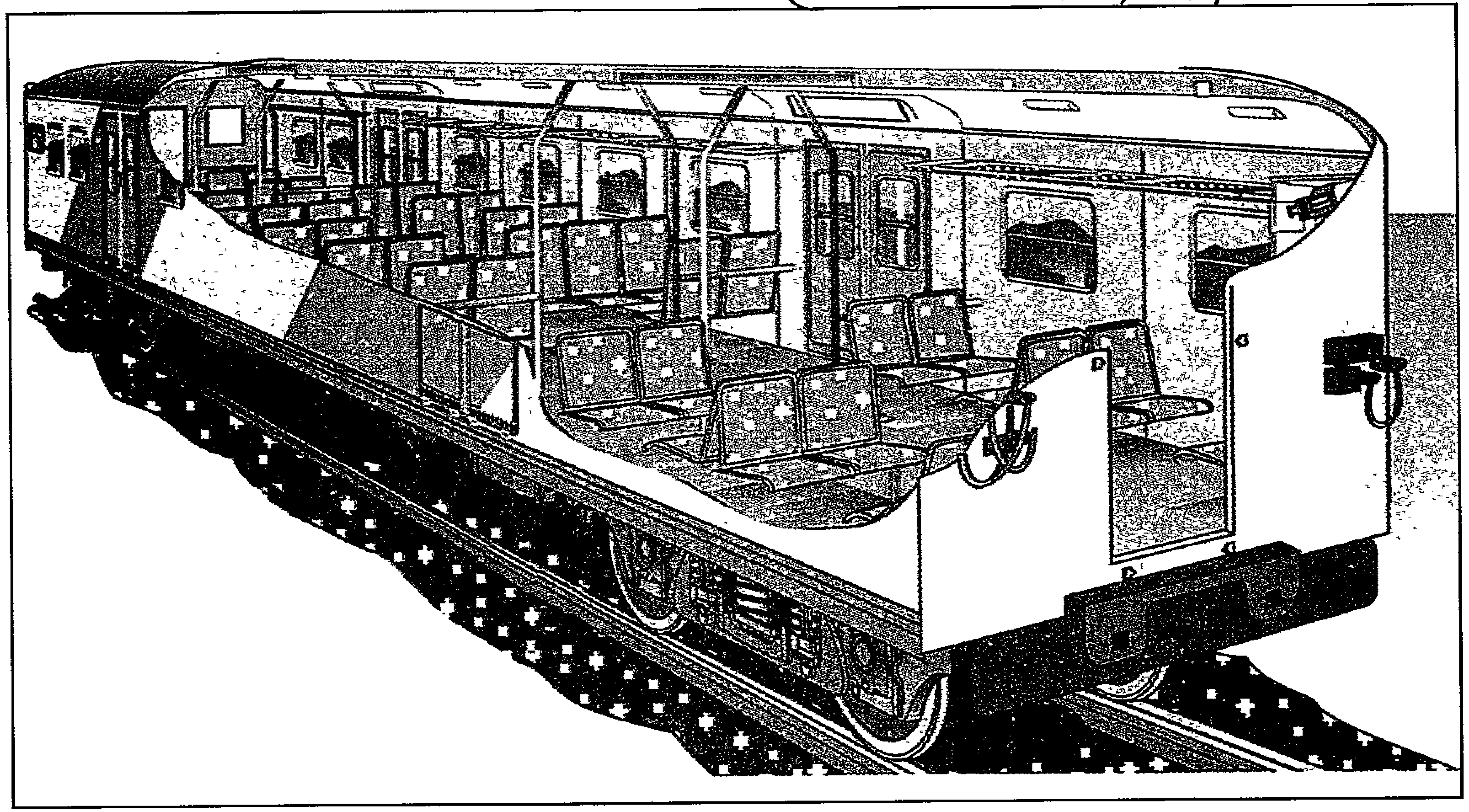
Metro Rail spokeswoman Riana Jacobs said the ticket vending system would be up and running by December in time for a 2004 Olympic bid inspection.

Miss Jacobs said the extensive closed circuit television network, which included cameras on platforms and in trains, would tighten security and aid security patrols

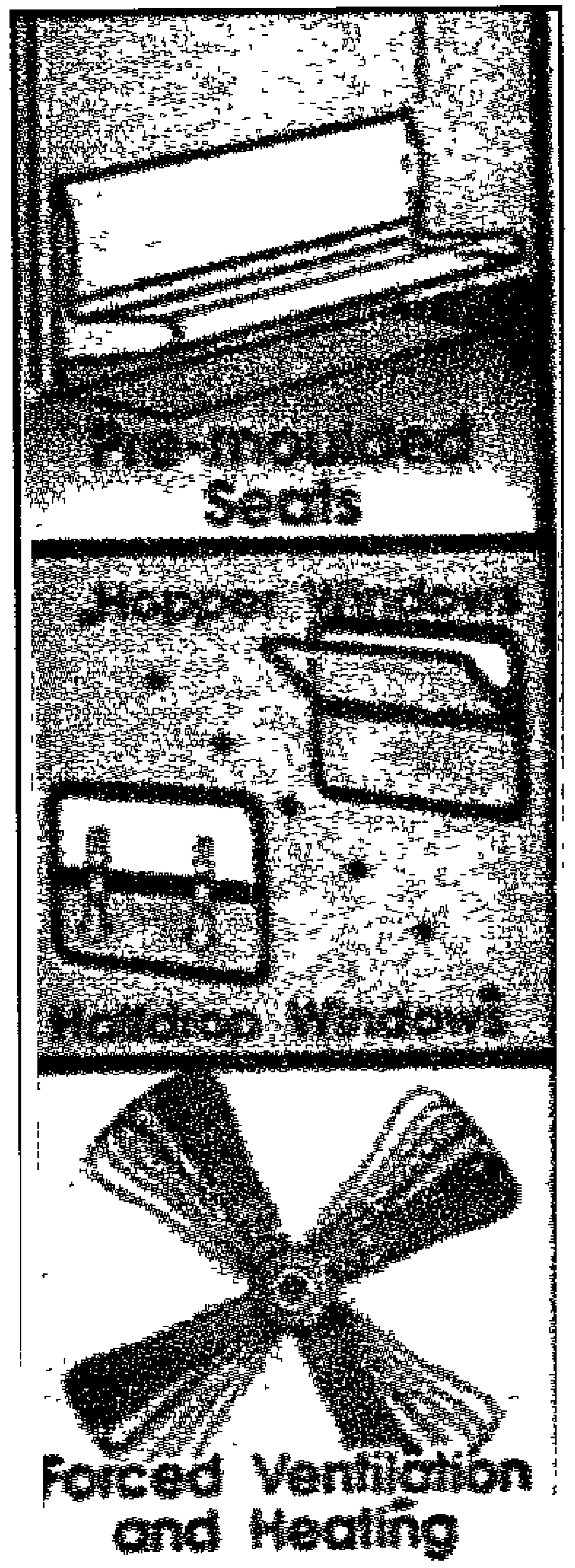
The upgrading of the station would coincide with the arrival of modernised trains in November.

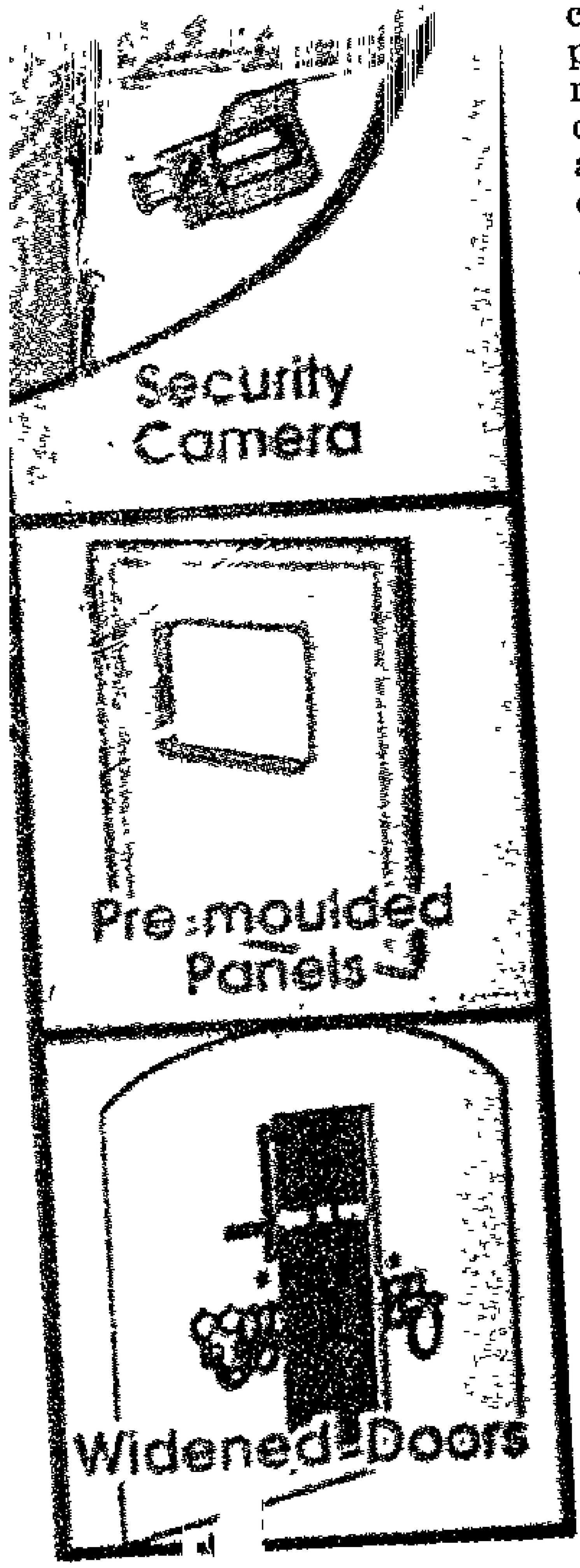
The redesign and refurbishing of existing carriages came after intense research including a survey among commuters who travelled in a prototype which was put on rail in Cape Town recently.

"The new generation trains included a [illegible]



❑ **THE SHAPE OF THINGS TO COME:** Commuter coaches with bulletproof windows and closed-circuit television, automatic ticket vending machines on platforms – these are among the improvements Spoornet envisages to meet the challenge of the Olympic 2004 bid.





connecting passages between carr ages, panic buttons, fireproof floors, graffiti resistant walls, tamper-proof doors which could not be kept open by passengers, and warning buzzers to announce the closing of doors," said Miss Jacobs.

Commuters would also be able to listen to music from a speaker system in the carriages

Most of the new features were well received by commuters who used the prototype, but "half-drop" windows which opened only half way for security purposes, did not get the nod.

Miss Jacobs said commuters complained that the windows did not make allowance for Cape weather conditions, especially in summer when more ventilation was needed

"The windows are now being altered and the glass is being replaced with bullet-proof polycarbonate material," said Miss Jacobs, who added that the half-window design stemmed from a Johannesburg riot security viewpoint.

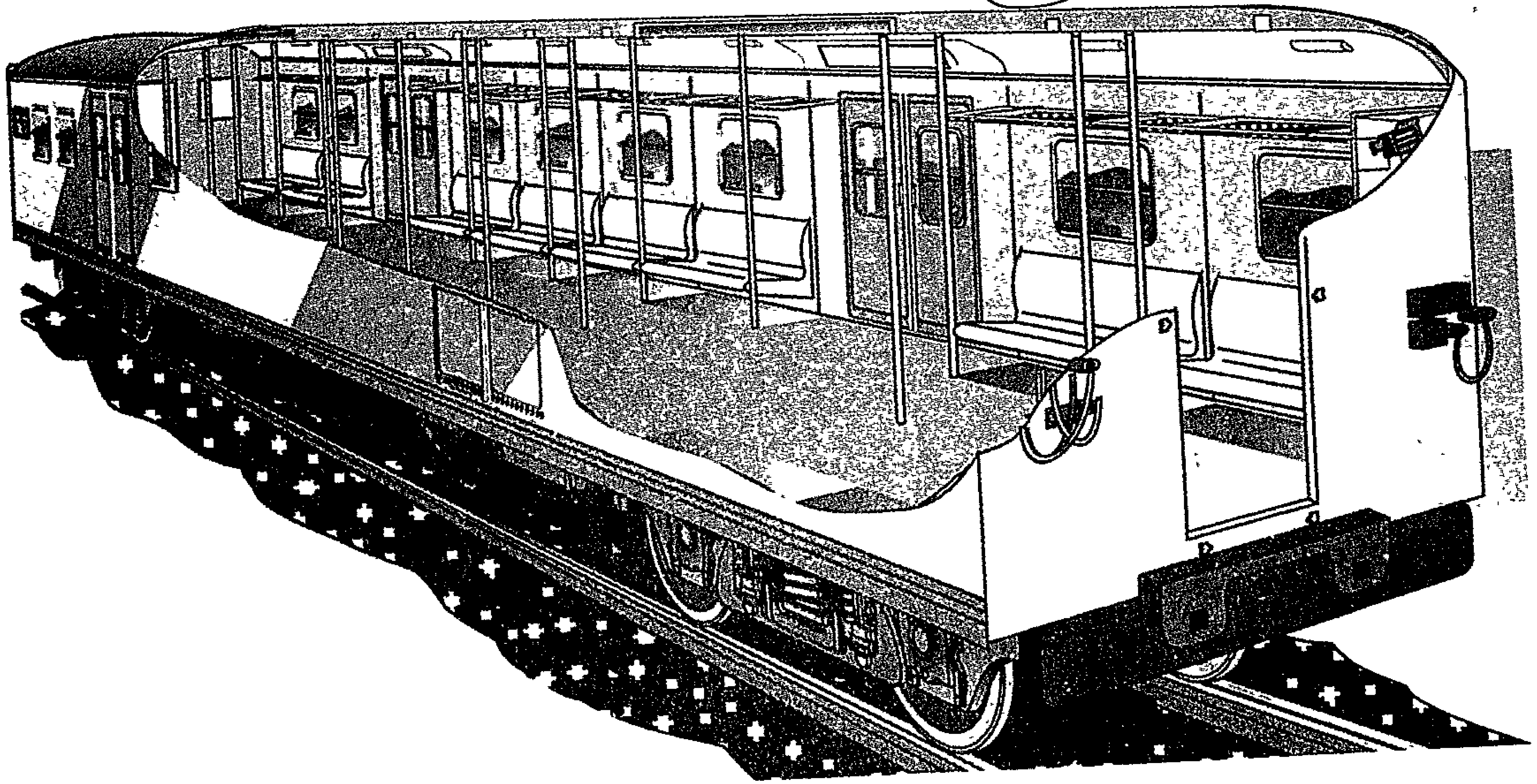
"The focus in the design of the new trains was to tailor-make them to meet the needs of each region to increase their efficiency.

"Cape Town, Johannesburg and Durban will each initially get one new train in November," said Miss Jacobs.

She assured commuters that upgrading and improvements were taking place all the time but explained that capital was needed from the South African Railway Commuter Corporation to meet costs.

"We have made numerous proposals and are waiting with bated breath for funds but a lot depends on whether Cape Town wins the Olympic bid."

(269) ARC 17/8/96



COMMUTER FRIENDLY TRAVEL: The new coaches will feature ultra-modern advances such as rubberised connecting passages between carriages, fireproof floors, graffiti-proof walls, tamper-proof doors – and panic buttons.

Tembisa tragedy: Call for ban on 'cruel' batons

ARG 17/8/96

■ Metrorail's Protection Services has been criticised after a security firm it employed used electric batons on commuters at Tembisa station on July 31. Sixteen people died in the chaos.

ELECTRIC shock batons should be banned in South Africa until rules have been laid down for their use, the commission of inquiry into the Tembisa station tragedy has recommended.

In its 55-page report, released yesterday, it said the "cruel and inhuman" prodding and shocking of commuters was the direct and most immediate cause of the incident on July 31, in which 16 commuters were killed and 80 injured

The conduct of the poorly-trained and abusive private security guards at the station during the ticket-checking exercise had been "atrocious".

The commission recommended:

■ That a decision be taken regarding the criminal liability of the security guards for the deaths and injuries,

■ The suspension of Metrorail and security personnel involved;

■ More spending on infrastructure at stations.

The inadequate and dilapidated facilities at Tembisa station, the report said, had contributed to the tragedy.

The commission, headed by Tiego Moseneke, said Metrorail's Protection Services had acted "improperly and negligently", and that some of its customer services personnel had shown a "total disregard and disrespect" for commuters at Tembisa.

However, some commuters used tactics to evade paying fares "in reckless disregard of the harm their tactics may cause other commuters".

The report recommended Metrorail immediately stop its security personnel and private security firms from using shock batons.

Metrorail Protection Services' regional chief, had in some cases failed to bring guidelines regarding the use of batons to the attention of his staff and the guards.

Metrorail's regional chief and leading protection official, in charge of the July 31 ticket checking operation at Tembisa, should both be suspended and disciplinary proceedings instituted against them

The commission said it reserved special criticism for the Metrorail Protection Services Chief, who had recommended the use of shock batons without regard to international practice or reliable medical evidence on their effects.

"Any future contract with private security companies must specifically prohibit the use of excessive force against commuters," the report said.

The private security guards had used the shock batons for crowd control even though they were patently inappropriate for that purpose

They had prodded and shocked commuters indiscriminately and without regard to whether they had tickets or not, and continued the prodding "even in the face of impending disaster".

The guards had even used the shock batons on the heads of some commuters, acting "in reckless disregard of the consequences of their conduct".

The report stated that the national ban on the batons should stay in place until regulations had been set up governing their manufacture, sale and use, and until independent legal and medical research had established that their use on humans did not constitute cruel, inhumane and degrading treatment.

Commuters who evaded fares deserved harsh criticism, the committee said. Fare evasion cost Metrorail about R6 million a year, at Tembisa alone.

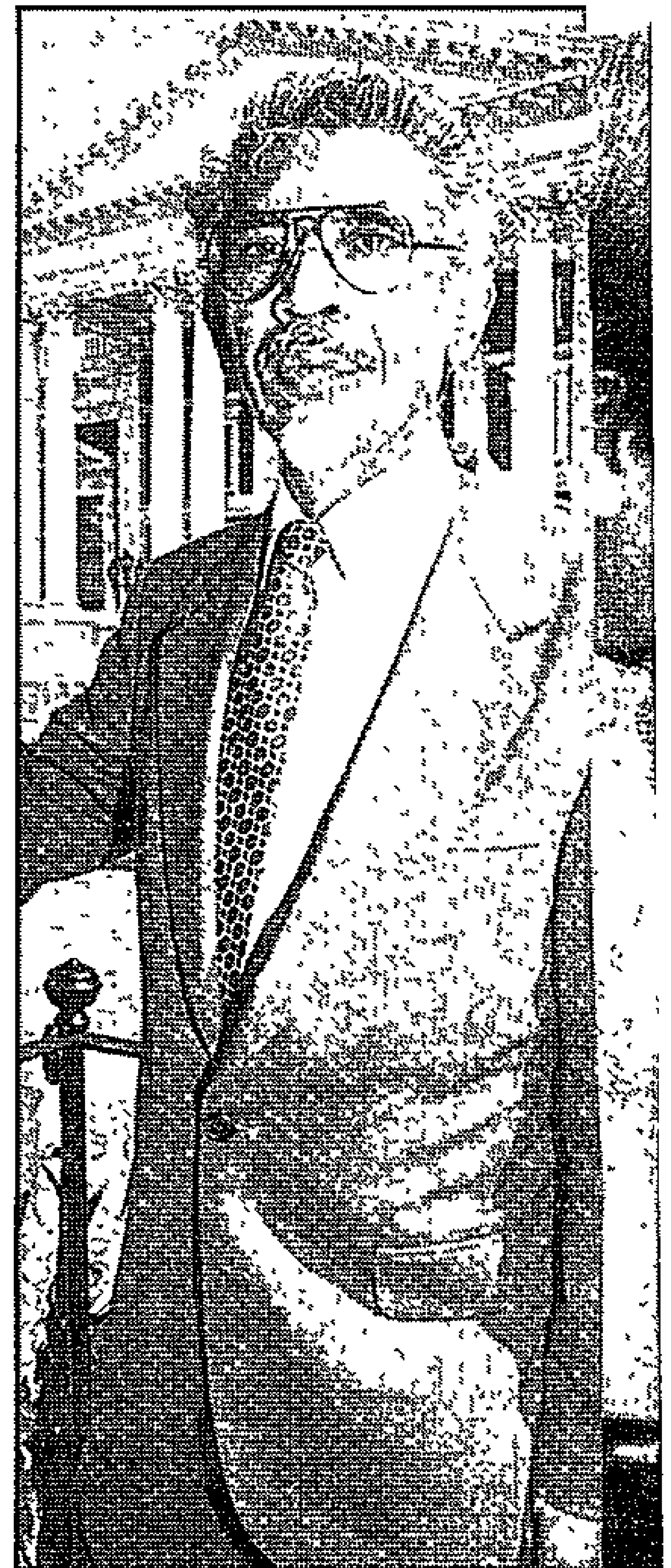
Those who evaded fares without regard to the safety of other commuters should be identified and charged.

The report also recommended that:

■ Commuters be invited to a forum to encourage them to buy tickets;

■ Community leaders encourage people to pay for train rides.

■ Penalties for non-payment be increased significantly. – Sapa.



❑ **MORE MONEY:** Mac Mahar will ask Cabinet for more funds

Government will consider restrictions on prods – Mac

(269) ARLT 17/8/96

GOVERNMENT would either have to ban shock batons or develop stringent regulations to govern their use, said Transport Minister Mac Maharaj.

"Notwithstanding this broad step, we will be urging Metrorail to ensure that such equipment is no longer utilised in any crowd control activity within its operations," he said in reaction to the Commission of Inquiry report into the July 31 tragedy at Thembisa station, in which 16 people died.

The main contributing factor to this incident was the poor state of infrastructure for commuter rail services which had been neglected since the early 80s, Mr Maharaj said.

"I hope to persuade my Cabinet colleagues that in all the restructuring of the economy we can devote more to infrastructure in passenger services."

Commuter services were currently allocated R1,4 billion. This was used to pay Metrorail subsidies, and to service the interest and reduce the capital on a R1,8-billion loan that had been taken out by the SA Rail Commuter Corporation to pay operating subsidies.

Until last year a significant amount of money was also paid over by the SARCC to Transnet for pension fund contributions.

Government had begun to reduce the amount being allocated to these areas, Mr Maharaj said.

"In the medium term, government is considering a move towards the concessioning of the operation of Metrorail services on state-owned rail infrastructures, on a competitive basis, by either public or private sector operators."

Mr Maharaj said there was also a need for the setting of minimum training standards for security personnel and these should be incorporated in any contracts between Metrorail and security firms.

Fare evasion cost the company R150 million a year, and its recovery would dramatically speed up the pace at which improvements to infrastructure could be made.

Mr Maharaj said the government recognised that the commission was limited as it was not a judicial commission, and the evidence could not be tested through cross-examination. – Sapa.

Station disaster probe panel proposes ban on all electric batons

(269) Star 17/8/96

Cape Town – Electric batons should be banned in South Africa until rules have been laid down for their use, the committee investigating the Tembisa station disaster has recommended.

In its 55-page report, released yesterday, it said the "cruel and inhumane" prodding and shocking of commuters had caused the July 31 incident in which 16 commuters were killed and 80 injured.

The conduct of poorly trained private security guards at the East Rand station during a ticket-checking exercise had been "atrocious".

The committee called for an inquest to decide whether the guards were criminally liable for the deaths and injuries. It also called for suspension of Metrorail and security personnel, and for more spending on infrastructure at stations in black areas.

The dilapidated facilities at Tembisa station had contributed to the tragedy.

The committee, headed by Tiego Moseneke, said Metrorail's protection services had acted "improperly and negligently". Customer services personnel had shown "total disregard and disrespect" for commuters. However, some commuters had tried to evade paying fares "in reckless disregard of the harm their tactics might cause other commuters".

The report recommended that Metrorail immediately bar its security personnel and private security firms from using electric batons.

Metrorail's protection services regional chief, who was responsible for implementing a "minimum force" policy in his area, had in some cases failed to bring guidelines for using the batons to the attention of staff.

He and Metrorail's leading protection official, who was in charge of the July 31 ticket-checking operation at Tembisa, should both be suspended. Disciplinary proceedings should be instituted against them.

The committee reserved special criticism for Metrorail's protection services chief, who had recommended using the batons without regard to international practice or medical evidence on the effect of their use.

"Any future contract with private security companies must specifically prohibit the use of excessive force against commuters," the report said.

The guards had used the batons for crowd control even though they were patently inappropriate for that purpose. They had shocked and prodded commuters whether they had tickets or not, and continued prodding "even in the face of impending disaster", using them on people's heads "in reckless disregard of the consequences of their conduct".

All guards involved should be suspended, and use of the batons should be banned until regulations governing their manufacture, sale and use had been set out, and independent legal and medical research had established that their use on humans did not constitute cruel, inhumane and degrading treatment.

AFTERMATH: Police remove one of the bodies in the wake of the Tembisa stampede PHOTOGRAPH: GARY BERNARD

Commuters who evaded fares deserved harsh criticism, the committee said. Fare evasion cost Metrorail about R6-million a year at Tembisa alone. Fare dodgers should be identified and charged.

Commuters should be invited to an open forum to encourage them to buy tickets, and community leaders should encourage people to pay for train rides. Penalties for non-payment should be increased significantly. Stations should be manned by ticket examiners at all times.

Metrorail should terminate its agreement with the private security company that allowed roving teams to check tickets. Only security guards with training equal to at least that of a police constable should be in these teams, and supervisors should have training equivalent to that of a sergeant.

Metrorail should develop a way of evaluating private security firms to determine their attitude and commitment to humane policing. It should also develop guidelines for use of non-lethal weapons and ensure that users had read these rules. – Sapa

'Ban electric batons'

(269) CP 18/8/96

By THEMBA HLENGANI

FOR THE past three weeks Isaac Nxumalo has been lying unconscious at the Tembisa hospital and sixteen lives were lost because of the "atrocious" way in which ticket-checking was conducted "by poorly trained and abusive private security guards at Tembisa station".

This surfaced in a report by a committee of inquiry established to investigate the Tembisa station disaster.

Nxumalo was one of the many injured victims of the stampede that occurred at the station three weeks ago after the prodding and the electric shocking of commuters who allegedly evaded paying for their train fares.

The committee, headed by a lawyer, Tiego Moseneke, said Metrorail's protection service had acted "improperly and negligently" and some of its personnel had shown disregard and disrespect for commuters in Tembisa.

The report recommended that Metrorail stops the use of electric batons with immediate effect.

Other committee's recommendations:

☐ The institution of an inquest without further delay to decide whether security guards were criminally liable for deaths and injuries.

☐ The suspension and institution of disciplinary proceedings against the Metrorail's leading protection service regional chief and the leading protection officer who was in charge of the July 31 ticket checking operation in Tembisa.

☐ The national ban on batons to remain effective until a proper regulations had been set-up, governing their manufacture, sale and use, and an independent legal and medical research had established that their use on human beings does not constitute cruel, inhumane and degrading treatment.

☐ Those who evade fares should be identified and charged and penalties of non-payments of fares should be increased significantly.

☐ In future, only security guards with training equivalent to that of a police constable should be used and their supervisors should be equal to sergeants in the police service.

Also, any future contract with private security firms must specifically prohibit the use of batons and a criterion should be established to evaluate prospective companies to determine their attitude, operating ethics and commitment to human policing.

The 55 page report further stated that fare evasion costed Metrorail R6 million a year at Tembisa alone.

"All commuters should be invited to an open forum to encourage them to buy tickets, ," the report said.

☐ Meanwhile, Metrorail representative Bintu Petsana said that she could not comment on the outcome of the committee as they "had not as yet received the report" from Moseneke's committee of inquiry.

Privatisation of local airports interests BAA

BD 20/8/96 (269)

John Cavill

LONDON — The strong interest by BAA in the potential privatisation of SA's Airports Company is part of its global strategy for expansion.

BAA (formerly British Airports Authority before being floated off in 1987) is the world's biggest commercial operator of airports. After winning the bid to run Indianapolis in the US last year and adding it to the seven UK airports, BAA was able to boast handling over 100-million passengers — nearly double the 55,3-million of 1987.

Now it is in the running for Naples, the first continental airport likely to move into the private sector, and is looking for opportunities in the Asia-Pacific region. In a recent interview CE Sir John Egan said :"The airport industry is under-exploited compared to other businesses in the global economy.

"When more governments realise the benefits of privatisation, of improved quality and services at no cost to the taxpayer, then a massive potential will be released."

But he was not expecting a tidal wave of change because "many countries still think they are rich enough to afford to subsidise these businesses".

Since privatisation BAA has evolved into new dimensions — an operation in which charges for traffic (such as landing fees) have been dwarfed by other income.

In 1987 out of total revenues of nearly £439m, about £212m was "traffic" and £227m "commercial".

Inflation

The latest accounts (to March this year) show that turnover of £1,25bn was broken down into traffic charges of £434m, retail of £556m, property income £213m and "other" of £50m. Traffic's share has thus shrunk from 48% to 35% of a growing total.

During the same period air transport movements climbed from 626 000 to 931 000 while cargo and mail has grown from 864 000 tons to 1,6-million tons. In real terms it means that the cost to airlines in traffic charges has run below the rate of UK inflation.

This has meant that BAA's two premier airports, Heathrow (the biggest international in the world with 47-million passengers) and Gatwick, are now ranked as the among the cheapest in Europe by an independent survey.

At the same time BAA's profit has blossomed in the last four years. Pre tax earnings climbed steadily from £122m in 1987 to £255m three years later. But when passenger traffic growth flattened out after the Gulf war and the subsequent recession the surplus fell to £191m in 1992.

Since then, however, profit has more than doubled to £418m, helped by rising retail spending in BAA's airport shopping centres, the average passenger spent £4 last year, and a 45% improvement in productivity since 1991.

In the US, the group runs the shopping mall at Pittsburgh airport — as well as the whole of Indianapolis's operations. In both cases BAA set out to be price competitive. At Pittsburgh it cut the price of coffee from $1,05 to 49c and sales soared — the average "passenger spend" rose 178% — so that the retail operation made profits of £1m on turnover of £6m last year. It did the same at Indianapolis.

Answering the argument that rising profits must mean the money is coming out of someone's pocket, such as the airlines, Gordon Eddington, chairman of BAA International, rebutted the point. "They are not," he said. "They are coming from additional value created through reduced cost and increased revenue."

Expenditure

BAA's growth has involved massive capital expenditure. The value of fixed assets has risen nearly fivefold to £4,5bn in the last nine years and the group has a £4,4bn spending programme over the next decade.

In the domestic market, where it is a virtual monopoly with 71% of UK passenger traffic and 81%c of cargo, BAA faces potential problems. The first is obtaining planning permission to build a fifth terminal at Heathrow which could be faced with "overload".

BAA argues that it is not a true monopoly because it competes with Frankfurt, Paris and Amsterdam as Europe's "hub" airport — about 30%-40% of its Heathrow passengers are connecting with an onward flight.

But Terminal 5, which has been three and a half years in the preparation stage, faces a public inquiry which could last two and a half years followed by another 12 month wait for a decision. The other threat is the prospect in 1999 that duty free sales to intra-European Union passengers will be abolished. Last year £368m of BAA's retail revenues came from duty free shops.

This could affect future traffic charges which are regulated. At Heathrow, Gatwick and Stansted, the three main London airports, BAA charge increases are limited to the change in the retail price index (2,5%) minus 1%. A recent inquiry by the monopolies and mergers commission which decided there was no "public interest" in demerging the three London terminals, also proposed a change in the pricing formula. For Heathrow and Gatwick it would be the retail price index minus 3% but plus 1% in the case of Gatwick, for the five years starting next year. However a 15% increase in aeronautical traffic charges will be allowed over two years if the duty free business is hit by the EU ruling.

Separation from Spoornet on agenda

Govt considers ending Metro Rail monopoly

(269) BD 20/8/96

Robyn Chalmers

GOVERNMENT is considering allowing private operators to compete with Metro Rail in providing commuter rail services.

The transport department said yesterday it was renegotiating Metro Rail's contract with the SA Rail Commuter Corporation to put the operator on a concession for three to five years, after which private operators could be allowed in.

The separation of Metro Rail from Spoornet as a separate division in a bid to "sharpen its focus" was being discussed.

Currently Metro Rail has monopoly on commuter services. The corporation also owns the infrastructure, such as lines and stations.

However, no commuter lines have been operating profitably, leaving the SA Rail Commuter Corporation nursing a deficit of more than R1bn for the 1994/95 financial year — before a R1,2bn state subsidy.

The corporation said there were too few incentives for Metro Rail to improve efficiency and productivity. With cost-cutting and the prevention of fare evasion "there is substantial scope to improve and a competitive environment would help this".

The proposal follows recommendations from a commission of inquiry probing the Tembisa station stampede in which 16 people died last month.

The commission has suggested private operators manage parts of the system, a move which "could result in substantial savings alongside a safer and more consumer-orientated system".

Corporation MD Wynand Burger said reshaping plans had been under way for some time, and coincided with the possible decentralisation of services to metropolitan authorities.

Transport department director-general Ketso Gordhan said a pilot project could be introduced in the next two years to test private sector interest. The aim was to make rail services more customer-orientated and cost-effective. The proposals would be discussed with stakeholders through the national framework agreement before a decision was taken. The issue of job security at Metro Rail would be of primary importance. Gordhan said discussions had been held with trade unions on taking Metro Rail, with its 10 500 employees, out of Spoornet.

Similar proposals for rail services have formed the latter stages of the long-running privatisation drive in the UK. They have also proved to be among the least popular, with private operators "cherry-picking" routes, cutting services and jacking up fares.

Burger said SA would take its own approach to farming out concessions.

No more electric batons

(269)
Sowetan 20/8/96

By Lulama Luti

ALMOST three weeks after the Tembisa station stampede tragedy, in which 16 people died and 84 were injured, Metrorail announced yesterday that electric shock batons would be removed from its systems countrywide.

The rail commuter corporation said security personnel at the stations had instead been issued with normal non-electric batons for "self-protection".

Spokesperson for Metrorail Ms Bintu Petsana said her organisation would continue to ensure that access points at its stations were manned regularly "in order to ensure that commuters get accustomed to buying train tickets".

Petsana further said that the company had lost more than R118 million in fare evasion last year Fare evasion by many commuters was cited by the company as the main reason that had led to the stampede on the morning of July 31.

Petsana said Metrorail was, meanwhile, looking at closing smaller stations in order to relocate personnel to bigger stations.

"Due to the critical shortage of manpower, the organisation may have to look at closing the smaller stations in the long-term and relocate personnel, thereby boosting the manpower," she said.

Service not profit maker — Metro Rail

(269) BD 21/8/96

Robyn Chalmers
and Edward West

METRO Rail said yesterday the provision of commuter rail services was a social service, and while the recovery of costs was a priority, these services were not meant to make a profit.

This followed government proposals to consider allowing private operators to compete with Metro Rail in a bid to improve efficiencies, reduce costs and upgrade the service provided to commuters.

Metro Rail communications manager Bintu Petsana said yesterday that since the operation was government-owned, it had the right to propose changes.

"It is likely that these proposals will be extensively workshopped with the relevant trade unions before a decision is made.

"The ultimate aim is likely to be a way of reducing the cost burden to the state rather than making a profit on what is essentially a social service," she said.

Initial trade union reaction to the privatisation proposals has not been favourable.

National Education, Health and Allied Workers' Union president Vusi Nhlapo — who is also labour's co-ordinator on the restructuring process — dubbed the proposals as "sheer madness".

Speaking at the Interbuild Africa conference yesterday, Nhlapo said that provision of commuter rail services was a social service and government should not seek to make a profit on these services.

"If we get the private sector involved in provision of commuter rail services, the prices of tickets are bound to go up," he said.

Nhlapo said the union would only support the restructuring of state assets as long as the majority of people in SA benefited from the process. "Labour will attack privatisation as long as it makes the poor poorer and the rich richer," he said.

An SA Rail Commuter Corporation spokesman said it was unlikely any rail commuter services assets would be sold to a private concern, as government had to subsidise 70% of the operations.

This level of subsidisation was high by world standards, where governments usually paid about 50% of operations' running costs.

Making concessions available to operate certain routes could, though, be pursued in three to four years' time, once the operating agreement between government, Transnet and the commuter operation ended.

Transport department director-general Ketso Gordhan said the feasibility of granting concessions to operate rail routes was being pursued by government.

Metrorail outlaws shock batons at station checkpoints

Metrorail has announced the withdrawal of all electric shock batons from its security checkpoints with a view to disarming security personnel completely at some stage.

"Over the past two years Metrorail has gradually been disarming its security to make them more community friendly," company spokesman Bintu Petsana said.

The immediate withdrawal of electric shock batons comes after the incident at Tembisa station in which 16 people died and 64 were injured when security guards tried to check boarding passes earlier this month. The guards have now been issued with normal batons for self-protection.

Metrorail said it would continue to encourage commuters to pay for their fares by regularly manning all checkpoints to make commuters accustomed to the idea of buying train tickets.

"Fare evasion for last year stood at more than R118-million. As a result we are unable to implement changes to our service at a quicker pace," Petsana said. – Staff Reporter.

(269) Star 21/8/96

Tembisa stampede: guards are guilty

Sowetan 21/8/96 (269)

Crowd control methods, banned in the US, were used at the station

By Russel Molefe

THE MIGHT OF THE LAW may come down heavily on security guards blamed for the death of 16 rail commuters and injury to 80 others during an early-morning rush at Tembisa Station on July 31.

The joint committee of inquiry into what became known as "the Tembisa train disaster", chaired by Advocate Tiego Moseneke, called for the prosecution of the private security guards employed by Metrorail

"The Department of Justice is urged to hold an inquest without further delay to determine whether any of the security guards may be criminally liable for the death and injury of commuters," said the committee's report.

"The private security guards... adopted a threatening and intimidating attitude towards commuters, displayed no respect or care and used abusive language against commuters"

The security personnel, whose actions were described by the committee as improper and unacceptable, were also found to have been poorly trained and drawn from the poorly regulated security industry.

Conduct unbecoming

"They used excessive force in the performance of their duties, carried out their duties inconsistently with the policy guidelines on electric batons and acted in reckless disregard to the consequences of their conduct."

On July 31 more than 700 commuters surged down the stairs leading to the gates of the platform as train number 518 drew into Tembisa Station.

Private security personnel hired by Metrorail to curb fare evasion had already taken up their positions.

The security personnel did not bother to ask commuters to produce tickets but prodded, shocked and assaulted commuters with electric batons.

The curbing of fare evasion on that particular day was indiscriminate and even commuters with valid tickets were subjected to harsh treatment by the security guards, the committee found.

It was against the background of this finding that the committee's report recommended to Transport Minister Mac Maharaj that the Justice Department hold an inquest to determine whether any of the security guards were criminally liable for the deaths and injuries.

'The private security guards shocked and prodded commuters with electric batons in a cruel and inhumane manner'

The committee also pointed out that there was *prima facie* evidence that the conduct of the private security guards may amount to an irredeemable breach of the company's security agreement with Metrorail.

However, the committee noted that it did not have the benefit of the testimony of the private security guards and some of the Metrorail Protection Service Personnel.

It nevertheless recommended that the Regional Chief of Metrorail Protection Services be suspended and that disciplinary action be instituted against him.

The electric baton manufacturing industry could also find itself in trouble if the committee's recommendation to ban the use of such batons in South Africa is implemented.

"The direct and most immediate cause of the disaster at Tembisa station ... is the improper and persistent prodding and shocking of commuters with electric batons", the report said.

"The private security guards shocked and prodded commuters with electric batons in a cruel and inhumane manner."

The committee recommended that electric batons be banned until independent medical and legal research established that the use of these batons would not subject people to cruel and degrading treatment.

Electric batons are banned in the United States and many parts of Western Europe.

They emit sparks and produce a crackling sound when used. They induce severe pain on touch and cause motor nerves to be temporarily paralysed.

These batons were not made for crowd control – yet Metrorail insisted that private security guards be armed with electric batons.

Commuters guilty of evading paying fares were not spared in the committee's criticism either; they were blamed for contributing to the disaster.

The committee described the practice by fare-evading commuters of waiting at the top of the overhead bridge and storming the gates as the train approached the station as unreasonable and dangerous.

Harsh criticism

"Commuters who participate in this practice should be singled out for harsh criticism," the committee noted

Fare evasion costs Metrorail about R1,6 million each year at Tembisa Station alone and prompted the decision to deal harshly with fare evasion on that day.

Concerning fare evasion, the committee recommended that commuters be invited to meet in an open forum for the purpose of educating them on the need to purchase tickets.

It also recommended that penalties for non-payment should be increased substantially.

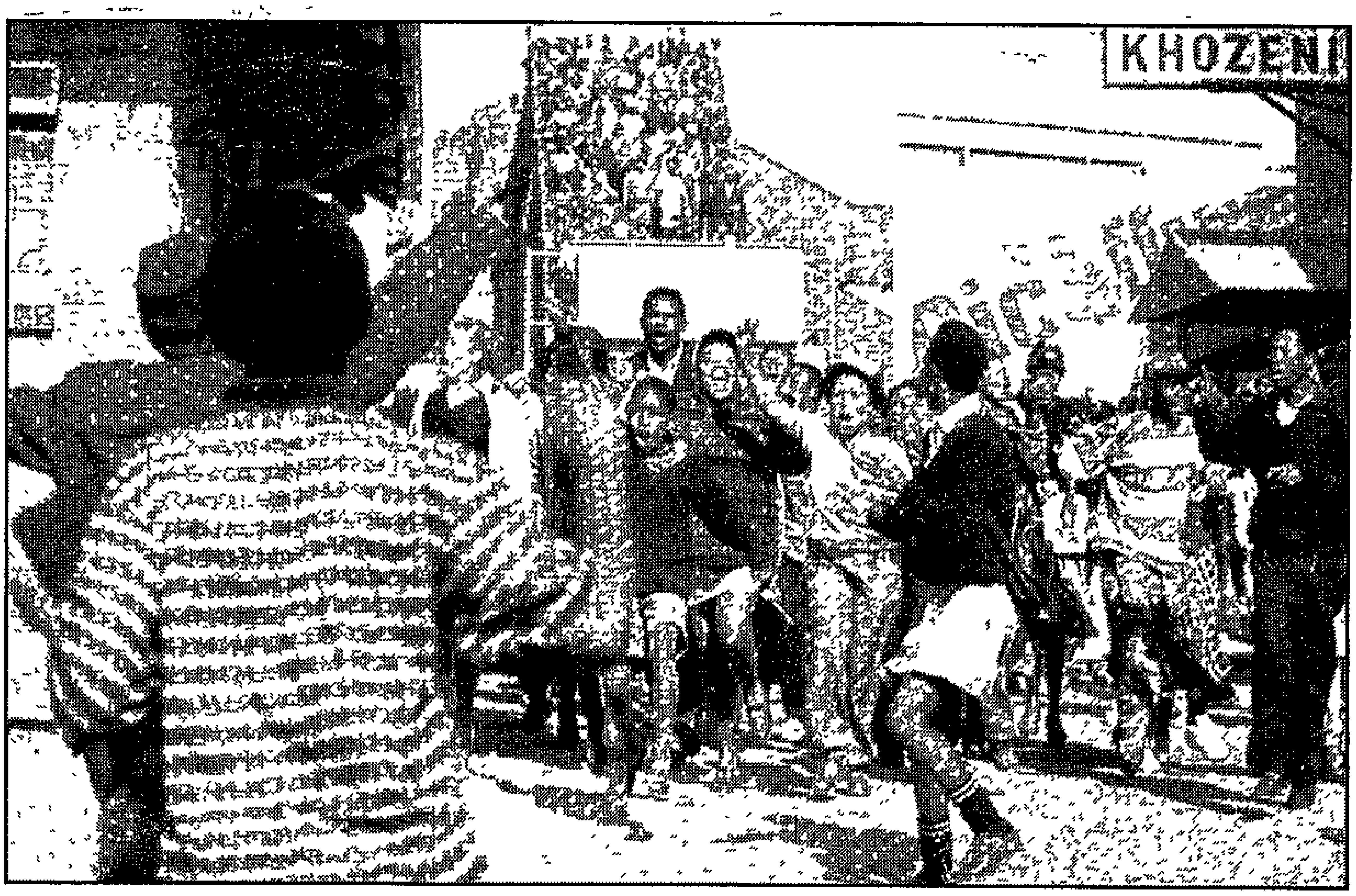
The committee further recommended to Maharaj that:

- additional expenditure on infrastructure be approved to upgrade rail stations in black areas;
- security and customer service personnel be drawn from the community the station serves;
- stations be manned with ticket examiners at all times;
- security guards be used with training at least equivalent to that of police constables; and
- Metrorail must ensure that new non-lethal weapons that are not inhumane be used by security guards.

Sowetan

21/8/94

269



Flashback ... commuters react angrily after the death of 16 people at the Tembisa station recently.

Privatisation of SA rail service well on track

ARG 22/8/96

Staff Reporter (269)

THE privatisation of South Africa's rail service nears, with far-reaching changes proposed by the South African Rail Commuter Corporation (SARCC) to ensure the survival and profitability of the industry.

SARCC managing-director Wynand Burger said that within the next three to five years local and international companies were poised to become shareholders in the rail service.

The proposed decentralisation of services to metropolitan authorities may also result in the concessioning of routes to different operators.

According to Mr Burger, a similar system in Argentina resulted in an amazing turn-around.

He said: "Before concessioning, the government of Argentina was paying R2 billion a year in subsidies just to cover operational costs.

"Within two years the subsidy was cut by 75 percent, there was a 71 percent increase in paying passengers and a huge increase in productivity, although staff was cut to a quarter of the original number.

"At the moment the government subsidises 35 percent of our costs. We cannot however rely on this subsidy, as the government must fund other sectors as well.

"It is up to us to become self-sufficient."

He said the industry had also begun investigating the innovative approaches to restructuring commuter rail services taken by the Argentinians.

Argentina had faced the collapse of its rail services in the early 1990s as a result of poor service, ageing and inefficient infrastructure, declining staff morale, corruption and fare evasion.

Although Mr Burger described South Africa's railway service as being "far from down and out", similar problems existed.

"What happened in Argentina is that the government, which remained as owner of the infrastructure, invited private consortiums to bid for the concession to operate and maintain specific routes.

"These concessions were awarded on the basis of technical competence, sound asset base, the ability to deliver service, and on the level of subsidy required," he said.

CAPE

Small stations may be closed

Fare evaders a headache for staff-strapped Metrorail

AKG 22/8/96 (269)

MARIO WYNGAARD
Staff Reporter

METRORAIL'S critical shortage of personnel may force it to close smaller stations and move ticket inspectors to stations notorious for fare-evading.

Bintu Petsana, Metrorail's communications manager, said inspectors would be posted to control points which would soon be tightened at stations to clamp down on commuters who failed to pay fares.

She said it was not yet known exactly which stations would be affected, nor how much such a plan would cost.

Everything was still at the planning stage.

Ms Petsana said Metrorail would continue to encourage commuters to pay their fares.

"The organisation will strive to ensure that access control at its stations is constantly manned so that commuters get accustomed to buying train tickets.

"This will ensure that Metrorail does not have to resort to random spot checks."

She said commuters would be consulted before any steps were taken.

According to Ms Petsana, Metrorail last year lost a total of R118 million.

"As a result we are not able to implement changes to our service more quickly."

Metrorail had also withdrawn electric shock batons from its system throughout the country after the Tembisa station disaster in Gauteng, in which 16 people died and 84 were hurt during ticket verification.

Ms Petsama said commuters storming Tembisa platform had been halted by security personnel with shock batons, which caused those in the front to be crushed to death by pressure from those behind.

Security personnel had now been given normal non-electric batons for self protection.

During the past two years Metrorail had gradually disarmed security personnel to make them more community-friendly, she said.

Tembisa station back to normal

(269) ARCG 22/8/96

JOHANNESBURG. – Tembisa station near Kempton Park experienced the normal peak hour rush yesterday morning – three weeks after the stampede which left 16 people dead and 65 injured – except this time there were no security guards.

The ticket office, which was torched by an angry mob after the stampede on July 31, has not yet been rebuilt.

Oupa Nkosi, a regular commuter at the station, said the absence of the guards made entering the platform easier. But he complained there was only one available tunnel leading to the platform

"I cannot understand why another tunnel cannot be opened so that we can have easy and speedy access to the platform," said Mr Nkosi.

Another commuter, Tshepo Mofokeng, complained about the lack of ticket buying facilities at the station.

"The loss of a ticket office has been an inconvenience because we must now buy our tickets at another station in order to avoid those guards at Germiston station."

Mr Nkosi, who takes the train from Tembisa to Elandsfontein railway station, said: "I bought a monthly ticket but no one at Elandsfontein checks if my ticket is valid. I think I will not buy one next month."

The Moseneke committee which investigated the station incident found the conduct of poorly-trained private security guards at the station during a ticket-checking operation had been "atrocious". – Sapa.

Maharaj spells out bus industry future

(269)

Drew Forrest

BD 22/8/96

CAPE TOWN — Government had removed many of the concerns about proposals for the bus industry which triggered a national stayaway by transport workers earlier this year, Transport Minister Mac Maharaj said yesterday.

Government had planned to introduce greater competition in the sector by putting routes out to regular tender and reviewing the subsidy system. This was perceived by transport unions as a move towards privatisation.

Maharaj stressed that government had not been able to give the labour movement the assurances on job security it was seeking. However, union fears of job cuts under the proposed contract system had been partly allayed by a pledge that existing operators would have first refusal on routes.

While unions had pressed government for a commitment to owning and operating buses, it had been pointed out to them that 55% of buses were currently state-owned while the balance was in private hands.

Maharaj said he wanted to get away from a system which resulted in wide disparities on the subsidies granted. The practice of granting lifetime permits to operators left him "no handle" to promote efficiency, he added.

He said the aim was to reach clear, renewable contracts specifying the type of service to be offered and its cost, with the level of state assistance spelt out year by year. Contracts could then be cancelled if operators failed to comply with them.

In the interests of transparency, the relevant local authority, rather than operators, would determine the type of service needed.

Fare-dodging, unmanned stations all along the line

(269) Mar 23/8/96

'Culture of non-payment prevails in most of the black areas'

Mike Masipa and Rhyne Phala

The posters on the stairway above the platform at Oakmoor Station read "Niks Mangobe" (no free rides)

The station is on the outskirts of Tembisa and is the scene of the train platform stampede that left 16 people dead on July 31

Such posters, the majority of which are fading and torn, are prominent at most of the stations from Naledi in Soweto to Tembisa on the north-east Rand.

The posters are part of a drive by train commuter company Metrorail to curb the prevalent fare evasion which spokesman Bintu Petsana says cost the company R118-million last year.

Metrorail reckons theirs has been a losing battle against "the prevalent culture of non-payment" in black areas

A ride by the two of us from Naledi through to Oakmoor revealed that the much promised crackdown on fare evasion by Metrorail was almost non-existent.

At Naledi there were no ticket examiners in the check-point booths either side of the line and most of the commuters we spoke to said this was normal.

Accounting student Fikile Moloi, of Emndeni, began using trains early this year and does not recall once being asked for a ticket as she boarded the train to Jeppestown in the city.

She said she knew of many people who boarded trains for destinations within Soweto and never bothered to buy a ticket.

She was vindicated by unmanned station upon station we saw as we made our way through the township.

Some of the commuters we spoke to felt the ticket crackdown promised by Metrorail was unfair because of poor facilities. They said the trains were very dirty.

The main complaint was on the standard of service. Many said the trains were often late

Information about trains was also hard to come by This we experienced while waiting for a Pretoria-bound train at Johannesburg station

We asked a ticket officer when the train was due to leave. The time he gave, which was the same as the one on the overhead timetable, was 10 minutes different from the actual time the train pulled out.

We also saw ticket officers accepting bribes from passengers not in possession of tickets, mainly at Jeppe, Johannesburg and Germiston stations.

Although we were in possession of valid tickets, we tried buying our way out of Germiston station with a R2 coin, and were told blatantly: "What do you think I can do with a mere R2?"

R5 did the trick for us.

We also noticed that there were no security guards in Soweto and Tembisa, but rifle-touting guards were evident at Germiston, Elandsfontein, Jeppe and other stations in "white" areas.

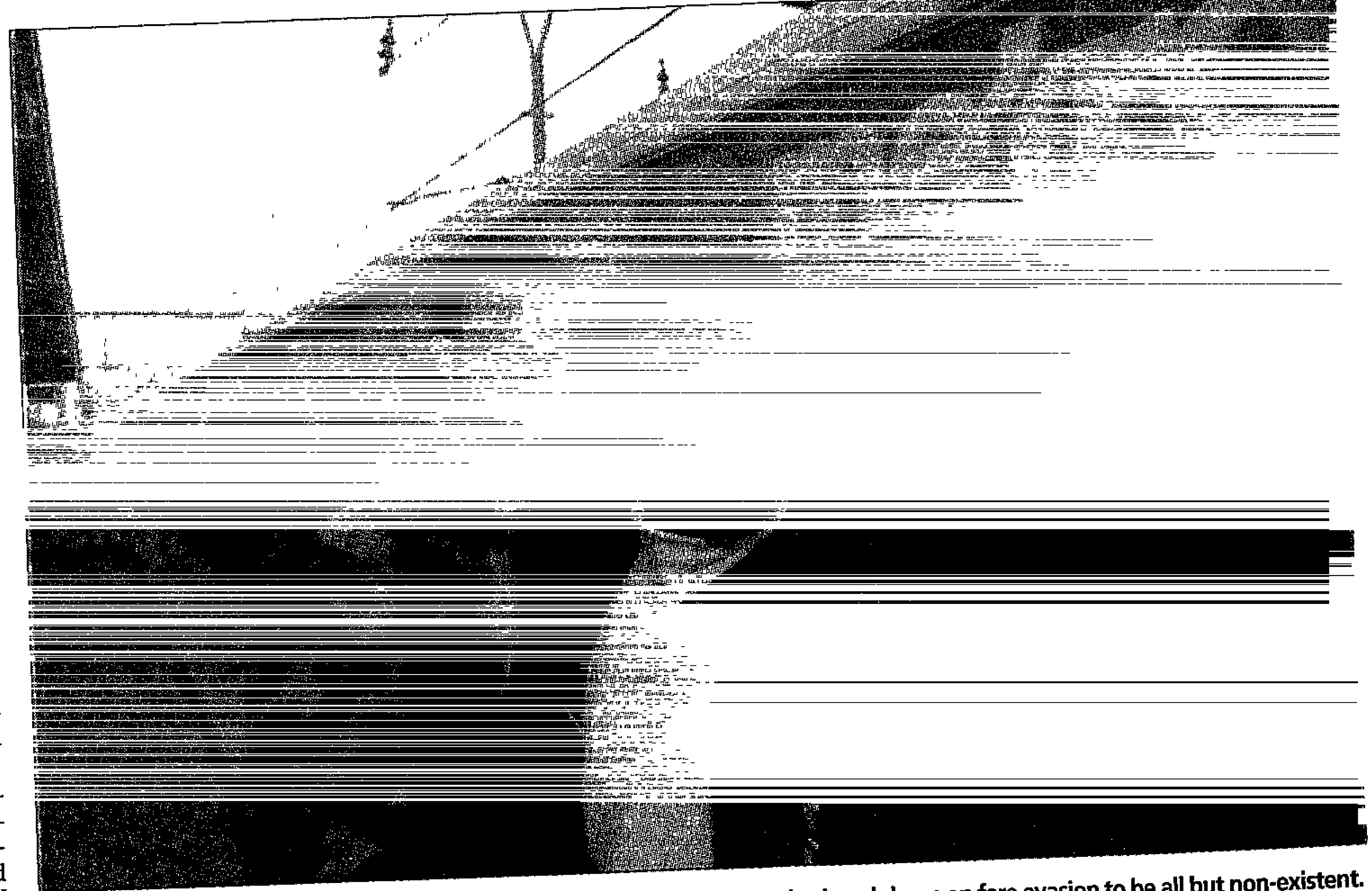
Despite all this, many commuters from Soweto and Tembisa said trains were the best transport available.

A single trip from Naledi to Tembisa by taxi costs well over R10, while a train ride costs R5,20.

Metrorail spokesman Bintu Petsana said while Metrorail was aware there were corrupt ticket examiners, "we cannot act on the basis of rumours".

She appealed to commuters to report bribe-taking ticket examiners at the station concerned. Most stations were unmanned because there was a manpower shortage.

IAN HORN



Losing battle ... reporters Rhyne Phala (left) and Mike Masipa found a promised crackdown on fare evasion to be all but non-existent.

SA AIRWAYS (269)

FLEETING MOMENTS

FM 23/8/96

Indecision over the purchase of nine aircraft from Boeing may still cost SA Airways a lot in lost trade

While parent Transnet stalls on the deal, the airline has been placed in a position where it will not be able to fend off competition on main routes

The delay in executing the R4bn contract — for seven Boeing 777s and two 747s — may force the airline to lease aircraft to exercise extra options on the London, New York and Miami routes.

Also at stake is the start-up of its service to Japan, due in November but now pushed back to April 1997 because, says CE Mike Myburgh, "a few things are not yet in place." He admits the airline needs new fleet to remain competitive.

SAA has only four modern Boeing 747-400s. The rest of its international fleet is made up of five 747-200s that are more than 20 years old, three younger 747-300s and two fuel-guzzling 747-SPs.

In contrast, British Airways, Lufthansa, Singapore Airlines, Cathay Pacific and Qantas, to name a few, all fly modern Boeing 747-400 aircraft on the routes on which SAA competes.

All the new jets have individual TV screens which allow a wide choice of movies and games. Virgin Atlantic will offer all this and extra forms of entertainment when it starts flying the London-Johannesburg route in October It will use McDonnell Douglas 300-seater MD-11s.

When the news got out that the Boeing deal was on hold, Airbus Industrie, one of the manufacturers that originally bid for SAA's business when it called for tenders last year, made a revised offer to Transnet's board But Airbus spokesman Linden Birns says: "We haven't been favoured with a response yet."

Dup du Plessis, who represents McDonnell Douglas, the third manufacturer to make an offer, says: "We didn't try again. From what we hear, SAA ordered the aircraft from Boeing. It has paid its deposit and if it cancels the order, it will lose that deposit — which must be a lot of money."

Though the possibility of losing the deposit appears remote, the airline is struggling to gain altitude halfway through its financial year. Industry pundits say new executive director Zukile Nomvete's priority is to bring the airline back to profitability after a bad first quarter which saw it slip into the red by R100m.

If past experience is anything to go by, it should start recouping these losses and will be profitable in the two quarters between September and March when the tourist season peaks. If not, it's back to brown bag lunches ■

Airports close to privatising

ST(BT) 25/8/96 (269)

By THABO KOBOKOANE

PRIVATISATION of the Airports Company, which manages six national and three international airports, will start once an agreement with unions has been reached.

Dirk Ackerman, managing director of the Airports Company, says talks are being held with unions on strategic equity partners. Initial discussions have been conducted with major international airport authorities.

"Once there is agreement with unions at national level, we will move forward and set the criteria for strategic equity partners," he says.

In December, Deputy President Thabo Mbeki outlined a plan for the privatisation of state assets, but the process ground to a halt after labour movements threatened disruption because they felt they had been left out. An agreement was later reached with unions, resulting in the National Framework Agreement.

Ackerman says the challenge is for the Airports Company to stay on the current growth phase. He is confident that a strategic equity partner will play an important role in sustaining growth.

"We are looking for a strategic alliance that will not only give us financial muscle, but also help us to equip our company in its vision to become a true global competitor," says Ackerman.

The increased number of airlines flying to and from SA, now almost 80 compared with 20 three years ago, and the substantial growth in passenger numbers as well as air traffic has forced the company to accelerate long-term developments to ensure safety and service quality.

Ackerman estimates that in the next four years the Airports Company will spend at least R1,2-billion to meet the expected increase in passenger demands. He says he remains hopeful this will be financed from the company's resources.

The Airports Company, which was commercialised three years ago, reported pre-tax profits of R223-million in the year to March, up from a R53-million deficit three years ago.

Ackerman attributes the improved results to better service levels, greater efficiency and reduced costs. During the year, the three international airports saw about 14-million passengers pass through their gates. Earlier this year, the company was restructured into three core business units: property, aviation and retail, in line with international trends.

Ackerman notes that some international airport operators earn more than "half their income from the retail division". He expects both retail and property to contribute significant revenue to the company, which will in turn benefit airlines through lower airport costs.

Gearing too high for effective borrowing (269)

Transnet seeks private cash for infrastructure

BD 27/8/96

Robyn Chalmers

TRANSNET is planning to focus on becoming a transport operator while promoting greater private sector involvement in the provision of infrastructure.

Transnet MD Saki Macozoma said yesterday that one of the main reasons for the new strategy was to reduce the parastatal's reliance on the state and give it direction for the first time since its commercialisation in 1990.

Macozoma said other motivating factors behind the new strategy were world trends towards greater private sector involvement in transport, and government's new transport policy. Capital constraints were a further factor. More than R3bn needed to be invested in Spoornet's infrastructure to replace old tracks and trains, and R2bn was needed to revitalise SA's ports.

Transnet's capital expenditure programme was expanded to be R2,2bn for the year ended March 1996, from R1,4bn the previous year. Macozoma said there would be little government funding for infrastructure. Transnet's gearing was too high to borrow efficiently and there was little profit to be made by investing in infrastructure. "While extensive discussions will have to be held on the issue, we have no problem in principle with selling off infrastructure where possible."

Latest figures showed Transnet held fixed assets of almost R40bn, including R6,2bn invested in property, R9,6bn in rolling stock and containers and R4,3bn in structures.

Macozoma said Transnet's role as an infrastructure owner would gradually diminish, with construction of infrastructure largely undertaken with the private sector in the form of joint ventures and concessions.

Non-core businesses would eventually be cut, with loss-makers likely to be turned around before private sector interest was canvassed.

Top management attended a meeting last weekend where the strategy and mission were thrashed out. Government is to be consulted and staff will be informed on September 1.

He said a meeting with Transnet's top 1 000 managers was scheduled for September 9 to discuss the new strategy, and talks with trade unions and other stakeholders would also be held.

Macozoma said the new strategy would slot into the current discussions on the restructuring of state assets, and all talks would go through the National Framework Agreement. A new approach to budgeting and planning was also being examined.

He said that employees had tended to become disillusioned due to the lack of direction within Transnet, and a new vision was needed to motivate staff and create new opportunities.

Macozoma aims to get Transnet back on track

BD 28/8/96 (269)

ROBYN CHALMERS

THE recent set of controversies in which Transnet has found itself embroiled appears to have left its MD Saki Macozoma undaunted.

He has been instrumental in forging a new vision for the beleaguered parastatal, one which may well propel it into the 21st Century as a strongly focused, united organisation — if properly implemented. But no one would deny that there are huge obstacles to overcome before such a target is reached.

There are liabilities of up to R14bn linked to Transnet's pension fund, growing rumbles of discontent over Transnet's transformation process, resignations, the acknowledged laxity of controls over credit cards, controversy over salaries requested by top management — and other problems.

On the whole, Transnet has handled the storms swirling about it poorly. Rather than reacting in a measured and transparent manner as one issue after another hit the headlines, Transnet managers have tended to point fingers, accuse the media of distorting facts or clam up completely.

While the pressure on top executives must be enormous, a well organised damage control campaign could have been effective. However, suggestions that a new approach was called for appear to have fallen on deaf ears.

While saying that recent reports of widespread resignations from top and middle management within Transnet are exaggerated, Macozoma acknowledges that there is unhappiness among some employees and morale has been dropping.

He traces the discontent back to Transnet's commercialisation in 1990 and the subsequent change of government. There has been no real policy direction at Transnet since 1994, with limited investment in core skills and few opportunities for innovative thinkers, he says.

Macozoma believes it was inevitable that there would be consternation when a new set of executive directors and chairman was appointed, with new ideas and new methods of operation. "Under the old system, people were told what to do and they did it. We want to give employees broad guidelines and a sense of the direction we are moving in, and they must then start to be more innovative," he says.

The implementation of a new system will undoubtedly lead to further resignations and there is still unhappiness and uncertainty about the new executive directors among a number of Transnet's staff. But there appears to be a willingness to give the new management team a chance to prove itself.

In the midst of the controversy and uproar, this team has been devising ways to turn the parastatal into a well functioning and healthy organisation with reduced reliance on the state. The strategy unveiled this week by Macozoma is a move to get Transnet back to its core business — the movement of goods, people and information — while gradually shedding it of its non-core holdings and assets.

MACOZOMA

This slots into government's overall focus on promoting greater private sector investment in the provision of infrastructure. With estimates that it will cost more than R170bn over 10 years to provide just a basic level of services to SA's population, private sector financing is imperative, and reports from the Development Bank of Southern Africa show there is significant interest — both locally and abroad.

The wholesale selling off of Transnet's existing infrastructure is unlikely to materialise, in the short term anyway. The focus is more likely to be on bringing the private sector in on a joint venture basis in the construction of new infrastructure and the concessioning out of certain functions — along the lines of current discussions taking place on the Metro Rail commuter railway services.

On more controversial issues, such as his relationship with outgoing MD Anton Moolman, Macozoma is frank. He says there has never been animosity between the two on a personal level, but Moolman has been the embodiment of Transnet since the corporation was formed, and conflict was inevitable.

"My one concern is that we should not be judged on what we did not initiate or create. There were some serious problems at Transnet before (I and the other executive directors) arrived, many of which are only coming to fruition now, and we should not be held responsible for these," he says.

Macozoma admits he would have handled the credit card issue differently, but believes that certain elements within Transnet have been using the row to further their own agendas. Along with chairman Louise Tager, he remains firm that disciplinary action will be taken against those who have abused their credit cards and have not taken advantage of the period of amnesty granted.

Macozoma's belief that Transnet's new management structure will lead the organisation to new heights is likely to be severely tested in the near future, but his appeal for it to be given a chance to prove its worth is surely a fair one.

LETTERS

Changing the face of Mpumalanga

29 ET (BR) 28/8/96 (269)

With the implementation of the Maputo Development Corridor project, Mpumalanga is set to become the largest growth node in South Africa

This is the view of Joe Magagula, the director of strategic planning and development in the office of the premier of Mpumalanga, who said that independent analysis estimated that out of a potential 100 percent future growth for South Africa, 40 percent is in Mpumalanga.

"We are hoping to realise this potential through projects like the Maputo Development Corridor. Our understanding is that the corridor will bring about economic growth in a manner that is going to promote infrastructural redevelopment and it is also underlined in the province's strategy of development," said Magagula

"Mpumalanga is extremely rich in natural resources and with proper downstreaming of products we are confident of being able to, through the promotion of industrial development and manufacturing, grow the economy, increase employment and supply housing," he added.

Magagula says since the Maputo Development Corridor investment conference in Maputo and the follow-up conference in the province, a lot of groups had positioned themselves in the region to take advantage of prospective developments related to the corridor.

"Nelspruit, White River, Komatipoort, Hazyview and Malelane are all experiencing a good flow of investment. In Secunda, the petro-chemical clusters have already been initiated and in Middelburg there is an industrial park development around the stainless steel industry.

"So some of the predictions we made in our planning process have already been realised," he said.

However, Magagula said it was important for the province's development that investment and job creation went hand in hand

"We will only have real economic growth if more of our people are earning a living, which also assists in combating crime. Job creation is one of the key elements of economic growth.

"If we achieve the necessary economic growth to support the implementation of the corridor we estimate that half of the unemployed population will be employed.

"So the Maputo Development Corridor has the potential to change the face of Mpumalanga."

Mpumalanga is set to gain major infrastructural attributes with the development of the corridor. Besides the N4 toll road linking Gauteng to Maputo, which is the project getting the most exposure, there is the upgrading of telecommunications and the creation of secondary corridors linking Tzaneen, Secunda and Steelpoort to the N4.

An airport is to be built on the outskirts of the provincial capital of Nelspruit and, within the corridor context, very near to the N4. Also, an international investor is considering building an airport in the Hazyview area.

The Mpumalanga government is planning major public infrastructural developments in the form of government offices and legislature buildings in Nelspruit which could be funded by private finance.

"Nelspruit is developing at a rapid rate in terms of property and office space and is in fact experiencing a shortage of office space at the moment," said Magagula.

"Furthermore, investors are interested in developing a container depot in Nelspruit. The depot would be developed in the east of the city, which would integrate the former black and white areas of Nelspruit with a totally new CBD," he added.

The sub-corridors to Tzaneen Steelpoort and Secunda would also be major steps towards developing Mpumalanga.

Magagula pointed out that well over a million people live in the rural axis between Nelspruit, White River and Bushbuckridge and the Tzaneen sub-corridor has the potential of helping to develop these areas.

"There is tremendous potential in the area," he said, "Hazyview is the fruit basket of Mpumalanga and the area is close to the Kruger National Park. So it already has strong tourist possibilities."

Similarly the Secunda and Steelpoort corridors would provide short export routes for industrial, mining and petro-chemical products which will provide further impetus to the Mpumalanga economy.

Another area where there are investment and growth opportunities is the hotel industry.

"Nelspruit needs hotel accommodation. It is estimated we are short of 490 beds a night. There is a thriving guesthouse industry as a result of the shortage," explains Magagula.

The Maputo Development Corridor has also been the main reason for the development of good neighbour relations between the Mpumalanga and Mozambique.

"We never expected that we would work so closely and so well together," said Magagula.

In fact, instead of competing for investment the two parties have direct communications and refer investors to each other on a daily basis.

"We even sit in on each other's planning and strategy meetings, so it is working very well," he concluded.

'Significant boost' expected for transport industry in South Africa

CT(BR) 28/8/96 (269)

The Maputo Corridor development project is expected to create a significant boost for the transport industry in South Africa.

Jan Jarlhage, the managing director of Scania SA, said that the investment of \$163 million (R733 million) earmarked for the upgrade of roads added to \$77 million annually for telecommunications and \$67 million for electricity distribution in the region would impact on the transport industry and translate into expanded fleets and the establishment of new operators in the region.

Project gives industry a once-in-a-lifetime opportunity for a gold rush

"The scope of the project is enormous, extending to a number of economic sectors including tourism, agriculture and forestry, mining, construction, finance and services," Jarlhage said.

"Considering budgets such as \$80 million for allocation of water in Mpumalanga and \$110 million for a new international airport in the region, some idea of the scale and magnitude of the project can be gauged," he said.

According to Jarlhage the transport industry can be expected to be a major winner when the project is initiated.

"Because transport plays such a central role in the economic life of South Africa, the rapid development and globalising of business in Mpumalanga and the surrounding regions will require significant support from the transport industry," he said.

"The upgrading of the port of Maputo, for example, will create a significant increase in road traffic in the region.

"There will be an enormous call on vehicles and support expertise to back the Maputo Corridor project."

He said that the Maputo Corridor project had given the industry a "once-in-a-lifetime" opportunity to take advantage of a modern "gold-rush" in the region.

Jarlhage added that Scania SA is working closely with the Scania distributor in Mozambique, Scanmo, on issues of joint concern, in a bid to increase the presence of the company in the area.

Maputo Corridor project fact file

Countries involved:
South Africa
Mozambique
Swaziland
Zimbabwe
Botswana

Costs:
Total approximate worth: \$6 billion (R27 billion);
Cost of road upgrade: \$180 million;
Cost of port upgrade: \$170 million;
Cost of rail upgrade: \$20 million.

Ancillary Projects:
Sub-corridors to Phalaborwa/-Tzaneen industrial areas via Hazyview and along the north coast of Mozambique towards Inhambane and Pande gas fields via Xhai Xhai.
Feeder links to Ponto do Ouro from Maputo, from Middelburg to Steelpoort mining area and from Witbank to the Secunda petro-chemical cluster.

Government Agreements:
Maritime agreement;
Road agreement regarding the transport of people;
Road agreement regarding the transport of cargo;
The upgrading of the airline agreement;
The summarising of the official co-operation agreement between the two countries.

Commercial Agreements:
Memorandum of understanding between the Mozambique ports and railways authority, CFM, and Transnet with a joint venture company to operate the rail link between Komatipoort and Maputo.
Agreement between Pentow Marine and Emodraga EP in order to dredge the Maputo harbour area.

Effective port management is crucia

CT (PR) 28/8/96 (269)

The successful management of the port at Maputo is crucial to the success of the Maputo Corridor Development Project, according to David Cotty, the chief executive of Mozambique International Port Services, SARL (MIPS).

Aggressive privatisation of Maputo port and international expertise in managing the container terminal will increase the port's throughput apace with an estimated 15-20 percent annual growth in traffic along the Maputo Corridor Development.

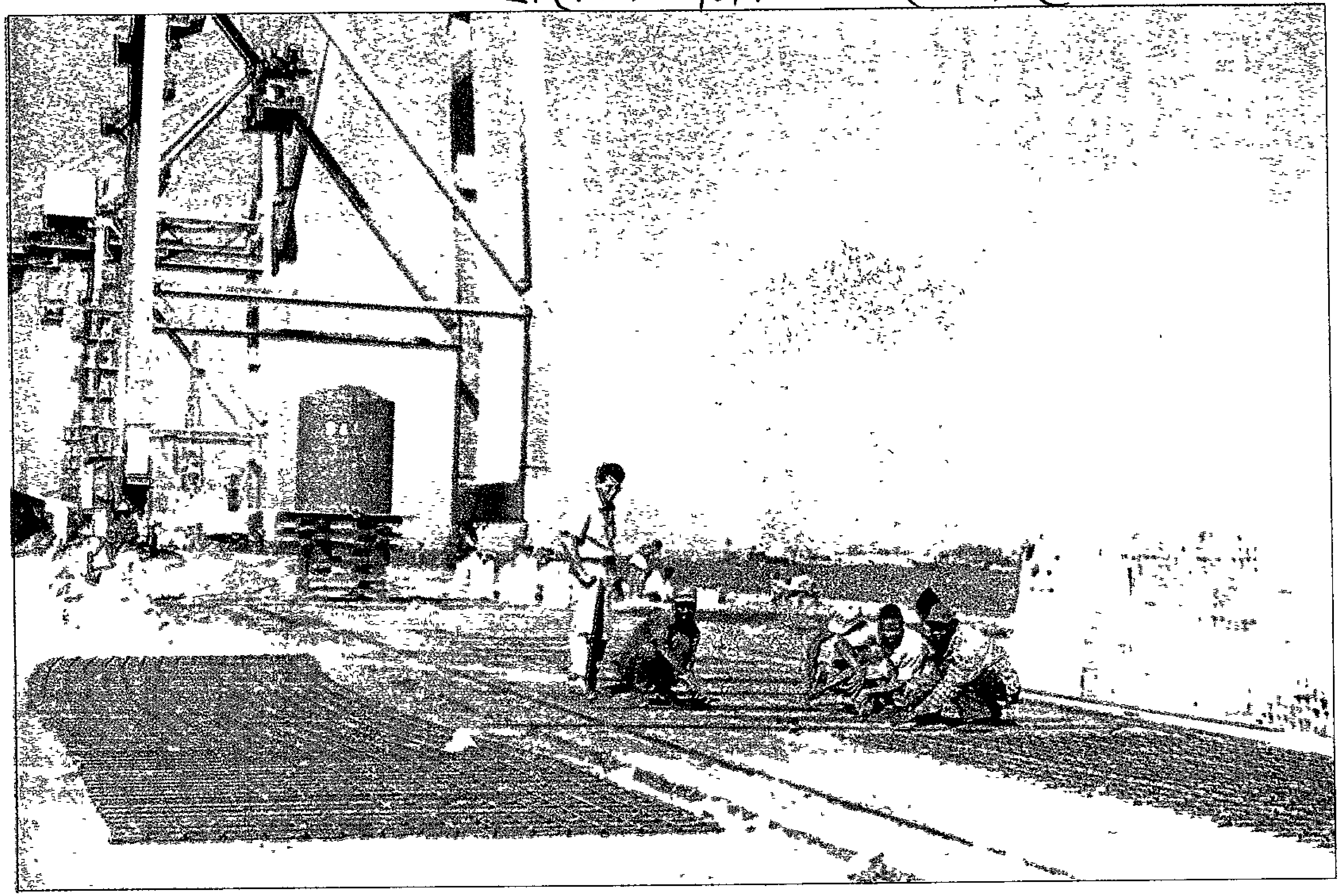
A $7,4 million (R33 million) project is under way to upgrade the port and expand container facilities. The aim is to increase throughput from 25 000 containers to 100 000 containers within three years Mozambique's port and transport infrastructure has been crippled by civil war which has led to a decrease in cargo volumes of about 90 percent since the early 1970s.

In 1994, the Mozambique Ports and Railways Authority, CFM, called for international tenders for the management of the Maputo container terminal, with the aim of restoring traffic volumes as well as the confidence of importers and exporters.

P&O Ports and Rennies Group of South Africa were shortlisted and invited to form a joint venture with CFM. A local company, SARL, was formed and registered in 1996.

On March 9 MIPS entered into a 10-year lease agreement for the Maputo container terminal

P&O Ports were awarded the management contract for the terminal, making thus the eighth international terminal under their control.



UPGRADING UNDER WAY *The aim of the project is to increase Maputo's throughput from 25 000 containers to 100 000 containers within 3 years*

The focus of the P&O Ports management team for the Maputo port has been to rehabilitate the terminal and the mobile equipment, and to increase security and productivity

"Good progress has been made over the past five months: the terminal is now completely fenced with 24-hour patrols providing extra security," Cotty said

"Major civil repairs to the wharf will be completed over the next few weeks and total refurbishment of the two container cranes will be completed in the second quarter of 1997 Productivity on ship operations has already increased by 44 percent," Cotty said

He added that the P&O Ports management was committed to providing the most competitive and customer-orientated container terminal in southern Africa

P&O is rapidly increasing its profile in the southern African market In 1991, P&O Containers acquired Ellerman & Bucknall (E&B), a ship's agent company formed in Cape Town over 100 years ago E&B acts as agents for P&O Containers as well as for the major Japanese shipping line, Mitsui OSK, two of the world's largest container shipping lines Through its principals, E&B serves both the northsouth and eastwest trade routes to and from southern Africa

John Turner, chairman of E&B, said that there is great potential for Maputo for transit export and import cargoes into Mozambique, southern Zimbabwe and, most importantly, Gauteng.

"All shipping lines must be pleased to see the introduction of commercially-driven competition in the ports industry in the region," Turner said.

"As an integral part of the Maputo Corridor Development and the economy of Mozambique, MIPS will offer businesses in Gauteng, Mpumalanga, Swaziland and Zimbabwe the opportunity to have 'real choice' for the movement of their freight," Cotty concluded.

Jobs, infrastructure and trade along the corridor of promise

The Maputo Development Corridor is set to re-establish the Gauteng-Maputo transport axis as the obvious and favoured route to an export harbour for the industrial heart of South Africa

CT (PM) 28/8/96

(269)

The Maputo Corridor Development is set to boost trade between Gauteng and Maputo as well as tourism employment opportunities and infrastructural development in the regions

During the 1970s South African tourists flocked to Mozambique, the count went up as far as 300 000 people a year. Trade and economic relations between the two countries were good and the Mozambican port accounted for up to 40 percent of the exports leaving Gauteng.

The Gauteng-Maputo axis is a logical and proven transport route, the performance of which was hindered by the politics of apartheid and the war which ravaged Mozambique during the 1980s.

During that time trade and tourism figures plummeted to such an extent that the total figure for South African exports via Maputo is now only 5 percent of what it was and tourism figures for 1995 were 11 percent of their 1970s heyday.

The South African and Mozambican governments have been working closely to examine the mutual benefits of the redevelopment of this axis and to integrate this into a broader development programme.

Specifically, the governments have focused on analysing socio-economic conditions, appraising development potentials, identifying key infrastructural needs, and clarifying vision and key goals

Results to date have already shown that investment in specific transport infrastructure will re-establish the strong flow of goods, services and people that characterised the axis in the 1970s; effect considerable savings for government and the private sector through improved access (and thereby contribute to improved competitiveness); provide an important example for the process of regional economic integration; and significantly enhance the underlying conditions for economic growth and development along the entire length of the corridor. This would present a range of new opportunities for investment by the public and private sectors in all dimensions of development

Current and planned investments in mining, agriculture, tourism and manufacturing on the South African side of the corridor are set to top R20 billion across a wide range of projects from small manufacturing to huge infrastructural projects like an airport and a toll road Investments with an estimated value of about R5 billion are planned on the Maputo side.

ON THE MOVE *Mac Maharaj, the Minister of Transport, expects private enterprise, not governments, to be the guiding light of the corridor*

At the Maputo Development Corridor Investors' Conference in Maputo last May, President Nelson Mandela said feasibility studies carried out by the private sector foresaw huge projects in both South Africa and Mozambique

"They would enormously enlarge our region's capacity to add value to its abundant mineral and energy resources, to boost exports and create jobs," he said. The whole development project is expected to create 100 000 jobs.

Earlier this month the Department of Trade and Industry said it had identified projects worth $5 billion associated with the Maputo development Corridor.

Alec Irwin, the Minister of Trade and Industry, said his department had earmarked 135 projects with the investment potential of $5 billion in Mozambique, South Africa and Zimbabwe that could begin in five to six years.

He said the aid component was only likely to be $150 million of the $5 billion investment bill Aid was mainly directed at the upgrading of Maputo's port facilities.

The extent of private and public sector commitment to the project heralded a new era of cross-border co-operation in trade and investment in the region after years of dependency on foreign aid, Erwin said.

The regional governments are due to establish a Maputo Development Corridor promotion company. Mozambique, South Africa, Zimbabwe, Swaziland and Botswana have already signed a protocol providing for the establishment of this company

Meanwhile Mac Maharaj, the Minister of Transport, said he expects private enterprise, not governments, to be the guiding light of the corridor.

Maharaj said the success of the corridor investors conference shows that the lesson is to be guided by the private sector in public investment decisions

Maharaj listed agriculture, forestry, fishing, mining, manufacturing, tourism and infrastructure as the key sectors of investment opportunities in the Maputo Corridor project.

Project details recently released include:

☐ Upgrading the telecommunications system by way of a digital microwave system to increase trunk carrying capacity between South Africa and Mozambique Additional plans to establish a cellular network are also under consideration;

☐ Essential transport infrastructure projects (which have entered various stages of tendering) such as the US $180 million toll road (which would rehabilitate 380km of existing road between Witbank and Maputo and build about 50km of new road in Mozambique), $170 million on upgrading the port and $20 million on upgrading the 90km rail link between Maputo and Ressano Garcia on the South African border; and

☐ Private-sector projects such as the $700 million Pande gas pipeline project; $250 million for surveying the development potential of building material resources in Maputo province, the $300 million Red River ilmenite/magnetite and vanadium project near Tzaneen; Iscor's $300 million heavy minerals project adjoining Red River; estimated investments of $1,45 billion for the development of petro-chemical and stainless-steel clusters at Secunda and Middelburg, $37 million on agro-industrial projects in Mpumalanga; and investment opportunities in the Mozambican fishing, forestry and tourism sectors (hotel developments valued at $10 million are being planned for Maputo)

Other investment projects already disclosed include Alusaf's $1 billion Maputo-based aluminium plant; a multibillion dollar hydro-electric dam on the Zambezi; a R3 billion fertiliser plant, Gencor's plans to develop heavy mineral sand deposits on the Mozambican coastline; Sappi's proposed forestry project and a costly, US-funded ecotourism project on Maputo's south coast.

COMPAN

US authority calls for modifications following crashes

SAA revamp could cost millions

CT (BR) 28/8/96 (269)

By Jonathan Rosenthal

Johannesburg — South African Airways, which is struggling against falling passenger numbers and tightening margins, could be faced with unexpected costs amounting to millions of rands to modify its fleet of 13 Boeing 737 aircraft.

The upgrades would be in line with proposed directives by the US Federal Aviation Authority, released last week, which called for modifications to the flight control systems of Boeing 737 aircraft after design reviews following two unexplained crashes in the US by 737's.

Theuns Kruger, an executive manager of SAA, said many of the proposed modifications were "minor" and "no accident in the last 28 years has been attributed to the flight controls"

Although US officials have said the modifications could cost between $5 million and $10 million a plane, Kruger said he doubted the costs to SAA would be anything near that figure

It was not clear which modifications would affect SAA's aircraft.

Boeing and SAA officials said yesterday that the modifications had not been linked to the crashes and were proposed to enhance the safety of the aircraft None of the proposed directives, which include modifications to the planes' yaw dampers, hydraulic systems and increased inspection and testing requirements, are mandatory

Operators and manufacturers have 60 days to comment on the proposals before they come into effect

Many of the proposals cover modifications already proposed by Boeing more than 10 years ago, some of which had already been implemented by SAA.

Kruger said there were no "fixed rules" as to whether Boeing or SAA would be liable for the costs of the modifications.

If a modification was mandated for safety reasons, then Boeing might pay part of the cost or provide free modification kits. SAA's fleet, built in 1982, is "relatively new", he said

Many of the earlier design modifications had already been incorporated into production models by the time SAA's aircraft were built

Meanwhile, SAA said it was also "maintaining the option" of leasing out one of its freighter aircraft, but said that its freight cargo business had grown by 10 to 15 percent this year and yields on cargo were still "acceptable"

Leon Els, an SAA spokesman, said that no decision had been taken on leasing an Airbus A300 freighter aircraft to another operator, but said this option would be considered if there was a downturn in SAA's cargo business.

Rail fare rise explained by Maharaj

CT 29/8/96 (269)

TRANSPORT Minister **MAC MAHARAJ** (right) puts into perspective the Metro Rail fare increases that come into effect on Sunday.

THE question of increasing fares in public passenger transport in South Africa is extremely sensitive.

This is particularly so because of the high unemployment, the almost obscene inequalities which characterise our society, the inadequacy of public passenger transport and the need to provide a service which is increasingly accessible and affordable

At the same time, fare increases are inevitable, simply by virtue of inflation

Some of the reports relating to the Metro Rail fare increases which will come into effect in the Western Cape on September 1 have caused confusion.

I therefore welcome this opportunity to put the correct facts before the commuting public, because I believe the fare increases, however unavoidable they are, should be preceded by a proper communication campaign which promotes an understanding and acceptance of these increases

The fare increases will incorporate for the first time the full implementation of a zone system governing the fare structure. In the case of the Western Cape, six zones will be used to determine the cost of a ticket Six zones, based on distances, will be brought into effect.

We are introducing a regionalised approach to the fare increases where different regions could have different fares.

Instead of a large number of different prices, Metro Rail commuters in the Western Cape will now have only six prices determined by the six zones

This also means the effect of the fare increases can be more easily determined and future fare increases can be worked out more rationally.

The table on this page sets out the six zones for Cape Metro Rail and the fares which will come into force on September 1 for single, weekly and monthly tickets, affecting both first and third-class travel.

It clearly shows that the overall weighted increase will be 11,4% It will also be seen that in the case of single tickets the weighted increase will be 18,8%, in the case of weekly tickets 10% and in the case of monthly tickets 9,1%

I am deeply concerned that, in the light of certain media reports, the public in the Western Cape has been provided with completely inaccurate and misleading information which has claimed that some of the increases are as much as 98% — that is, almost doubling the fares.

This type of increase would never be entertained by the ANC-led government of national unity.

The current round of fare increases has been subjected to detailed scrutiny by the SA Rail Commuter Corporation and myself over a period of several months.

The precise increases were sanctioned by me on July 2 and I emphasised that the introduction of these fares on September 1 should be preceded by a communication campaign to promote understanding and acceptance by the public.

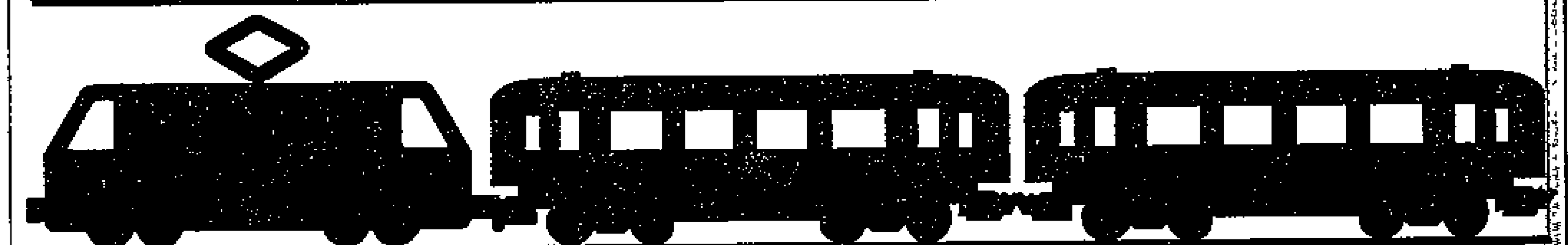
I also took early steps to ensure that the cabinet was made aware of the increases that would come into effect on September 1.

In all the affected regions — Gauteng, Durban, Port Elizabeth and East London — the communication programme has proceeded reasonably well It is only in the case of the increases affecting Cape Metro Rail that factually misleading reports have appeared.

I trust that this brief explanation and the full detailed scale of fares will be made available to the public in a way that assists them to get a clear understanding of the situation.

PROPOSED FARES FOR CAPE METRORAIL

Zone	Single Tickets		Weekly Tickets		Monthly Tickets	
	1	3	1	3	1	3
1 – 9km	2,40	1,50	20,00	6,80	74,00	26,00
10 – 14km	3,80	1,70	24,00	8,00	90,00	31,50
15 – 19km	4,00	1,80	31,00	10,00	115,00	38,50
20 – 29km	5,20	2,20	40,50	12,00	149,00	47,50
30 – 39km	6,80	3,00	53,00	14,50	196,00	57,00
40 – 49km	9,30	4,00	65,00	16,50	238,00	65,00
Weighted increase	10,9%	20,5%	6,8%	10,1%	7,2%	9,9%
Weighted increase for ticket type	18,8%		10,0%		9,1%	



GRAPHIC: MATTHYS MOSS

Tembisa victims at meeting

SD 30/8/96 (269)

Nomavenda Mathiane

THE process of compensating victims of the Tembisa station disaster began yesterday, when representatives from Metrorail, Tembisa hospital and the Tembisa Disaster Trust met victims.

Fifteen commuters died and hundreds were injured in a stampede at the Tembisa station on July 31.

Tembisa Disaster Trust spokesman Alpheus Makhadi, who chaired yesterday's meeting at the Tembisa council offices, said more than 70 names of people injured at the station were noted. These were checked against a list from Tembisa hospital.

Another meeting was scheduled for September 4, to ensure that all victims would be able to enrol their names to receive compensation.

He said that to date, the Tembisa Disaster Trust had R610 000 in its kitty from donations by companies.

This money was to be given to the victims of the disaster. It excluded families whose members died at the disaster as they were given R12 000 to cover funeral costs, Makhadi said.

He said the money would be shared according to categories.

There would be a category for victims who went to hospital and were discharged the same day; those who spent up to three days at the hospital; those who spent more than seven days; those who spent more than 14 days; those who spent up to 20 days, and lastly those who were still in hospital.

He warned that no-one without medical documentation back-up would receive any compensation.

An enquiry table with hospital staff would be in attendance at the next meeting, to facilitate the filling of particulars for those commuters who were unable to access their hospital data.

Commuters who went to private doctors could submit a certificate from the doctor, stipulating what they had been treated for.

Makhadi was confident that the money the fund had would cover all the victims, particularly as more donors were still sending money to the fund.

So far, according to calculations and the budget, there was enough to cater for all, he said.

Long-term rail reform may avert another train tragedy

(269) CT (BR) 2/9/96

By Vaughan Mostert

Johannesburg — The Moseneke committee of inquiry's report into the Tembisa tragedy will hopefully throw many public transport issues into focus South Africa's inadequate public transport situation does not evoke the same public concern as crime and unemployment, but it contributes to a low quality of life for many South Africans and undermines a fragile economy

As with most social problems, there are immediate causes as well as deeper issues In the limited time available to the Tembisa inquiry it was possible to deal only with matters like the use of electric batons, security staff's training and methods to reduce fare evasion. But unless the underlying issues are dealt with, the effectiveness of short-term measures will be compromised.

Though rail transport has tremendous potential, it has played a sub-optimal role for many years. During its history, it has been the focus of detailed technical and economic research but at no time has it been evaluated from a social point of view Rail passenger transport has never been part of an integrated land use and transport plan. As a result, the rail system is unable to exploit the synergy between transport and human activity that is so vital for successful operations.

With the exception of the Simonstown line, most rail lines in South Africa fall into two groups.

The first group is those services (pre-1940) that were originally superimposed on existing freight lines. Examples are Randfor 'ein-Springs, Cape Town-Wellington, Natal north and south coasts. These lines pass through old residential area and run-down industrial areas with limited passenger-generating potential The stations are often inconveniently sited and are unsuitable as transfer points between rail and road services

The second group of services (post-war) were introduced as a result of government decree (Soweto, Cape Flats, Mabopane, Kwa Mashu) without community participation The result is, as the Moseneke report puts it, that "the community does not view the property as its own" These lines suffer even more than the first group does from poor access and lack of interaction with traffic-generating activities

In addition, route coverage is sparse, with only 10 to 15 percent of the urban population having reasonable access to a rail station In some areas the frequency of trains is also poor.

To overcome these problems, the previous government bought passengers with artificially low fares and packed 3 000 passengers into a train, without much supervision, to achieve lower unit costs

These practices have added to the financial problems of rail transport and have contributed to incidents such as that at Tembisa.

Upgrading the stations and improving security are important, but more comprehensive steps are needed to address the deeper issues. Here are some suggestions:

☐ Place all public transport in a region under one administrative body. That concept is not new, it is part of the government's Green Paper, and needs to be introduced urgently. The Moseneke committee refers to it in recommendation 13.8.

☐ That administrative body will be responsible for co-ordinating a formal network of scheduled road and rail services, offering laid-down timetables, routes and ticketing arrangements.

☐ Speed up private sector involvement to allow new ideas to be tested. That could be done by converting heavy rail to light rail. This will have an effect on the image and user-friendliness of rail services. Light rail vehicles have a lower ratio of passengers to crew and can stop more frequently, reducing fare evasion and problems with large concentrations of passengers on stations. Another possibility would be to build busways to straddle the tracks, as is done in Essen, Germany.

☐ Stations should be repositioned nearer to highways and main activity centres to enable rail services to tap into traffic generators.

South Africa spends about R80 billion on cars every year. Any economy with that kind of money can afford to support public transport to meet the basic transport needs. South Africa's problem is not a lack of money but the lack of visionary management, an organisational framework and commitment to make public transport work. Until those aspects are addressed, public transport will continue to play a sub-optimal role.

☐ *Vaughan Mostert lectures urban transport economics at RAU*

Ramatlakane driving the transport shake-up

(269) CT 2/9/96

MAJOR CHANGES are set to take place in public and private transport in the city and province as the Transport and Public Works MEC tries to change the 'apartheid city' planning mentality. **CHRIS BATEMAN** reports.

HE has put the "engine room" of Olympic transport planning in place, will tell taxi owners this month to register within six months or face stiff penalties and is about to make all of us consider giving up using our cars in favour of public transport.

Meet Mr Leonard Ramatlakane, a former trade unionist whose job as Transport and Public Works MEC has put him in the fast lane with more back-seat drivers than he has bargained for.

Building his Olympic planning engine room got somewhat dirty when consulting engineers attached to the now-defunct Ackerman Bid Committee accused him of re-inventing the wheel, saying they had already done the work and that appointing a new committee was a waste of time

But Ramatlakane wanted more inclusivity and no complaints afterwards. So former Cape attorney-general Mr Neil Roussouw was appointed and put together a team.

Mindful of time, their recommendations were on the MEC's table within two weeks

Ramatlakane rejects accusations that this "delay" so angered Pretoria that it withdrew R470 million for Olympic planning and building work.

The fact is Pretoria did withdraw the money — because Ackerman's bid committee failed to come up with R65m private-sector funding upon which it was conditional, he says.

Now Cape Town will only get R250m, the first R10m of which arrived recently, to keep the planning on track and get something in place to convince the International Olympic Committee (IOC), who will visit later this month, that we can do it.

So far Ramatlakane's Transport Steering Committee is designing terminuses and interchanges for buses and taxis — but he admits it it is unlikely that they will meet Roussouw's recommendation that it should be in place by the time the IOC arrives.

We can only speculate on the IOC's reaction but taxis — especially the warring Codeta and Cata township associations whose 28th peace pact is still being patched up — are definitely in for a surprise.

WINDOW ON WALE STREET

Ramatlakane intends registering every one within six months and then cracking down legally, as well as amending laws which prove to be unenforceable. All permits will be route-based instead of the present "operating radius".

This will be a real test of Ramatlakane's mettle.

He'll also shortly change bus permits into contracts or interim concessions, opening up the monopoly enjoyed by Golden Arrow with a tender system and allowing a much broader spectrum of public transport.

Which brings us to his hobby-horse — breaking with the "apartheid city" planning mentality in which well-off people have virtually unlimited use of private vehicles, which pollute the air and congest the roads, but the less well-off use the inefficient public transport.

This is illustrated by the R70m spent annually by employers subsidising CBD parking for their staff (which is tax deductible) — the same amount the government spends on subsidising the metropole's bus service.

A London-style "Go As You Please" multi-use public transport ticket is also in the offing, as are enlarged and properly guarded "park and ride" parks.

"We need to change the mindset, integrate our city by putting public transport first, plan development to shorten travel times and make public transport safe."

His Green Paper talks of forming a Transit Police force before introducing measures to encourage more use of public transport.

Just saying "please" won't help, so Ramatlakane wants to triple car licence fees in three years, introduce a parking tax and force people owning cars older than three years to take an annual roadworthy test.

It will kill two birds with one stone — fund expensive transport changes and get people out of cars and into buses and trains.

On Public Works, the rationalising of hired office space — from R98m to R50m per annum — will lead to more civil servants being accommodated in all province-owned buildings. Offices are being measured according to "rank" and partitioning is the order of the day.

His "holistic" draft public works policy, which emphasises budget cuts and has created 20 000 man-days of work, harnesses small contractors and makes the granting of tenders (for roads, building construction and so on) conditional on the work being labour-intensive and not machine-based.

The Stellenbosch arterial road is the first of these with 200 certificates issued to people trained on site as bricklayers, manhole builders and road builders.

Ramatlakane is one of only two Communists in the NP-dominated Western Cape exco. His affirmative action record in his department has, however, been woeful. His top management is all white.

"I'm doing my best but there are stumbling blocks, such as committees turning down highly qualified people because they've got no 'hands-on' experience — but where were our people supposed to get this experience?" he asks.

There is a woman and one coloured male director in quantity surveying and administration respectively, and the MEC wants to make two more "merit only" representative appointments.

He advertised three times for chief directors in Public Works and Transport Affairs but couldn't find "suitable" candidates, he says.

When asked about claims that he consults himself to a standstill, he laughs. "Consultation is a Catch 22 situation — we have to get stakeholders on board and govern at the same time."

● Tomorrow: Agriculture, Planning and Tourism MEC Mr Lampie Fick.

Two short-listed for corridor deal

(269) (~~EEE~~)

Edward West

BD 5/9/96

TWO consortiums have been short-listed for a key Maputo Corridor project — a 30-year R600m-R800m contract to build and maintain a road between the Gauteng-Mpumalanga border and Maputo.

Transport department sources said one group was Tracc — made up of Hong Kong and Shanghai Bank, building group Basil Read and its French parent Bouygues, Stocks & Stocks, Investec and Thebe's Msele Investments — and the other was Via do Sol, which includes Group Five, Grinaker Construction, Keeve Steyn, BKS Engineering and Maputo-based engineering firm Profabril and is backed by Absa and Japan's Sumitomo Bank.

The consortium consisting of Murray & Roberts, LTA, Afrikon engineering consultants, Samrand, Nkobe Holdings, Mozambique-based BCI, and financial advisors Standard Corporate & Merchant Bank (SCMB) and Rand Merchant Bank failed in its bid.

However, SCMB public finance director Colin Coleman said the SCMB-sponsored SA Infrastructure Fund (SAIF), set up to raise funds for development projects, would not be affected as the short-listed consortiums had approached it for equity financing.

Transport deputy director-general Malcolm Mitchell said criteria to evaluate the bid had included toll tariff proposals, financial stability and guarantees offered, charges to road users, technical capabilities and inclusion of black businesses.

A department official said the short-listed companies had to respond to questions by the end of this month when negotiations would start.

The contract would initially involve upgrading and constructing new sections of the N4 road from Witbank to Maputo harbour, and thereafter maintenance and the operation of toll facilities for 30 years.

Mitchell said the department was working on a second major national road contract, the planned R1bn toll road over the Drakensberg on the N3 between Johannesburg and Durban.

Maharaj to push for road fund levy

BD 5/9/96

Linda Ensor (269)

CAPE TOWN — Transport Minister Mac Maharaj would submit a memorandum to the Cabinet next month on the establishment of a National Roads Agency funded by a dedicated fuel levy of 6c a litre, transport director general Ketso Gordhan said yesterday.

Briefing the joint parliamentary standing committee on public accounts, Gordhan said the proposals were a response to the severe underfunding of SA's road network. The department estimated that at least R782m a year was required to ensure that the current condition of the non-toll national road network and the current level of service were maintained. An ideal figure of R1bn a year over the next 10 years would also address current backlogs and new needs.

The department proposed that road users would have majority representation on the board of the National Roads Agency, which would be responsible for the day-to-day implementation of policy. The department would continue to be responsible for policy formulation and regulation.

Gordhan said it was "quite reckless" for a government department to continue to manage the fairly advanced commercial business of toll roads, valued at R3,5bn, as too many compromises affecting the toll road business had to be made.

The dedicated fuel levy would initially be equal to 4c a litre, rising by one cent a year over a two years, so that by the time the agency started operating in April 1998 it would be 6c. The levy would be introduced April 1 1997.

Gordhan was confident that the levy would generate sufficient funds over 10 years to deal with the crisis, considering the annual 3%-4% growth in petrol consumption. Auditor-general Henri Kluever strongly supported the proposal for a levy.

Station stampede payouts received

Sowetan 5/9/96 (269)

Claims for the 15 victims have been lodged with an insurance company

VICTIMS of the Tembisa station stampede received compensation payouts yesterday for the costs of hospitalisation – 35 days after the July 31 incident that left 15 dead and scores injured.

The payments were the first to people injured in the stampede and were processed through the Tembisa Train Disaster Coordinating Committee. They exclude insurance claims by victims and their families

Eighty-nine people who suffered injuries received payments from a trust fund set up with funds donated from businesses and other sympathetic organisations.

Before the payout about 150 people gathered in a chamber of the Tembisa Civic Centre to hear officials describe the procedure for making the payments.

There were no open displays of anger or distress.

Community Law and Counselling Centre official Sonnyboy Mmatli confirmed the payout had proceeded without any incidents

The Midrand-based non-governmental organisation has been mandated by the coordinating committee to act on behalf of victims.

Hospital expenses

The payments varied from R12 000 in the case of a woman whose husband is still in hospital, to R600 for those whose hospital expenses were considerably lower.

Three claims were deemed to be invalid and were rejected, Mmatli said

Thirty-three other victims who arrived at the centre without proper documentation would be paid out at a date still to be decided.

Claims lodged by families of the 15 people who died in the stampede are being prepared and will be lodged with an insurance company.

Mmatli declined to name the company.

Families of the deceased received counselling from CLCC officials on Tuesday and were briefed about the claim being lodged on their behalf.

Mmatli said 15 people had died in the stampede, and not 16 as reported at the time. A sixteenth death was unrelated to the incident, he said. – *Sapa.*

SA AIRWAYS (269)

CHOCKS AWAY

FM 6/9/96

At last SA Airways (SAA) is to go ahead with its R3,4bn contract for seven Boeing 777 and two Boeing 747-400 aircraft ordered last year. And the aircraft will be fitted with the Rolls-Royce engines originally specified.

The order was put on hold by newly appointed Transnet executive director Zukile Nomwete shortly after his appointment in March. He was reportedly dissatisfied with the choice of engine, and wanted to renegotiate the contract.

He also claimed SAA could not afford the aircraft. It lost an estimated R100m in the first quarter of its financial year, April to June. But industry pundits say part of this was probably due to the R60m paid to Boeing as progress payments.

Nomwete's actions cost SAA its place in Boeing's manufacturing queue. Industry sources in Seattle say it is now too costly for the airline to cancel the contract. It has already made two progress payments of over R60m which will be lost.

A source at Rolls-Royce in Derby, England, confirms Rolls-Royce engines "are the preferred choice," and says the business is back on track. However, SAA CE Mike Myburgh refuses to talk. Nomwete was not available for comment, nor was Boeing's sales director for Africa Tom van der Hoven.

Affordability, analysts say, should not be the issue. SAA's combined losses for its first four financial years in this decade, which ended on March 31 1994 amounted to R254m.

In financial 1995 — when it lost R80m in its first quarter — the airline made a profit of R217m. Its profits for financial 1996, which have not yet been announced officially, amount to R340m.

But if it is cash strapped, one option will be to lease the aircraft directly from Boeing. That will entitle it to buy spares at user prices.

The alternative, which it should certainly not envisage, will be to lease its aircraft from a third party. That will entitle the third party to buy the spares SAA needs from Boeing at user prices, and sell them to SAA at a profit.

There is another option. A strategic partner could be found for the airline, and whatever it pays for its shares can be used to buy the new aircraft. There has been much talk of finding a strategic partner for SAA. The unions have objected to the concept, but if SAA's holding company Transnet wants to pursue that path, it will have to commission someone to determine SAA's value.

SAA cannot afford to wait for the fleet additions any longer. Without them it will not be able to compete with large international airlines trying to wrest market share from it on several routes.

Its Boeing 747-200s are more than 20 years old. They aren't as fuel efficient as the 747-400s its competitors are using, and cost more to maintain. The two 747-SPs it is still operating are even older, cost more to maintain, and accommodate only 300 passengers, as against 400 in the other 747 versions, which means they produce less revenue per flight.

The Boeing 777s on order also take about 300 passengers, depending on the configuration chosen, but will be much more profitable. They use modern technology and cost substantially less to operate and maintain. ■

Welsh parliamentary undersecretary of state Wales Gwilym Jones, left, with Transport Minister Mac Maharaj at a lunch yesterday organised by the SA-British Trade Association. Pictures: ROBERT BOTHA

BD 10/9/96 (269)

Govt white paper on transport nears finality

Bonile Ngqiyaza

GOVERNMENT's white paper on transport policy was likely to be finalised within weeks, Transport Minister Mac Maharaj said yesterday.

At a lunch organised by the SA British Trade Association (Sabrita) in Johannesburg, he said government had made transport one of five priority areas. A cost effective, efficient transport system between SA and the rest of the southern African region could substantially lower the cost of trade.

Currently, transport and communication in the region made up 6% of GDP. In developed economies the share was "typically about 6% to 8%" as the two services tended to grow in importance with an increasing level of development, but warned against expenditure in excess of the financial capacity of some states in the region.

Sapa reports that Maharaj told the Sabrita members that the Maputo development corridor would allow the SA and Mozambican governments to forge further partnerships with the private sector in the development of infrastructure.

Transport minister wants to create 'lean machine'

(269) Star 11/9/96

'A strong department will play a leading role in transport policy'

By Jovial Rantao
Political Correspondent

Transport Minister Mac Maharaj has embarked on a programme to transform his department into a "lean machine" – substantially reducing the department's 1 400 staff complement – by removing from his department some bureaucratic functions.

In an address to the South Africa-Britain Trade Association (Sabrita) this week, Maharaj announced in Johannesburg that he planned to change his department from, among other things, "running buses", approving subsidies, bureaucratic regulations and administering roads boards to an institution which would deal more with strategic planning and other policy issues.

Maharaj has proposed the establishment of a road agency, which would operate autonomously, an air safety council and a shipping safety council to regulate the different industries.

He has also suggested that the function of handling transport subsidies should be devolved to provincial governments.

Maharaj said all the stakeholders, in particular trade unions, were party to his paradigm shift although a number of rough spots still had to be smoothed out.

He said the costs of trade in the southern African region could be substantially lowered through the lowering of transport costs in South Africa and the region.

The Transport Ministry intended to create a fully integrated transport and information system which would permit seamless, efficient and transparent passenger and freight logistics in South Africa, regionally and globally, Maharaj added.

"A strong, focussed, professional Department of Transport will play a leading role in co-ordinating transport policy and developing and implementing strategies, he said."

It was important for policies for the transport sector to be congruent with those for national economic development, he added.

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Fare dodgers shunt railways to R835-m loss

Runaway deals probed

(264) ARG 12/9/96

WILLIAM-MERVIN GUMEDE
STAFF REPORTER

Fare evasion and lack of control over the hiring of consultants and contractors by the South African Rail Commuter Corporation contributed to its R835-million loss last year.

Managing director Wynand Burger told the parliamentary joint standing committee on public accounts yesterday that an investigation by the corporation's internal audit department showed there was often insufficient control over consultants and contractors.

The audit also revealed that in most cases there was not enough control over tenders and contracts granted by the corporation. He said the matter had been referred to the police, who had referred it to the Office for Serious Economic Offences for further investigation.

The report of an advocate dealing with the case was to be presented to the attorney-general, but the advocate had since resigned from the office. The corporation was also losing about R170-million a year to passengers travelling on trains without paying, Mr Burger said.

It was unlikely the amount would be recovered, as most of those travelling free represented "the poorest of the poor" and were unable to pay. He estimated about 30 percent of rail commuters did not pay.

Mr Burger outlined the steps the corporation had taken to cut down on the problem, particularly during peak hours.

He said turnstiles had been installed on the first- and third-class concourses at Cape Town station and a closed circuit television system was being developed and would be commissioned in December.

Mr Burger said the turnstile system had been installed at three stations in other parts of the country. Turnstiles for three stations in KwaZulu Natal would be installed later this year.

He said the corporation would upgrade about 60 stations at a cost of between R5-million and R6-million each. Access control was being improved to avoid the kind of incident that occurred recently at Tembisa station on the East Rand, where 16 people died when guards tried to control a crowd by using electric batons.

Transnet and the corporation were considering granting "concessions" to the private sector to run certain rail services.

Approval for Transnet's new role

BD 12/9/96 (269)

Robyn Chalmers

TRANSNET's proposed new strategy of becoming a transport operator and shedding its role as an infrastructure owner has been welcomed by its top 1 000 managers.

Transnet MD Saki Macozoma presented the proposals in the form of a draft strategic direction document to top management at a workshop this week, calling on employees to voice their opinions and make contributions.

The new strategy would promote greater private sector involvement in the provision of infrastructure while reducing the cost of transport to the economy and the parastatal's reliance on the state.

Transnet group corporate communications acting GM Vic de Vries said there had been a positive response from those attending the workshop, including trade union representatives.

De Vries said there had been criticism of elements of the strategy which had generated valuable input while establishing a communication platform for mutual understanding in Transnet.

"Transnet's management will play an integral role in the parastatal's mission and vision for the first time in many cases, which has been sorely needed," he said.

De Vries said proposals emerging from the workshop were being incorporated into a final working draft of the document and should be presented to management in one month. He said government was being kept appraised of the developments.

Macozoma said corporate objectives reflected a strong commercial focus on containing costs, boosting profitability and productivity improvements as well as promoting development through the creation of opportunities.

"There is a shift in direction from being primarily an infrastructure provider to being a transport operator. Infrastructure and other development initiatives will be aligned with, and will contribute to, national plans and policies," he said.

Fares evasion costs SARCC R170-m yearly

(R69) Sowetan 12/9/96

Worries about 'open' stations where people get off to avoid paying

By Waghied Misbach

The evasion of fares on South African Rail Commuter Corporation (SARCC) trains is costing the company about R170 million a year.

This has prompted the company to "close off" a number of its major stations nationwide using turnstiles and closed circuit television.

At a briefing to the Joint Standing Committee on Finance in Parliament yesterday, the SARCC managing director, Dr Wynand Burger, said that the losses amount to 30 percent of the company's yearly fare income

Burger said the SARCC had inherited an "open" station system, where people could get off at smaller stations on a major route to avoid payment

Closing off

The process of "closing" off the stations has already started in Pretoria, Cape Town, Johannesburg and some parts of KwaZulu-Natal where the corporation has identified major "corridors" on routes

The upgrading of each station is expected to cost in the region of R5 to R6 million

The SARCC has already spent a total of R300 million on station upgrades over the past four years, Burger said

The corporation plans to revamp about 60 of its 450 stations country-wide to solve the evasion problem

It is projected that the upgrading of the 60 stations would reduce fare evasion by 80 percent

However, said Burger, the millions of rands lost in fares did not prevent the company from increasing its annual turnover by 17 percent on the last year's figure

Meanwhile, the corporation has prepared a discussion document on possible privatisation of part of its major lines in an effort to increase efficiency and provide a better rail service.

The document is expected to be released on Monday.

The corporation said it was in the process of consulting with all the relevant stakeholders, including Transnet and its subsidiary Spoornet, the Department of Transport, commuters and trade unions.

Burger said the issue of service was crucial

Although SARCC's subsidiary Metro Rail was efficient with its trains running on time, there has only been one incident that resulted in fatality on Metro Rails' trains in the last six years, the general service and cleanliness at stations were still poor.

Gado Manyambane...**SARCC says it is losing millions of rands daily due to fare evasions.**

Transnet has still to get up to full steam

Robyn Chalmers (269) BD 16/9/96

TRANSNET is unlikely to meet its budgeted profit growth for the year ended March, but should post a slight improvement in net profit from R118m for last year, analysts said at the weekend.

A number of loss-making businesses, along with hefty payments on Transnet's pension fund deficit were expected to lead to a lower than expected net profit when Transnet releases its annual report next Monday.

During the year ended March 1995, Transnet posted operating profit of R3bn (R2,8bn) on turnover of R16,2bn (R14bn). It was expected to post a solid improvement in turnover, but any increase in bottom line earnings would probably be below inflation.

Transnet MD Saki Macozoma said last week that Transnet's profits were being seriously affected by the pension fund deficit which stood at R4,2bn on March 31, last year.

The fund's initial deficit of R17,2bn was reduced to just below R6,8bn through the issue of Transnet debentures, but the annual finance on these debentures represented the major portion of a R1,9bn annual cash commitment.

Analysts said commercial companies operating in the transport sector were generally unimpressed with the performance.

One analyst said there was a perception Transnet had been "uncommercially managed", and a lack of clarity on how the new management would perform.

Negotiations on Maputo toll road tenders continue

BD 17/9/96 (269)

Stephen Laufer

THE national transport department was negotiating final best offers with two of the three consortiums bidding to build and operate the toll road at the heart of the Maputo-Mpumalanga Corridor, department sources said yesterday.

The negotiations had been less time consuming than expected because similarities in the bids had made it possible to get to key issues quickly. Final bids would be submitted early next month and the department hoped to announce the winner later in October. Construction would begin in January.

The consortiums bidding on the toll road are the N4 group including Murray & Roberts, Africon, Standard Corporate Merchant Bank, and Rand Merchant Bank; Trans Africa Concessions, which includes Basil Read Construction, Stocks and Stocks, Investec and Bouygues; and the Via do Sol group including Grinaker, Group Five Construction, Absa, and Sumitomo Bank.

Key issues under negotiation were the toll tariffs and the regulatory framework whereby government would ensure it had a say on road maintenance levels and other technical issues.

The countries' transport ministers, Mac Maharaj and Paulo Muxanga, meet in Maputo on September 29 to drive the process forward.

Railway concessions in offing

BD 17/9/96 (269)

Robyn Chalmers

THE concessions for SA's commuter rail services could be tested with a pilot project next year, depending on response to a discussion document tabled yesterday by Transport Minister Mac Maharaj.

Government has proposed that commuter services undertaken by Transnet's Metro Rail should be allocated on the basis of concessions with a strong focus on the private sector.

The proposals come in the wake of the need to restructure the state-owned SA Rail Commuter Corporation.

They are also outlined in the national transport policy white paper which will go before Cabinet this week.

Maharaj said the corporation held a mere 25% of the commuter transport market and needed around R1,4bn a year — via a deficit subsidy from the state — to provide its services.

The proposals centre on authorities allocating concessions for operations and maintenance.

The corporation will continue to own the commuter rail infrastructure, rolling stock and land associated with rail reserves, until provincial or metropolitan authorities can take over this responsibility.

Maharaj said government would continue to set policy for the provision of services.

Commuter transport director Danie Ackerman said the corporation's initial reaction to the document was positive and talks were being held with trade unions.

Plan to double train security guards

ARG 18/9/96 (269)

CLIVE SAWYER
Political Correspondent

Metrorail is considering doubling its security guards to 456, at an additional cost of R4,3 million a year, to boost the campaign against crime on trains.

Since the deployment of additional security guards in Cape Town in April, there have been 59 arrests for serious offences, 313 for less serious offences and more than 3 000 warnings for minor ones.

This was disclosed in the Senate yesterday by Mac Maharaj, the Minister of Transport, in reply to questions by Gert Koornhof of the National Party.

Mr Maharaj said that between last April and this March, 28 people had died countrywide in violence on commuter trains, and 724 had been injured.

Various safety initiatives by the Rail Commuter Corporation included a strategic plan, compiled with the police.

Joint police-Metrorail operational centres had been set up in Cape Town, Durban, Pretoria and for the Gauteng region. Portable walk-through metal detectors had been supplied to all regions.

"This has a high deterrent value as many successes have been reported in the dumping of hidden weapons before entering stations or trains," Mr Maharaj said.

Special windows, protective domes over windows, and doors locks were being used to prevent passengers being flung out of trains.

Fast lane for commuters

Cabinet OKs masterplan for cheap travel

(269) ARG 19/9/96

TYRONE SEALE
POLITICAL STAFF

The Cabinet has put South Africa in the fast lane with plans for a national transport system designed to speed up commuting and accelerate economic growth.

Not only will commuters get to and from work faster, they will do so more cheaply.

The White Paper on national transport policy was approved by the Cabinet yesterday, giving government, statutory and private institutions a framework within which to develop transport strategies that will ensure domestic efficiency and international competitiveness.

Legislation giving effect to these changes will go before Parliament from the beginning of next year.

Transport minister Mac Maharaj said the Government had recognised transport as one of its five main priority areas for socio-economic development, and it was currently inadequate to meet basic needs – such as access to work, health care, schools and shops – in many developing areas.

Small-scale and subsistence farmers in many rural areas also found it difficult to transport goods to and from markets.

The White Paper says transport services must be affordable and public participation in decision-making on important transport issues has to be encouraged.

Key customer groups will be identified and assessments made of their individual needs and how these can best be met. These will include the users of passenger transport services, the poor, and the disabled.

On passenger transport, the White Paper envisages systems that will encourage more efficient urban land use in relation to transport networks, and reduce commuting to a limit of about 40km, or one hour, in each direction.

Another aim is to promote the use of public transport over private vehicles, with the goal of an 80:20 ratio.

The White Paper suggests promotion of development that will ensure rural workers are housed close to work and services.

The Department of Transport is anticipating that walking distances to transport will be reduced to less than a kilometre in urban areas. It wants to ensure commuters will spend less than 10 percent of disposable income on transport.

Regulated competition will mean the

To page 3

Cabinet OKs plan for cheap and fast travel

From page 1

formalisation of the minibus taxi industry, and ensuring its viability.

Minibus taxi operators could form co-operatives or companies and the number of permits granted on routes or networks would be determined by demand estimated in terms of provincial transport plans.

Such taxi businesses will be able to compete for contracts awarded by transport authorities. This will also apply to bus operations, provided they have no unfair access to capital and are liable for taxation.

As far as rail passenger transport is concerned, the national transport authority will own the commuter rail infrastructure, rolling stock and land associated with rail reserves, until these can be taken over by provincial or metropolitan authorities.

The current system of compensating the Rail Commuter Corporation for its losses will be replaced with a concession system that is expected to ensure more efficient and effective use of funds.

Doing this on a competitive basis, whether in the public or private sector, will help cut fare evasion and improve services, because the money will be made or lost by the operator, the White Paper says.

On road traffic and safety, the document envisages highly trained enforcement teams and traffic control systems, run along the lines of community police forums, in disadvantaged communities; and the decriminalisation of the bulk of traffic offences.

(269) ST(BT) 22/9/96

Maharaj's transport plan gets green light

MAC MAHARAJ ... firmly in the driving seat

WHITE PAPER

By RAY HARTLEY

CABINET has approved Transport Minister Mac Maharaj's White Paper, ushering in what he has described as a fundamental shift in transport policy towards private sector partnerships.

Announcing the Cabinet decision this week, Maharaj went out of his way to emphasise that his policy was in line with the government's overall economic direction It was internally consistent and interwoven with RDP goals.

But he went on to say that the government was actively "seeking partnerships" in future infrastructure projects. "There's no money to throw around in this country and perhaps that's a good thing."

To this end, Metro Rail — a subsidiary of Transnet — was being "ring-fenced" with an eye to partial privatisation.

The White Paper outlines a future of "regulated competition" for passenger transport services.

The national transport authority will own the commuter rail infrastructure, rolling stock and land until these could be taken over by the provinces or metropolitan authorities. Operating and maintenance concessions will be awarded to private bidders.

"Where public transport can be rendered as profitable commercial services, on-the-road competition will be encouraged with competition being regulated through the issue of permissions based on capacity management," the White Paper says.

Maharaj said it would be impossible to abolish passenger transport subsidies within less than 10 to 15 years, but said there would be no direct subsidisation of minibus taxis.

The White Paper stresses the role of diesel as the fuel of commercial travel and says a reduction in the price could boost competitiveness and economic growth.

Minibus taxis will become an integral part of the planned transport network and eligible for tenders, but will be regulated and licensed.

Maharaj said taxi operators would, in turn, be offered assistance in the form of training and taxi co-operatives could be offered up to 36 petrol station licences around the country as an additional source of income.

Maharaj said attention would be given to increasing government investment in overall infrastructure. Four models were outlined:

- Public ownership and operation by the state;
- Public ownership and operation by a state enterprise or agency such as the Airports Company;
- Private ownership and private operation for "forms of infrastructure where completely free market forces dictate levels of service and investment"; and
- Joint ventures between the public and private sectors.

The document says the government will continue to deregulate land freight transport within strict safety and quality parameters.

Transport sector restructuring agreement close

Tim Cohen

(269) BD 23/9/96

CAPE TOWN — The transport department and unions are close to agreement on six priority institutions in the transport sector in which "restructuring" would begin this year, indicating an increase in the urgency of negotiations.

Sources close to the negotiations say the six institutions include some that are well-known restructuring candidates. Sun Air and the Airports Company are included on the list.

But industry expectations are that the list also includes SAA, which transport department officials fear might lose out on major changes that are taking place in the aviation industry if negotiations on its restructuring are not initiated soon.

SAA, which has been operating at a profit for a number of years, plunged into the red this year as a result of currency fluctuations, fiercer competition and increased deregulation.

Although the list includes the outright privatisation of Sun Air, following an agreement between the company and its employees, outright privatisation is not immediately foreseen for the other candidates.

The transport department is adopting a step-by-step policy as regards many of the candidates, preferring to experiment before launching on wholescale restructuring.

One such candidate is Metro Rail, which may experiment with the idea of concessioning some commuter rail lines, in terms of which the right to run and profit from a particular route will be sold.

Transnet has already expressed its preference to limit its involvement with commuter rail transport, which forms a small part of its rail business which is dominated by bulk rail cartage.

Other candidates include Autonet, Transnet's road carrier and the sale of bus routes operated by a combination of government and private contractors.

The involvement of a strategic equity partner is the most likely route with the Airports Company, which manages SA's major airports. The company operates at a profit and transport department officials see negotiations on the inclusion of a strategic equity partner as the most likely to result in win-win scenario for workers, the company and government.

Reneé Grawitzky reports that the SA Railway and Harbour Workers' Union said that discussion around potential strategic equity partners would have to be discussed within a certain context. The union in principle, would not like to see the dismantlement of Transnet as a whole, which was still open to discussion.

TRANSPORT Pension and medical contributions for pensioners take their toll, says Macozoma

Transnet falls deep into the red

(269) CT 26/9/96 (BR)

THABO LESHILO

Johannesburg — Transnet, the transport parastatal, moved R253 million into the red in the year to March 31 from a profit of R118 million last year.

The group posted an after-tax profit of R1,14 billion before expenses incurred on behalf of the government were taken into account. Saki Macozoma, Transnet's managing director, said yesterday that the taxed profit of R1,14 billion, compared with the previous year's R1,5 billion, was eaten up by contributions for pensioners to the pension and medical aid funds of R1,39 billion, resulting in a net loss of R253 million.

He said the company had also been hit by a higher wage bill, higher aircraft landing and fuel costs for SAA as well as a weaker rand and general maintenance costs.

Macozoma said the actuarial assessed deficit on the pension fund had been reduced to R3,2 billion at the end of March, from R4,2 billion the previous year, making it 90 percent fully funded, from 64,2 percent last year.

Macozoma said discussions had been held with the government about new measures to eliminate the deficit in the pension fund because of the negative effect it had on the value of Transnet, whose restructuring or privatisation was being discussed with the labour movement. He said the process would be speeded up next year.

The measures suggested by Transnet management to the government to eliminate the pension fund deficit include employees switching to a provident fund from the present pension fund. A finance ministry task team will release a report on the discussions later in the year.

PX, the container shipment and consignment unit, was the only division to report a loss, posting a net loss after finance costs of R433 million, from R297 million previously. Revenue fell to R524 million from R557 million.

But Macozoma insisted that the company was still viable, saying it would be restructured and repositioned to return it to profitability. A new strategy should see PX break even by the end of the next financial year, he said.

STILL VIABLE *Louise Tager, the chairman of Transnet, whispers in Saki Macozoma's ear*

PHOTO JOHN WOODROOF

Transnet businesses

Net profit/(loss) after finance cost

R millions	1996	1995	1994
Spoornet	98	734	576
Portnet	1 397	1 111	766
SAA	324	217	(23)
Petronet	180	144	149
Autonet	23	20	17
PX	(433)	(297)	(344)

Source: Transnet annual report

Spoornet, the rail division, suffered a major drop in net profit after finance costs to R98 million, from R734 million. SAA increased its net profit to R324 million from R217 million. But the airline is expected to show a loss in this financial year because of higher fuel costs, the weaker rand and falling passenger volumes.

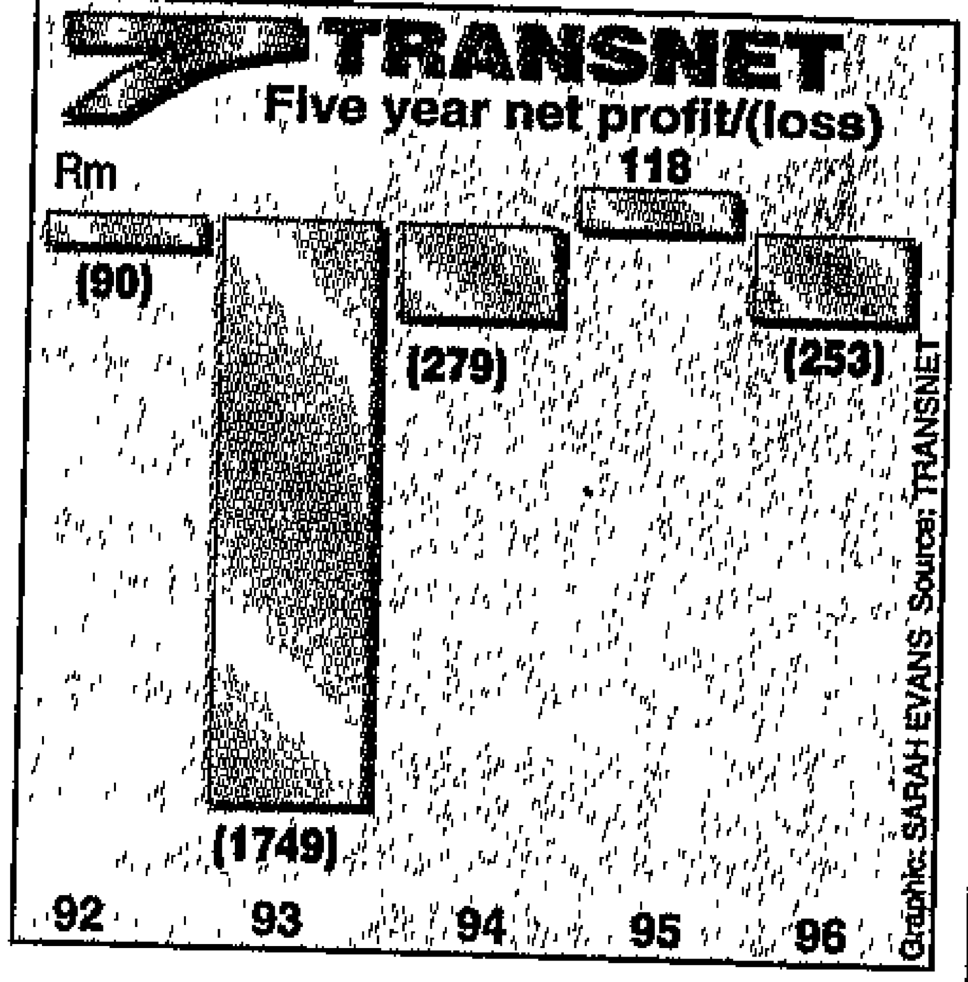
Portnet's profit rose to R1,39 billion from R1,1 billion; Petronet, which operates the liquid petroleum pipeline network, increased its profit to R180 million from R144 million and Autonet, the road passenger and cargo unit, raised its net profit to R23 million from R20 million.

☐ See PX losses, Page 21; and Business Watch, Page 23

Transnet plunges into R253m loss

BD 26/9/96 (269)

Robyn Chalmers



PENSION fund payments and rising operating costs — a hefty salary bill in particular — plunged Transnet into a loss of R253m (R118m profit) for the year ended March.

The parastatal warned yesterday that if the pension fund burden was not addressed soon it would affect its ability to provide transport infrastructure for future economic growth. Total additional contributions amounted to R1,98bn (R1,9bn) during the period under review.

Turnover rose 17% to R17,9bn but operating profit fell 11% to R2,9bn. Net finance costs amounted to R1,1bn (R1bn), leaving net profit after finance costs 7% lower at R1,8bn.

MD Saki Macozoma said operating costs exceeded budget because of higher fuel costs and the weaker rand, coupled with an increase in general maintenance costs. Employee numbers dipped to 113 634 from 115 430 during the review period, but higher than anticipated wage and allowance increases negotiated with unions led to an increased labour bill. In addition, managerial and technical consulting fees paid outside the group swallowed R182m (R102m), while auditors' remuneration rose to R24m from R23m.

However, Macozoma was confident Transnet would return to profitability in the current year, and executive director Gloria Serobe said the first five months were showing positive results.

Most of Transnet's business units reported improved profits after finance costs, with the unexpected exceptions of Spoornet, which posted a drop in profit to R98m (R734m), and PX, where losses deepened to R433m (R297m loss). Macozoma said he was confident that PX could be turned around in the current financial year, failing which government would be justified in reviewing its options.

Portnet improved its net profit after finance costs to R1,4bn (R1,1bn), while SAA posted a net profit of R324m (R217m), Petronet R180m (R144m) and Autonet R23m (R20m).

The pension fund issue remained a thorn in Transnet's side. The deficit was reduced to R3,2bn from R4,2bn during the 12 months, representing a funding level of 89,5%, but finance director Eugene Kruger said it could take another nine years before it was fully funded. Outgoing MD Anton Moolman, who did not attend yesterday's news conference, said if government could

Continued on Page 2

Transnet

(269) BD 26/9/96

Continued from Page 1

lighten the burden of the pension fund on the income statement, it would be possible for Transnet gradually to restructure PX and Spoornet. This would also pave the way for Transnet to generate sufficient funds for investment in the future transport needs of SA.

Macozoma said the finance department was investigating how the pension fund burden could be addressed in such a way that it would not detract from the value of Transnet's assets.

The department, which was looking at a new retirement dispensation including a provident fund for Transnet, would report to the finance minister by mid-November and a decision should be taken by mid-December.

Transnet had initiated a programme to classify, evaluate and record Transnet's fixed assets — estimated at R41,3bn — which was expected to take three to five years. The directors said the valuation of Spoornet's fixed assets could be impaired, but it was unlikely that Transnet's total assets were overvalued.

Picture: Page 3

Transnet's '95-96 net loss R253-m

(269) Sowetan 26/9/96

Transport giant's blames weakening of rand for decline of its fortunes

By Shadrack Mashalaba

STATE-OWNED TRANSPORT giant Transnet has reported a net loss of R253 million for the 1995-96 financial year which ended March 31.

The company's management attributed the group's losses to the weakening value of the rand compared to major currencies such as the American dollar

The rand's decline made important commodities such as fuel more expensive.

This was coupled with an increase in labour and general maintenance costs plus costs incurred as a result of pension payouts, particularly to officials of Transnet's predecessor South African Transport Services.

Brand names

Transnet's trading brand names are Autonet, Petronet, South African Airways, Portnet, PX, and Spoornet

Spoornet's earnings declined substantially from R734 million last year to R98 million while PX's losses were from R297 million to R433 million.

Other non-core operations of Transnet include: Datavia, Transtel, Promat, Transwerk, Protekon and Propnet.

During a media briefing held at the groups offices in Johannesburg yesterday, managing director Saki Macozoma said there was no cross-subsidisation on the day-to-day operations of business segments.

He added that the Government had the right to take whatever decision on PX if it fails to perform during the current financial year.

Break even

In the same light, Transnet has announced that non-viable services identified within PX will be removed in January 1997. The company's current loss projections stand at R358 million for 1996-97 but projections are that the losses will be reduced to around R295 million by March next year and PX is expected to break even by 1997-98 financial year

Macozoma said Transnet was still investigating the credit card controversy and the company would take appropriate action when the inquiry was completed.

He said the upgrading of the country's harbours would continue depending on their needs as some were neglected in the past.

"Transformation within the group will continue to address past imbalances, possibly for the next coming five years," said executive director human resources Joe Ndhlela.

During the same briefing, the executive director in charge of South African Airways, Zukile Nomvete, announced that SAA would sign an agreement with Boeing for the acquisition of nine aircraft early next year.

Macozoma added that SAA needed new aircraft to beef up its fleet. "What needs to be answered is what kind do we buy, and how do we finance them to ensure that the process falls in line with our business plan".

Chairman Professor Louise Tager said in line with the intention to follow the full disclosure route, salaries of executives will be unveiled for public consumption although she did not specify when.

In her report Tager said the interest paid on debentures issued to the pension fund and medical aid fund continue to impact negatively on the group's results.

Relations with labour had improved dramatically ensuring that disruptions are kept at minimal levels. Also the company committed itself to the removal of all discriminatory practices to ensure representation at all levels.

She added that corporate governance would be adhered to, adding that unethical behaviour would not be tolerated at any level.

Despite its dismal financial performance, Transnet, she argued, had grown immeasurably and had discarded the archaic and biased business frameworks of previous authorities.

In addition, the company was looking ahead to a future that abounds with, as yet, untapped potential.

Battered by the weak rand ... Transnet's managing director Saki Macozoma said he is optimistic of the group's future despite the losses.

'DON'T WASTE OFFICIALS' TIME BY ASKING REPEAT QUESTIONS'

Maharaj's plea to MPs

(269)

THE TRANSPORT MINISTER yesterday took a DP senator to task for asking the same question annually which meant officials in the department were taken from their jobs to compile the answer. **BARRY STREEK** reports.

EARLY retirement or resignation packages for 86 employees in the Department of Transport had been approved at a cost of R22,9 million, Transport Minister Mr Mac Maharaj disclosed yesterday.

In reply to a question tabled by Senator James Selfe (DP), Maharaj said the packages ranged from R1,8m for a senior traffic safety officer, R1,9m for a director of traffic legislation and R1,1m for a deputy director of administration to R27 983 for a senior typist and R16 692 for a general worker.

In reply to another question by Selfe, Maharaj said it took 60 man days last year for six government officials to find out the names of advisers and consultants in the Department of Transport and what they were paid.

The task of compiling the exhaustive list of consultants and advisers last year had "involved withdrawing at least six officials from their normal daily activities over a two-week period".

The information had not changed substantially since then and he referred him to that reply.

Maharaj said: "I think I can fairly claim that my department has demonstrated our commitment to transparency and accountability

"Regular repeat questions of this degree of complexity neither assist the cause of transparency nor allow my officials to concentrate their efforts where they are most needed..

"I would emphasise that I do not question the right of a member to access information. But I do appeal for consideration of the need for a balance which allows my department to meets its obligations to parliamentary scrutiny without negatively affecting its capacity to perform its duties."

Last year, he told Selfe his department employed three advisers, 72 consultants as well as six different consulting companies They were either paid hourly rates, the highest of which was R250 an hour, or rates arranged with the consulting companies.

● Vandals stripped 345 doors off metropolitan trains in Cape Town at a cost of nearly R600 000 in 15 months, Maharaj said yesterday.

This was nearly three times as many doors as removed from trains in Pretoria and seven times more than those taken off Johannesburg trains

R73m subsidy for bus firm

POLITICAL WRITER

THE city's Golden Arrow Bus Service was paid R73,7 million in subsidies in the 1995/6 financial year, Transport Minister Mr Mac Maharaj said yesterday.

Golden Arrow was one of a number of bus companies that received subsidies totalling R902,7m in the year.

Maharaj, who was replying to a question tabled by Senator Gerhard Koornhof (NP), said Elwierda Tours of Stellenbosch received a subsidy of R1,6m.

Maharaj also told Koornhof there were 761 legal minibus taxis in Cape Town.

CT 26/9/96

TRAIN COMMUTER SERVICES (269)

WHO'LL CUT THE SUBSIDY?

FM 27/9/96

Government may start looking for volunteers to run the loss-making train commuter services

The Department of Transport (DoT) and the SA Rail Commuter Corp are considering ways to restructure commuter services to reduce the State's annual subsidy — R1,35bn in the last financial year to March 31

In an ideal world, they would like an entrepreneur to operate the system so efficiently that it would make money Realistically, they accept the best they can hope for is to reduce subsidy needs

Government argues it cannot escape subsidising mass commuter transport, the alternative is massive investment in new roads and their maintenance

Affordable mass public transport is one of Transport Minister Mac Maharaj's ideals. According to transport analysts, though, the only place in the world where commuter transport is profitable is Hong Kong, where queues of up to 300 m are common during peak periods

Even in Germany, where most people use public transport to get to and from work, the system is subsidised by federal governments or cities Hamburg subsidises its commuters by 35% a year Even that's better than usual since internationally, on average, fares cover only half of operating costs, says Rail Commuter Corp MD Wynand Burger. In SA, they cover about 35% of the costs — on a par with the Netherlands.

In Hong Kong, most factories work three shifts a day, which creates three double-peak periods a day. Trams, buses and trains are filled in one direction with those going to work and in the other with those coming off shift

A discussion document prepared by the DoT and the Commuter Corp suggests offering SA's rail operations for management by others.

Burger told the parliamentary joint standing committee on public accounts he foresaw a short-term concession with the current operator, Transnet, or its Metro division

"After that, we can move to a more open form of tender which would include metropolitan authorities."

The concept has achieved some success in Argentina. An SA team, including trades unionists, visited that country to investigate They returned feeling "if it works that well in Argentina, it's a system to be looked at seriously," says Burger.

"We still have room to manoeuvre Our system's problems aren't nearly as serious as those with which Argentina had to struggle in the late Eighties"

The Argentine system was on the brink of collapse It was rendering an extremely poor service, its infrastructure was aged and inefficient, there hadn't been new investment for years, staff morale was low, safety levels were falling, and corruption and fare evasion were high.

If only *. all trains were so full*

"It was overstaffed, many people had second jobs and spent little time working for the railway," says Burger "Government decided it would retain ownership and invited private consortiums to bid for concessions to operate and maintain specific routes."

At that point, government was paying R2bn a year to cover only basic operational costs Within two years, that was cut by 75%, there was a 71% increase in paying passengers and a 228% increase in productivity With 75% of the original staff retrenched, those who remained enjoyed substantial pay increases

Bus commuter services in SA face similar problems Operators cannot get anything approaching adequate returns on their investment from normal passenger flows. Once they drop their morning passengers, all units, except for the few used for infrequent suburban services, return empty to their starting points, where they bask in the sun until needed for the evening peak And those who drive and control them do nothing between peak periods, even though they're on full pay.

Of all the available options for rail services, straight privatisation is the least likely to succeed. No-one who wants to show a profit on his investment would be interested in a mass commuter transport operation unless government or a city undertakes to compensate him not only for his shortfall but for the profit he could have made in a normal business

That's another way of describing concessions. In its simplest form, the State grants an operator, usually a private consortium, a sector to operate and helps it show a profit by topping up its revenue with a fixed subsidy The size of its profit depends on how efficiently it operates its sector.

The State can also, as it does with the bus subsidies it pays, undertake to make up the difference between what it believes a commuter can afford to pay and what he should pay.

The Rail Commuter Corp's numbers aren't tempting enough to persuade even the most adventurous private operator he could run it profitably It conveys about 1m people a day to work, then home again in the evening Its fares, which are cheaper than any other mode, brought in R415m in financial 1996. But that came from only about 70% of its passengers. The rest evaded paying fares.

"If we could reduce fare evasion to 15%, we'd be happy," says Burger To close the gap, he says, would cost R6m for access control at stations On the face of it, that's money well spent But, says Burger, "there is no foolproof system.

"When we devise one we think is foolproof, it doesn't take long before a way is found to evade it It's much easier to control fare evasion on an underground system than on a surface rail system. People can walk up the line on a surface station and mount a platform without much trouble The only way to get on to the end of a platform illegally on an underground system is out of a tunnel It is not only difficult to get into an underground train tunnel but downright dangerous to be in one when a train passes" ■

TRANSPORT POLICY (269)

NOT ENOUGH ANSWERS

FM 27/9/96

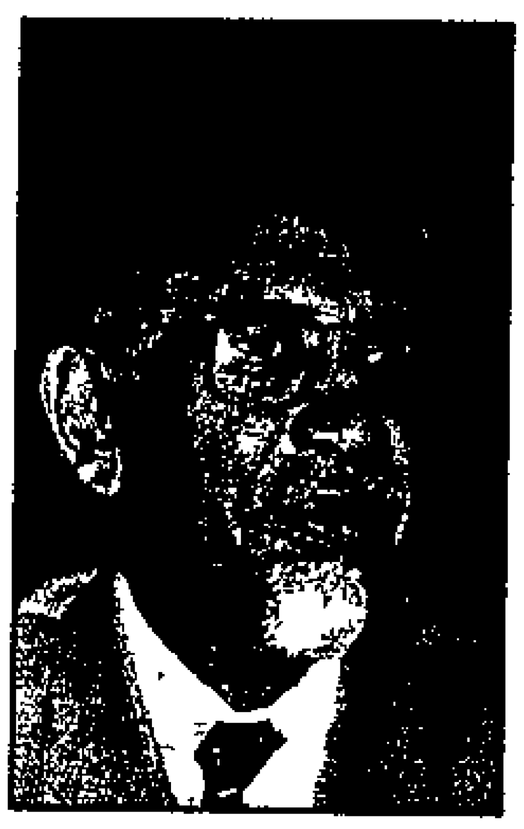
The saying "the more things change, the more they stay the same" is an apt description of the new White Paper on National Transport Policy. It is a well-researched document which identifies many transport-related problems, but doesn't explain how to solve them.

With few exceptions it leaves transport policy as it was in the days of Transport Minister Mac Maharaj's predecessor, Piet Welgemoed. It talks of a simplified Road Transport Quality System based on operator fitness and liability of road hauliers being fully implemented as a matter of urgency, but doesn't say how or when this will be done.

A spokesman for the Professional Hauliers' Association, now the Road Freight Association, who took part in the discussions, feels the White Paper could have been more focused.

"It talks about more control but doesn't go into detail. It lacks punch," he says. "It should have done what the National Transport Policy Study did: identify problems, and suggest ways to solve them. The study identified the permit system as a threat to transport, and devised a way to get rid of it."

This cautious approach pervades the paper. There has been consistent demand for an aviation and maritime safety agency. The White Paper states "consideration" will be given to establishing this. In another section it creates the impression government may ask the private sector to provide and maintain a primary national road network. But the language is flowery, and too many escape holes are left open for it to be interpreted as a firm commitment.



Mac Maharaj

Predictably, it deals with affirmative action and transport as potential key elements in the RDP, the desirability of inter-modal transport and the studies being done to allocate costs for the provision, management, operation and maintenance of freight transport infrastructure. It also sends mixed signals.

It talks about encouraging "public participation in decision-making on important issues, including the formulation of policy and planning of major projects." In his foreword, Maharaj says discussions were held with stakeholders but as government couldn't satisfy all views, "the policies described in the document are those of the national government."

The paper contains statements suggesting Transnet should fall under the control of Maharaj rather than State Enterprises Minister Stella Sigcau It states that provision of rail infrastructure for bulk and general cargo and for inter-city passenger transport, will be determined by market needs and commercial viability. A port authority or authorities to maintain and develop port infrastructures will also be developed, as will liquid and gas pipeline networks. ■

R253 million loss pushes Transnet off track

(269) ARG 26/9/96

Johannesburg – Pensions, container shipments and overall operating costs helped push Transnet off track and resulted in the parastatal incurring losses of R253 million for the year ended March, a news conference heard here.

Profit, before expenses incurred on behalf of the government, slipped from R1,505 billion to R1,137 billion.

But it was the albatross of post-retirement benefit costs of Transnet and SATS Pensioners – R1,39 billion from R1,387 billion – which resulted in the group's net loss.

Group turnover improved from R16,16 billion to R17,9 billion but was offset by increases in operating costs, exacerbated by higher than anticipated wage and allowance increases.

The major thorn in the group's side remains its PX container shipment and consignment distribution business Net losses after finance costs rocketed to R433 million following a loss of R297 million in the previous year. – Sapa

Spoornet to link up with private sector

BD 4/10/96 (269)

Robyn Chalmers

TRANSNET's rail subsidiary Spoornet would announce a broad restructuring today, focusing on a management reshuffle and opening its operations to the private sector, analysts said.

While full-scale privatisation had been ruled out, the parastatal was likely to promote partnerships, joint ventures and alliances with the private sector to further its goal of becoming a fully market-driven company.

Major management changes were also on the cards, with Spoornet's regional management structure set to disappear and up to 30 new black managers to be employed at Spoornet's head office.

Executive director Mafike Makwanazi has warned that significant downsizing would take place at Spoornet, which employs 54 000 of Transnet's 96 800 workers. He said retrenchments would be across the board but would focus on management. Up to 40% of the new staff structure would be black or women.

A Spoornet spokesman said while full details would be revealed by Spoornet CE Braam le Roux today, the restructuring announcement would be "the most significant in Spoornet's 80-year history". It would signal a complete break from the old business style, in line with Spoornet's stated objective of moving from being a rail organisation to a logistics solution provider.

Government's recent proposal to allow private operators to compete with Spoornet's Metro Rail in providing commuter rail services was a pointer towards Spoornet's new direction. Government was renegotiating Metro Rail's contract with the SA Rail Commuter Corporation to put the operator on a concession for three to five years.

The spokesman said a major restructuring of the company was essential if it was to survive into the 21st Century. Spoornet last week announced a sharp drop in net profit after finance costs to R98m from R734m for the year ended March on higher total turnover of R7,85bn (R7,62bn). Transnet's total turnover rose to R17,9bn from R16,2bn previously.

Le Roux said in Transnet's annual report this year that the company had been affected by a "tremendous shift" in its competitive position as a result of giant road rigs being used on non-dedicated infrastructure. "In SA, Spoornet competes with 40-ton payload road vehicles while railways in Europe and the USA compete with 18- and 22-ton payload vehicles respectively," he said.

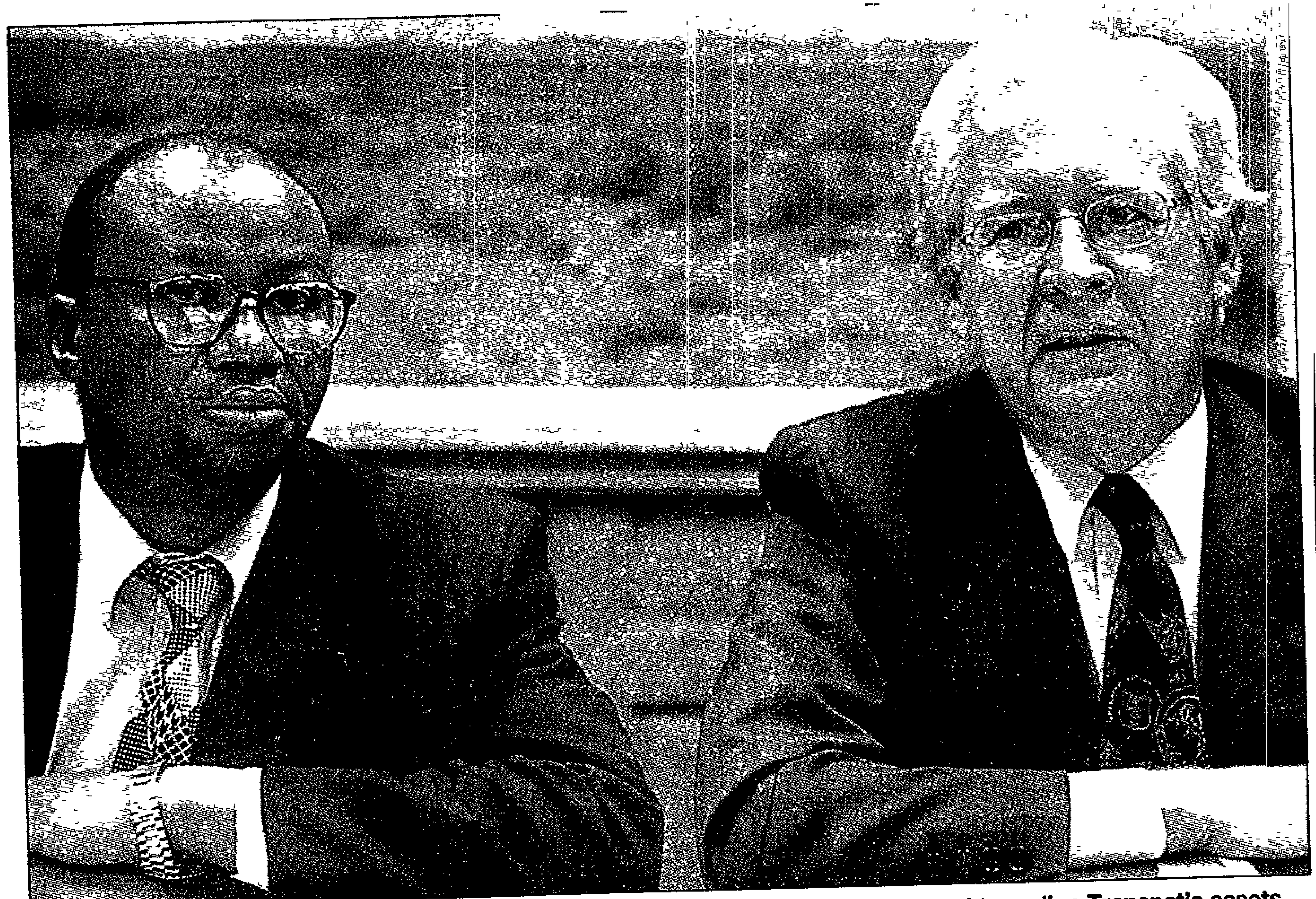
Outgoing Spoornet MD Anton Moolman said it was becoming abundantly clear that with its present structure, Spoornet would not be able to compete with road transport in the general freight category. If Transnet's broad structure was not changed and restructuring of Spoornet was delayed, the parastatal's ability to provide transport infrastructure for future economic growth would be limited.

Transport on track for major business overhaul

ST(BT) 6/10/96

(269)

Financial squeeze forces transport giant to restructure, writes SVEN LUNSCHE



NO CHOICE . . . Spoornet's Mafika Mkwanazi and Braam le Roux, who see the need to realign Transnet's assets

AFTER almost two years of policy stagnation, the restructuring of South Africa's transport sector is picking up steam. On Friday Transnet, the R40-billion parastatal, announced a broad restructuring of two divisions, Spoornet and Metro Rail.

For the first time, private-sector involvement in the provision of commuter and freight rail transport will become a reality. Simultaneously, the Department of Transport is pushing ahead with plans to privatise Sun Air and sell a minority stake in the Airports Company within a year.

The most significant development this week is Transnet's public support for the leasing out of metropolitan rail services to private-sector firms.

Such a move could result in its Metro Rail division losing control of commuter rail operations in major urban centres. Metro Rail runs commuter rail on behalf of the Rail Commuter Corporation.

As recently as two months ago, proposals by Transport Minister Mac Maharaj for the introduction of concession on the SA rail network were met with fierce resistance from unions and a number of Transnet executives.

But in an interview on Friday, Mafika Mkwanazi, a Transnet executive director with responsibility for Spoornet and Metro Rail, said: "We will go the concession route. We don't have an option."

Mkwanazi said negotiations with the unions were close to finalising a pilot project in the Western Cape or Eastern Cape. "If successful, all metropolitan services could be leased out over the next four to seven years," he said.

The main reason for the change of heart is believed to be the government's resolve to reduce its enormous R1,4-billion-a-year subsidy to commuter rail. "There will always be a need for a subsidy but this should be reduced from its current 70% of total costs to 30%," Mkwanazi said.

He said Metro Rail would be restructured and would be bidding for the concessions in competition with other private sector companies

Department of Transport director-general Khetso Gordhan said on Friday "We are negotiating in some detail the restructuring of companies under our banner: Sun Air, the Airports Company and the Rail Commuter Corporation"

He is confident Sun Air will be privatised completely within a year while a minority holding of up to 49% in the Airports Company will be sold.

Virgin Airlines founder Richard Branson said he would be an interested buyer if Sun Air were put up for sale. Virgin recently entered a partnership agreement with Sun Air for connecting flights in South Africa, but Gordhan said a local airline had to be 75% owned by South Africans. "He could still buy the 25% though."

Sun Air is valued at R200-million, but Gordhan believes that values will appreciate considerably Similarly, the Airports Company is worth about R1-billion but is likely to be valued significantly higher on strong earnings potential. Up to 49% of the group could be up for sale, Gordhan says. Talks with international airport operators are continuing.

In what it termed its "most significant restructuring in 80 years", Transnet's giant Spoornet division announced a major management reshuffle on Friday as part of a three-year drive to diversify and become more market-driven. Earlier this month Spoornet reported a massive slump in earnings, to R98-million in the year to end-March, from R734-million.

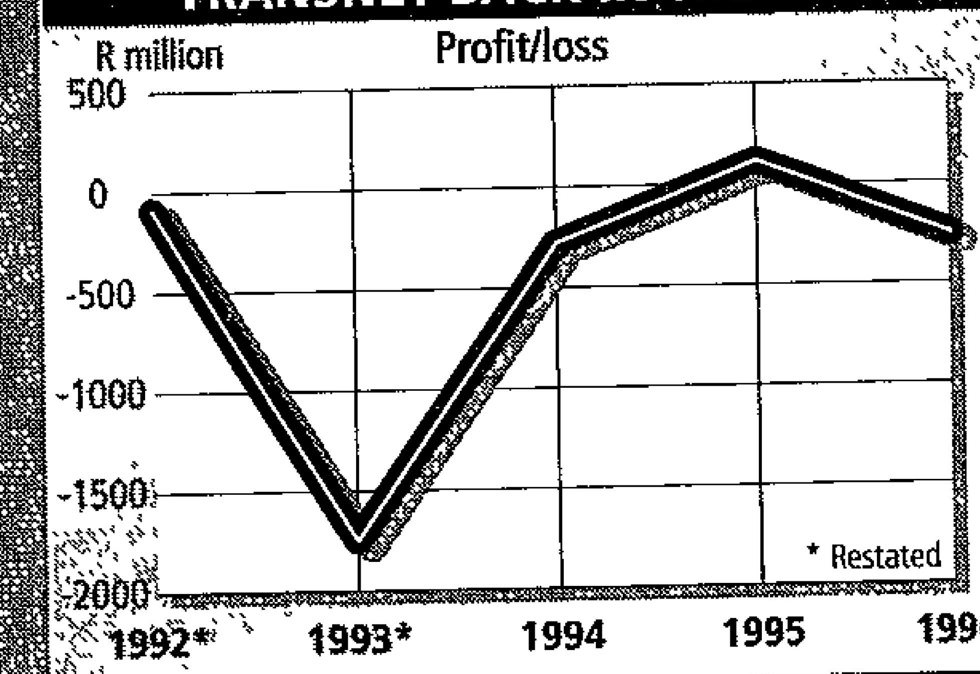
Spoornet's 10 regional divisions would be closed and replaced by 20 business units which would seek joint ventures, alliances and other ways of opening its operations to the private sector, said chief executive Braam le Roux.

The costs of transformation hit Transnet below the black belt

(269)

ST (BT) 6/10/96

MACOZOMA AND TAGER: CO-TRAVELLERS IN COSTLY RACE AGAINST CORPORATE FAILURE



TRANSNET DIVISIONS

Net profit/(loss) after finance cost

(R million)	1996	1995	1994
Spoornet	98	734	576
Portnet	1 397	1 111	766
SAA	324	217	(23)
Petronet	180	144	149
Autonet	23	20	17
PX	(433)	(297)	(344)

SVEN LUNSCHE

Looks behind the scenes at the troubled parastatal

'A company cannot, and should not, be judged by its financial results alone'

ON THE one side of Transnet's boardroom table, the new elite of South Africa's R40-billion transport giant is assembled. Mostly black, middle-aged and male, their ranks are only occasionally disrupted by a grim-looking Afrikaner executive, for decades the face of the transport monolith.

At the head of the table, Transnet chairman Louise Tager presides quietly but sternly over proceedings. She mostly leaves the presentation of the group's 1996 results to Saki Macozoma, the young, confident and brash managing director of the group.

White public relation officers scurry around the room handing microphones to their new masters or to the gallery of journalists, who regard the hierarchical tableau with some intrigue.

This was the scene 10 days ago when Transnet presented its 1995/96 annual report. More than any other SA institution, the transport giant has immersed itself in the spirit of the new democracy. A radical shake-up at management level has seen the appointment of six new executive directors, all black. The mostly white heads of Transnet's divisions find themselves suddenly reporting to directors who are not only less experienced than they, but also much younger.

The shake-up extends to the operational level. Spoornet on Friday announced its most dramatic management change in over 80 years. Of 60 new senior managers, one-third are black.

Internal restructuring, corporate governance, empowerment and affirmative action are the buzzwords at Transnet's posh Parktown head office.

But profitability, productivity and privatisation are not in the same league. This was painfully obvious at the presentation.

After a slow recovery brought about by its gradual commercialisation, Transnet fell back into the red in the 12 months to end-March with a R253-million loss. Continued losses at container operation PX, a slump in earnings at Spoornet and contributions of almost R2-billion to cover pension and medical aid fund liabilities contributed to the loss.

In view of the disastrous performance, Tager's chairman's statement was somewhat surprising: "A company cannot, and should not, be judged by its financial results alone

"In many respects, despite the disappointing financial results, the company has grown immeasurably It has eagerly taken on the mantle of government's growth and development policies and discarded the archaic and biased business frameworks of previous authorities," Tager writes

Analysts are worried that the political correctness that underlies this sloganeering is beginning to undermine the sound business approaches which had been developing at Transnet.

The impact has manifested itself in a number of ways·

☐ A failure by Tager to act unequivocally and immediately against Portnet's executive director Sipho Nyawo after he was accused of misusing his company credit card to the tune of just under R200 000. An investigation is currently under way.

☐ Massive salary packages for Tager and the new executive directors. It has been speculated that Tager receives about R900 000 a year in a non-executive capacity and the executive directors about R700 000. Tager says Transnet's remuneration committee will set salaries.

☐ Transnet procurement policies have been restructured in order to favour suppliers who advance black empowerment. The group is willing to pay about 10% more for goods and services if the supplier is owned by a black group.

☐ Most significantly, Transnet's new leaders seem unable or unwilling to stand up to the trade unions. Transnet's wage bill rose by a massive 17,3% last year to almost R8-billion as the average monthly wage was lifted by about R1 000. Restricting the wage increase to 10% would have saved almost R500-million.

Macozoma says there will be no "runaway wage train", but he has yet to prove that he can handle the unions as efficiently as the previous white rulers at Transnet.

These incidents could be written off as minor were it not for the fact that Transnet is vital for the workings of the business sector and is at the centre of government plans to build a modern and coherent transport network.

Businesses are getting more vociferous about what they see as shoddy service. There are complaints that about a third of containers shipped and railed by Transnet arrive late and Spoornet is being hit by customers switching cargo to road transport

The loss of key technical staff is beginning to tell The high-profile resignations and early retirements of senior white staff are just the tip of the iceberg, say sources in Transnet. As critical is the departure of dozens of information technology, finance and technical specialists. Some of the six new executive directors admit to a lack of experience in their fields and have failed to gain the confidence of their senior managers, mostly technocrats with more than two decades at Transnet under their belt.

There are exceptions. Mafika Mkwanazi, who is responsible for Spoornet and Metro Rail, and is an electrical engineer by training, quickly won the support of his executives Others, such as SAA's Zukile Nomvete and Portnet's Nyawo, have yet to prove that they are up to the task of running multi-billion rand operations.

From a R324-million profit in the 12 months to end-March this year, SAA had by September raked up losses of about R75-million and bungled talks to buy nine new aircraft, at great cost.

It was always clear the transition from the old order to the new would be difficult, and littered with the bodies of disgruntled white executives.

The transformation of the group in the early 1990s was gradual, but Transnet's commercialisation was seen as a success. However, the sudden appointment of six executive directors in mid-April this year, and of Macozoma as managing director (and heir-apparent to CE Anton Moolman), upset the process.

The executive directors took immediate charge, to the dismay of experienced divisional managers who had run their operations checked only by occasional briefings with Moolman. The result was a spate of resignations by key senior staff over the past few months, including Portnet CE Neil Oosthuizen and, in August, Moolman himself.

TRANSPORT *State-owned railway company to slash senior posts*

Spoornet trains itself to compete

CT(BR) 7/10/96 (269)

JONATHAN ROSENTHAL

Johannesburg — Spoornet, the state-owned railway company, announced a complete overhaul of its management structures on Friday to make it more market-driven and position it to compete with road freight.

The changes, which will take effect at the beginning of next month, include slashing the 10 regional managers' posts and replacing the six existing business segments with 20 industry segments to focus on specific products and industries

Mafike Mkwanazi, an executive director of Transnet, said the restructuring aimed to produce business units responsible for generating their own profits and ensure management accountability.

Spoornet's iron ore export line from Sishen to the port of Saldanha and its highly profitable Richard's Bay coal export operations will be developed into self-contained business units focusing primarily on coal and iron ore exports.

Braam le Roux, the chief executive of Spoornet, said one-third of the company's top management posts would be filled by by black or female candidates by November 1.

But Le Roux and Mkwanazi stressed that restructuring would not lead to job losses.

NEW TRACK *Braam le Roux (left), the chief executive of Spoornet, with Mafike Mkwanazi, a Transnet executive director, announced new strategies to make the rail network more market oriented* PHOTO JOHN WOODROOF

"Cutting jobs is not the purpose of this reorganisation. Its purpose is to increase efficiency and effectiveness," Le Roux said.

He said Spoornet had already cut its throughput times by 40 percent, and new information technology and communications allowed Spoornet's operations to be centrally controlled.

This would enable transport corridors, such as the railway from Johannesburg to Durban, to be managed as a single entity, and would avoid delays caused by trains passing from the control of one regional manager to another.

"This is just the first step in making this organisation profit-oriented and furthering our aim to be fairly competitive with road freight in three years", Mkwanazi said.

A new section responsible for formulating international joint ventures will also be formed. Spoornet has also signed an agreement with CFM, the Mozambican national railway company, to jointly manage the Maputo Corridor railway. The World Bank, which is funding the Mozambican railway upgrade, will require that a majority stake is taken up by the private sector.

First meeting on mooted privatisation of Sun Air

BD 8/10/96 (269)

Robyn Chalmers
and Reneé Grawitzky

TALKS on the proposed privatisation of Sun Air, which is valued at R200m, kicked off yesterday with a meeting between the airline, government and labour representatives.

Labour said the sale of Sun Air would be a test case following labour's opposition to privatisation. Labour indicated that Sun Air management had raised the possibility of issuing shares in the airline to workers in a bid to bring them into the process.

Sun Air MD Johan Borstlap said yesterday that while the rules and principles of the proposed sales were still being drawn up, it had been broadly agreed any privatisation should be completed by the middle of next year.

"We have had a lot of interest from international and local companies in Sun Air, but ... we will only know which companies are serious about bidding once the tender goes out."

Borstlap said once sale terms had been agreed on within the national framework agreement, a merchant bank would be identified to handle the tender and bids. He said Sun Air staff and management fully backed the sale.

Organisations which have indicated their interest in Sun Air included Virgin Atlantic, which recently made a partnership agreement with Sun Air for connecting SA flights, and Comair.

KLM Royal Dutch Airlines was also understood to have expressed interest in buying Sun Air while management consultancy Genrho was still trying to get a consortium together including a black business grouping and Cosatu-aligned SA Railway and Harbours Workers' Union (Sarhwu).

A Sarhwu spokesman said Sun Air's sale was an interesting challenge for labour. Labour's primary aim was to protect workers' interests and at the same time consider national interests.

The union said a final sale agreement had to include a clause ensuring that workers would not lose their jobs for a specific period.

Concession of services hoped to improve Metro Rail

Robyn Chalmers

269

BD 9/10/96

TRANSNET's decision to introduce operating and maintenance concessions for its commuter passenger operation Metro Rail is expected to improve services significantly and help cut fare evasion which is costing R160m a year, a government document on concessions says.

Transport Minister Mac Maharaj has brought government's support to the concept of concessions which involved opening up rail services to competition. Maharaj said recently that the white paper on national transport policy recommended that rail commuter services in SA should be provided through concessions.

He said: "Commuter rail is a vital service for many South Africans who cannot afford more expensive transport. It is essential for it to remain as a mode for mass mobility. But it also needs to become more efficient, cost effective and customer-oriented."

The discussion document was finalised after several visits to Argentina to investigate the country's approach to providing rail commuter services. The document said from government's point of view, the concession policy aimed to achieve cost reduction, operational efficiency, resource allocation, social equity, environmental protection and market development.

Decisions had to be taken on a number of issues, such as which institution would be responsible for services concessions as well as the duration of the concession or concession period. The move could result in more than one private or public sector operator using certain links in the network.

In the interim, the document said it had been decided that Metro Rail would be moved out of Spoornet to become a separate division of Transnet, probably by next April. The current operating agreement between the SA Rail Commuter Corporation and Metro Rail was being renegotiated and the feasibility of introducing a demonstration project for concession on a small scale was being investigated.

'Small operators can take on Transnet'

Deregulation favours private transport firms

(269) ET (BR) 10/10/96

Thabo Leshilo

Johannesburg — Private haulage companies are benefiting from the recent deregulation of the industry and the resultant increased competition with Transnet, operators say. Volumes have increased and vehicles spend less time idle.

Deon Blignaut, the chief executive officer of Trencor's transport division, said this week that the relaxation of road transport regulations last year, such as the increase in the maximum permissible payload on trucks from 35 tons to 38 tons, had helped make road freight slightly more competitive than rail.

Figures from the Central Statistical Service (CSS) show that private companies carried 36,4 million tons of goods in June this year compared with 34,6 million in June last year. The number of days their vehicles stood idle fell 9,2 percent, and their total earnings rose 11,6 percent to R735,7 million from R659,1 million during the same period from the previous year.

"Although the number of people employed by private undertakings increased only slightly when June 1996 is compared with June 1995, the average salaries and wages at current prices rose by 16 percent (from R2 399 to R2 784)," the CSS said

Dennis Beech, a spokesman for PX, Transnet's container shipment and consignment division, said the company had suffered a 14,5 percent reduction in tonnage carried during the period under review. He attributed the fall to PX's shift in focus from high weight-low income bulk cargo to more profitable parcels.

Peggy Drodskie, the manager for infrastructure at the South African Chamber of Business, said the statistics probably indicated a rise in competition resulting from the recent deregulation of the goods transport industry.

"Competitive forces are now coming into play and customers are getting a wider choice."

Whereas restrictions had made it difficult to compete with Transnet in the past, deregulation, coupled with the low capital requirements, now made it possible for even small operators to take on the transport parastatal.

Roger Naisby, a Unitrans director, said his company had increased its volume of cane sugar, other agricultural products and fuel. However, the transport of cement and other construction materials had stabilised after some improvement in the latter part of last year.

Minister's urgent call for rail police

Ramatlakane outlines plan after trip from Khayelitsha

JOSEPH ARANES
STAFF REPORTER

Provincial transport minister Leonard Ramatlakane has called for a "dedicated transit guard" to protect commuters and make Cape Town's public transport system safer.

After travelling on a rush-hour train from Khayelitsha to Cape Town yesterday, Mr Ramatlakane said the guards were desperately needed.

Proposals for the introduction of a dedicated transit policing system were at an advanced stage and money and human resources were available to make it a success, he said.

The proposals were in line with the Government's policy on public transport and the need to make it safer, more efficient and user-friendly.

"The commuters' biggest fear and concern when using public transport is rising crime.

"This requires urgent intervention and all the transport stakeholders agree that a transit guard will play a major part in making the system safer," Mr Ramatlakane said. The force would be distinct and separate from the police, looking after only the public transport system.

"They will have different functions and powers but will be in a position to arrest wrongdoers."

Mr Ramatlakane said the police once had had a dedicated force guarding the rail system.

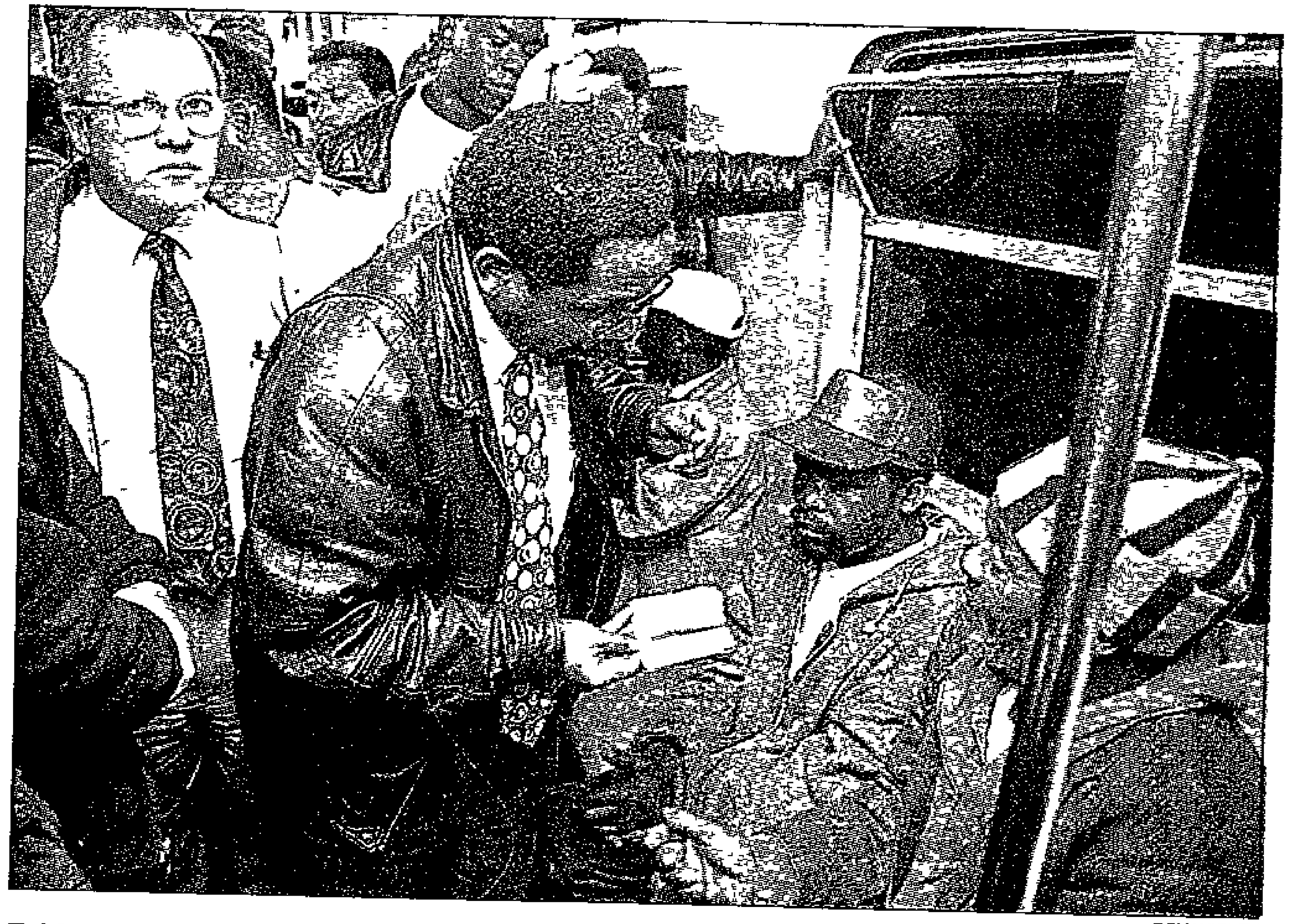
"Crime, vandalism and fare evasion were almost non-existent on the trains. We need to go back to that situation and make our public transport system safe again," he said.

The foundations of the system had already been laid with Metrorail's introduction of the rent-a-cop scheme.

Metrorail regional manager André Harrison said there was a definite need to establish the force as the police were slowly starting to withdraw their services.

"Commuters are as vulnerable to robbery, muggings and assaults on trains as elsewhere.

"It seems as if the police are being stretched and do not have enough personnel to cover the public transport system," he said.



ROY WIGLEY

Taking advice: provincial transport minister Leonard Ramatlakane meets peak-hour rail commuters

Cape Metrorail turns the key on door thieves

JOSEPH ARANES
STAFF REPORTER

(269)
ARG 11/10/96

Cape Metrorail's engineers believe they have solved one of its biggest problems – the theft of train doors.

Vandals have stripped 345 doors from metro trains in Cape Town during the past year at a cost of almost R600 000.

Now engineers have attached trains' sliding doors and their mechanisms to the outside of coaches.

Metrorail regional manager André Harrison said most of the doors were stolen while the trains were operating.

"Vandals remove the panelling covering the doors' mechanism, cut the drive-belt and then rip the doors from their frames."

Mr Harrison said it cost the company millions of rands each year to replace doors, repair broken windows and clean graffiti from the trains.

Another problem was the frequent need to repair the ageing trains, which were on average 30 years old.

This often caused delays because parts were not always easily available.

Mr Harrison said it often took up to seven weeks to rebuild a coach at a cost of around R700 000. To modernise the entire fleet would cost around R750-million over a seven-year period

He said the Western Cape's unexpected population growth and urbanisation had put a huge strain on the company's resources.

This resulted in overcrowding during the peak hours, which Metrorail believed could best be alleviated by the introduction of flexible working hours for those working in the city centre.

"This would enable us to use our existing resources to the optimum. We also need to find innovative ways of collecting fares as well as getting communities to understand the importance of paying for the service, as the money will be an investment in improved and quality service," Mr Harrison said.

He said individual conductors had proved ineffective and that the "blitz team" concept of getting groups of staff to combat fare evasion had proved more successful.

"During the past few months 23 percent more commuters bought tickets because of these fare-evasion actions," Mr Harrison said.

Bargains for some in 'critical' Telkom selloff

By Patrick Bulger
Parliamentary Correspondent

Cape Town – The Government is to sell up to 30% of Telkom to an international strategic equity partner and a further 10% to workers and disadvantaged communities at a discount price, Posts, Telecommunications and Broadcasting Minister Jay Naidoo said yesterday.

His announcement represents the biggest privatisation initiative since the Government's programme of restructuring state assets was announced by Deputy President Thabo Mbeki almost a year ago.

It is also a major boost for black economic empowerment and there will be positive spinoffs for the domestic telecommunications manufacturing sector.

"This is a critical step to ensure that we bring affordable telephone services to the majority of South Africans," Naidoo said.

He envisaged the sale would take place by April.

He said the sale was expected to raise between R5-billion and R8-billion and would contribute to the Government's aim to "create a climate conducive to investments that will ensure that the economy grows as a first step in the attack against poverty and joblessness".

The ministry had identified seven potential strategic equity partners: Deutsche Telekom of Germany, France Telecom, KPN of the Netherlands, Malaysia Telecom, South-western Bell Communications of the US, Stet of Italy and Telia of Sweden.

Naidoo said good progress had been made in discussions with trade unions in terms of the National Framework Agreement, which commits the Government to consulting with the unions on its privatisation initiatives.

He emphasised the aim was to encourage local manufacturing in the telecommunications sector.

Naidoo said the bulk of the proceeds of the selloff would go into network expansion.

(267) Star 11/10/96

Gauteng MEC blames the Sandton rates deadlock on DP

Star 11/10/96 (267)

By Anna Cox
Sandton Bureau

The deadlock in the Sandton rates boycott was broken with the announcement yesterday that the area's council was now willing to talk to residents who are up in arms against a steep rise in the tax.

But the Gauteng MEC for local government, Sicelo Shiceka, a member of the ANC, blamed the crisis on the Democratic Party. He said DP councillors had failed their constituents in the Eastern Metro by not keeping them informed about the reasons for the rates increases.

ANC and NP leaders said they had decided to initiate the talks because they wanted to ensure development of local government structures, their concern about the negative impact on service provisions and also to prevent a financial crisis in the Eastern Metro.

The talks would start next week: "We are confident talks will lead to a situation which suits both residents and the substructure," the parties said in a joint statement.

Councillors' neglect led to conflict

Shiceka would not comment on whether rates would be lowered, but he did say all options would be explored.

He slammed the DP and said he was concerned about the motives of the ward councillors who, despite having participated in the entire process of budgeting and defining increased rates, had failed to inform their voters.

Their negligence, he said, had led to conflict and they had to accept responsibility for the crisis which they had provoked.

"The DP must accept that it has either misinformed its constituents, or not informed them at all, in an attempt to precipitate a crisis," he said.

Sandton Federation of Ratepayers spokesman Brian Stolzenberg said he was extremely pleased at the decision to hold discussions.

"This is all we ever wanted, to talk to someone who has a mandate to negotiate with us," he said.

DP spokesman Frances Kendall said the party welcomed the new initiative.

The claims that councillors had failed their constituents were "double-speak" by the ANC and the NP, she said.

"What they mean when they say this is that the DP failed to sell their single rate in the rand policy and consequent rates hikes to their residents.

"This is true, because we told the truth and refused to whitewash the process."

Primate paints her wa

Marcus slates Transnet fund policy

(269)

BD 17/10/96

Tim Cohen

CAPE TOWN — Deputy Finance Minister Gill Marcus has set the stage for a thorough revision of Transnet's pension fund, alleging cases of gross mismanagement and possible fraud.

In a debate on Transnet's poor financial results in Parliament yesterday, Marcus charged Public Enterprises Minister Stella Sigcau with responsibility for restructuring the pension fund which has dominated functioning of the parastatal. She said there were some anomalies regarding the fund and the issue of a Transnet bond worth R10bn which needed to be addressed. These included the following:

□ Why, given that the retirement age was between 58 and 63 years, did the fund have about 4 000 pensioners under 35, and 13 000 others between 35 and 49 at an annual cost of R185,2m?

□ Why Transet leased two Boeing 747s from the pension fund at rates that would have resulted in the outright purchase of the aircraft in 10 years.

□ Salary increases were 4,5% higher than in the basic assumptions of the pension fund which increased the fund's deficit by R490m. Why was part of this increase non-pensionable?

Marcus said the Victoria and Alfred Waterfront transaction warranted a special mention. About 116ha were sold by Transnet to the pension fund about a month after the 1994 elections. The price was R248,6m.

What was "most disturbing" was information that former Transnet MD Anton Moolman was also the pension fund's chairman and at the same time a beneficiary of the fund.

On his retirement he received a lump sum payment of R3m and a monthly pension of R62 600, she said.

This meant there was an urgent need for Sigcau and the new managemnet team to redetermine the retirement policy and rules of the fund, to "manage down" the deficit of the fund without inflicting any further damage to what was an "invaluable asset".

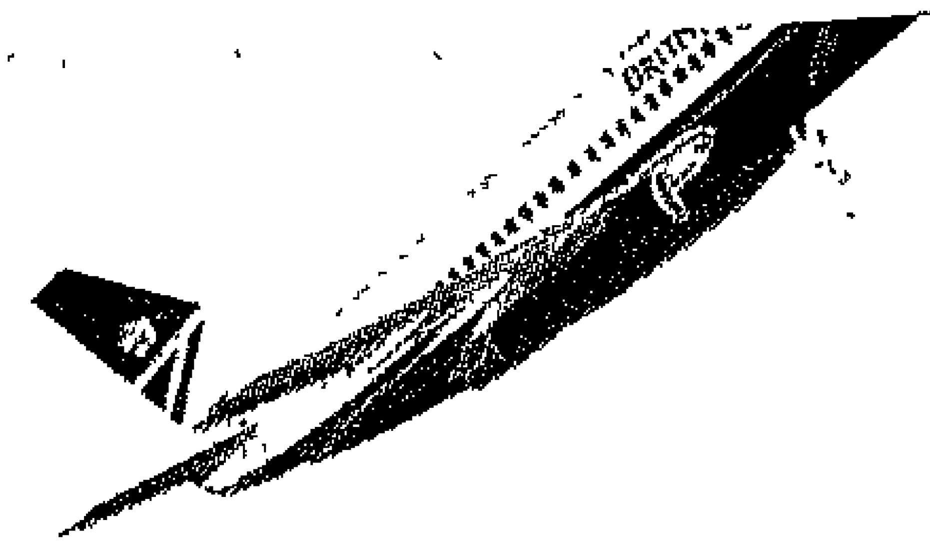
Addressing a debate that ranged from existing Transnet chairman Louise Tager's salary (about R500 000 a year) to the question of black empowerment, Sigcau said she felt she was not in charge of Transnet but "Pensionnet". New measures had been implemented to control the contentious issue of company credit cards.

She blamed the previous government for much of Transnet's current predicament, saying the NP government did not seek out experts when commercialisation was introduced but employed public servants unfamiliar with competitive environments.

Freedom Front member Joseph Chiole called for Tager's dismissal while DP leader Tony Leon said the real cause of Transnet's losses was management's inability to stand up to union wage demands. Despite the board of directors' mandate for a maximum 10% salary increase, raises of 17,3% were eventually paid. If the board had stuck to its guns, a profit of R495m would have been recorded as opposed to the R253m loss.

PAC MP Patricia De Lille accused Transnet of employing only those aligned with the ANC. Selective affirmative action on the basis of party allegiance was unacceptable, she said.

SAA and Comair head for high noon in blue-sky stakes



ST (?) 20/10/96 (269)

The national airline is crying intervention, but Comair says it is a simple marketing arrangement, writes ROGER MAKINGS

SA AIRWAYS and Comair are headed for a business war as the two carriers begin to do battle over Comair's recent franchise agreement with British Airways.

On Friday SAA delivered its objection to the franchise to the Domestic and International Air Services Licensing Councils — a move which will not prevent Comair from beginning its new-look service next week, but which could force the carrier to drop the franchise should SAA win its case.

In recent months SAA has been losing market share to domestic opposition carriers and staff have been told that the "airline needs your total commitment".

Mike Myburgh, chief executive of the SA carrier, said if approved the franchise "would legitimise a highly controversial, dubious international practice which would lead to major job losses in the SA aviation industry and the loss of foreign exchange".

He said similar franchises had not been allowed anywhere else in the world other than between European airlines within the European Union where a unified airspace was about to be implemented.

"There are already three licensed British carriers which can operate between South Africa and London — now it seems that a foreign carrier is also targeting our local market. Setting a precedent such as this will allow any international operator to franchise a nominal South African carrier and become a full participant in the domestic aviation market."

He said he doubted that BA would support local suppliers and asked whether it would offer career opportunities for South Africans. He cited SAA's cadet pilot training scheme which aims to address the lack of qualified black pilots in South Africa.

SAA bases its complaint on what it calls contraventions of the Air Services Act which will see:

- The use of the BA designator code on domestic routes on which the airline does not have traffic rights as well as between SA gateways and foreign gateways;
- The loss of effective control which will no longer be in the hands of a licensed SA operator; and
- BA's operation of an air service in South Africa without the appropriate licence to do so.

But Comair managing director Piet van Hoven says Ketso Gordhan, director-general at the Department of Transport, stated his support for the franchise in Mauritius last month.

"The national carrier should face up to fair competition and not seek protection through an interventionist strategy which is clearly not in the national interest. The arrangement is nothing more than a marketing alliance and must be seen in a similar light to Coca-Cola, Macdonalds and Kentucky Fried Chicken," says Van Hoven.

'The national carrier should face up to fair competition and not seek protection through an interventionist strategy'

Comair, he says, is the only privately owned carrier of any substance in a position to offer competition to SAA. The government, through SAA, Sun Air, and SA Express, controls 90% of the domestic market.

SAA says that the franchise agreement in reality is a bilateral agreement which allows BA to operate under its own colours in South Africa and the region. Comair rejects this, saying that all its aircraft are SA-registered and that the Department of Transport therefore retains full and absolute control of the operation.

"There has also not been any exchange of shares in the agreement and management of the airline remains firmly under our control," says Van Hoven.

He says all Comair's operations will be conducted within the terms of legislation in South Africa.

"The agreement merely allows Comair, from a marketing point of view, to use BA intellectual property such as its name and specific market brands.

"The deal will add greatly to developing inbound tourism to South Africa as the market reach internationally under a BA brand will enhance the marketing of SA destinations around the world," says Van Hoven.

City inherited 'nightmare' bus service, councillor says

BD 21/10/96 (269)

Deborah Fine

WHILE the Johannesburg transitional metropolitan council understood the impatience of commuters constantly frustrated by the city's inefficient bus service, the public had to realise that the council had inherited "an unabashed nightmare of horrors" from the previous administration, transport committee chairman Peter Horwitz said last week.

Horwitz, who is also a member of the council's executive council and DP leader in the northern metropolitan substructure, assured commuters that major improvements to the service could be expected by June next year and that last month's debacle over unauthorised bus timetable and route changes "will never happen again".

Commuters were left stranded or arrived at work hours late during the first week of September after a transport department employee altered timetables and routes without notifying the public or his superiors.

The problem was worsened by the absenteeism of about 40 bus drivers on September 1 and 2, as well as drivers who were themselves unaware of the changes.

"It was the most stupid, cock-eyed, ill-advised decision," Horwitz said. However, he said that the department could not reveal the name of the individual involved because it would be "unfair to have trial by media". The person had been suspended pending a disciplinary hearing.

Despite assurances from Horwitz and council transportation executive officer "Fouch" Fouche that "most of the drama is now over" and that "problematic routes" were being urgently attended to, irate commuters had continued to complain about poor service.

They had contended that buses continued to arrive late or not at all, and that drivers often did not stop to pick up passengers or spontaneously decided to change their routes.

Three emergency management teams had been appointed to deal with specific problems, and the department was in the process of appointing new, skilled personnel as well as implementing training programmes.

47 SAUER STREET

(269)

CT (BR) 21/10/96

Pension fund monster eats everything that comes its way

Stella Sigcau, the minister of public enterprises, in June described Transnet as an "inherited area of discomfort" that would pose difficulties to any planned restructuring.

"How can we think of privatisation when we have that pension fund which is like a monster with a big open mouth that swallows everything that comes its way?" she asked.

Since then the discomfort around the R40 billion state-owned transport utility has turned to red-cheeked embarrassment. Last week's revelations over the grossly mismanaged pension fund and hefty salary packages for top executives added to the maelstrom stirred by heavy financial losses for the year, a long-running debacle over the misuse of credit cards and the disappearance of PX containers.

Sigcau has dubbed the parastatal "Pensionet". Its run of scandal and loss should make restructuring an imperative.

Last week, a parliamentary question to Sigcau revealed that Transnet awarded mighty salary packages to the tune of R1 million a year to executive directors. South African Airways chief Mike Myburgh, Saki Macozoma, Transnet's managing director, and Anton Moolman, the former managing director, all earned salaries of around R1 million. Until now these have remained a secret.

Basic salaries were beefed up with generous travel and entertainment allowances, contributions to medical aid schemes, provident funds and disability funds, and deferred compensations. The largesse of black directors appears much like of their white counterparts.


JAMES LAMONT

Joining the fray, Gill Marcus, the deputy finance minister, lifted the lid on a R3 million handshake to Moolman on his retirement. She also questioned why the pension fund mysteriously had 18 000 pensioners under the age of 49, when the average age of retirement is between 58 and 63.

Although Sigcau has promised to reveal the salaries of other executives in public enterprise, Transnet has inevitably drawn attention away from other areas of her portfolio. Eskom, the national electricity utility, is rumoured to offer new senior appointments and old timers similarly inflated packages. And what stops others in the public service measuring themselves against Transnet's benchmark of state remuneration?

Disclosure is central to the controversy. Someone who does not own shares in a listed company on the stock exchange has more chance of finding out what that company's directors are paid than he does of a public enterprise, of which we are all shareholders. Do we have to wait for parliamentary questions by National Party senators to find out what should be public knowledge?

Unions, like the South African Commercial Catering and Allied Workers' Union, were shocked by the evidence that wage differentials in the public sector are as wide as those in the private sector. But their response was muted as they prepared a cool reception for Michel Camdessus, the head of the International Monetary Fund, who came to give Trevor Manuel, the finance minister, a pat on the back for the macroeconomic package announced in June.

Though the macroeconomic policy is far from infallible, Cosatu decided absence was the best form of defence. It spurned a scheduled meeting with Camdessus because, it said, the time allocated was too short to cover all the issues, when it need only have made mention of 40 percent unemployment to challenge Camdessus' prevailing wisdom. That left the National Progressive Primary Healthcare Network to articulate its opposition to the IMF with a failed attempt to occupy the VIP lounge at the airport.

A mercurial Swiss professor presented the week's most illuminating critique of the local economy. He so good-humouredly lambasted the South African Chamber of Business at its annual convention that no one realised. Like this weekend's release of Trainspotting, the film about witty Scottish drug addicts, only on reflection did the audience twig the fast-talking, foreigner warning of bleak and failed lives. After all, the organisation for which Professor Stephane Garelli works placed South Africa a dim 44th out of 46 in its World Competitiveness Report.

According to Garelli, a Gallup survey of young people in China discovered last year that only 4 percent of respondents quoted Mau-tse Tung when asked what they wanted to do as adults. After 47 years of communism that shows poor market penetration. Some 68 percent, however, said they wanted to "work and get rich". Our society show signs of wanting the latter without doing the former.

☐ *Peter Bruce is on leave*

Erwin promises more development zones

Maputo Corridor is 'just a start'

(269)

CT (BR) 22/10/96

Shirley Jones

KWAZULU NATAL EDITOR

Durban — Individual spatial development projects like the Maputo Corridor, aimed at making the South African economy more adaptable to global trade trends and more sensitive to events in regional trade blocs, are on the cards, Alec Erwin, the trade and industry minister, said at the Durban Metro Business Conference yesterday.

He said these projects would dwarf the Olympic initiative and the $4 billion corridor development itself. He could not give an exact figure for all the projects because some of them were still under discussion and because the funding was expected to come largely from the local and international private sector.

He said the massive national spatial economic development initiative, which incorporates individual corridor development projects such as the ones linking KwaZulu Natal with Mozambique through Swaziland and South Africa with Zimbabwe, and the development of the Eastern Cape coast from Port St Johns, would be fundamental to future economic strategy.

Though tariff phasedowns and compliance with the global trade rules set up during the Uruguay round of trade negotiations would remain a preoccupation of the trade and industry department, he said, a national spatial development initiative would take centre stage in industrial strategy formulation over issues such as protection, market dynamics and price.

Erwin said he had met Mac Maharaj, the transport minister, Mangosuthu Buthelezi, the home affairs minister, provincial government authorities and the Swazi and Mozambican governments late last week to finalise the Lebombo development initiative, which will link St Lucia in the far north of KwaZulu Natal to Mozambique through Swaziland.

Khetso Gordhan, the director-general of the transport department, said the department was considering building a road from Hluhluwe, linking the top of KwaZulu Natal with Swaziland and Mozambique.

He said the road would be built by the private sector with minimal input from government, paving the way for future corporate initiatives.

Gordhan said spatial development corridors entailed massive investment and marketing operations, which had already succeeded in attracting substantial international investor interest.

Erwin acknowledged the urgent need for economic progress in regions like KwaZulu Natal, and said his department would follow up the Lebombo initiative with a spatial development initiative stretching from Durban to Newcastle.

He said South Africa would have to overcome the weaknesses stemming from a legacy of fragmented administrative procedures. He called for greater co-ordination in decision making at ministerial level, adding that a single ministry would be appointed to oversee the national spatial development initiative.

Erwin said his department would begin co-ordinating the Lebombo initiative so that all role-players pulled in one direction and worked within one framework.

SA WON'T ACT ON AFRICA'S UNSAFE AIRPORTS

Minister warned of disaster

(269)

THE IFP has warned Minister of Transport Mr Mac Maharaj that he may have to answer if an air disaster involving a flight to or from South Africa arises from unsafe conditions at African airports. Political Writer **BARRY STREEK** reports.

CLAIMS by South African pilots that deteriorating conditions at many of Africa's airports had been responsible for a near-miss in mid-air recently would not be investigated, Transport Minister Mr Mac Maharaj said.

His decision not to investigate was strongly criticised by Inkatha Freedom Party MP Ms Suzanne Vos in her response yesterday to his reply to a question she had tabled in the National Assembly.

"He cannot leave it as it is," she said.

"The pilots are warning that a disaster is about to happen. Be it on (Maharaj's) head if something happens and nothing is done about it."

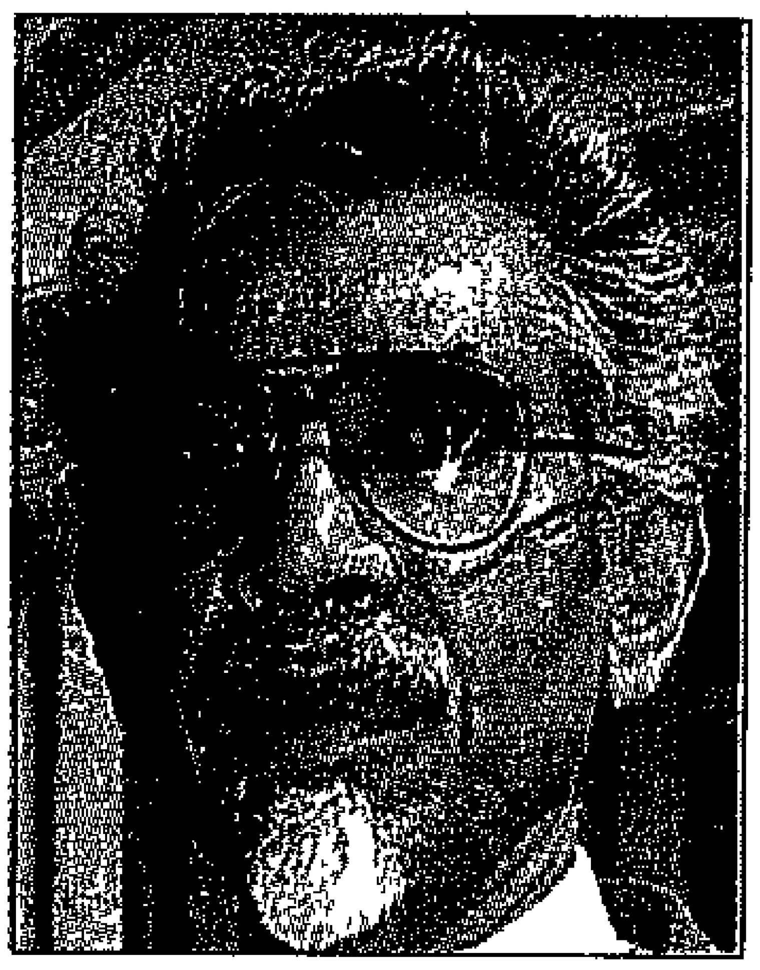
Vos had asked Maharaj if his department was investigating reports, attributed to the South African Airlines Pilots Association (SAAPA), that alleged conditions at many of Africa's airports were unsafe and deteriorating

Maharaj replied that the International Civil Aviation Organisation (ICAO), of which South Africa was a member, specifically recognised the sovereignty of each state within the airspace over its territory.

"The ICAO also recognises that the provision of air navigation services should be dictated primarily by operational considerations inherent in air navigation," he said.

"Therefore the provision of air traffic services by a state will normally be confined to the air space over its territory.

"In practice, this would imply



'OFF-LIMITS': Mac Maharaj

that air traffic services authorities will be required to operated within the legal, administrative and budgetary confines applicable to all national administrations."

It was therefore "not within the department's jurisdiction to investigate alleged deficiencies in sovereign air space outside South Africa". CT 22/10/96

Maharaj declined to make a statement on the matter

Vos said she recognised the minister's international obligations and the restrictions these placed on him.

"However, I find it absolutely astounding that the majority of airline traffic in and out of South Africa travels straight over the areas in which SAAPA has alleged there are deteriorating and unsafe conditions.

"The issue cannot be left to a mere 'no' This must be taken further. It cannot be left as it is

"We are talking about the lives of hundreds of thousands of people a year who travel to and from our country over this air space."

SAAPA was a responsible body and its warning must be taken seriously, Vos said.

As it had been warned and in the light of its response, the legal implications for the government would be enormous if something happened, she said.

PRIVATISATION *Sigcau responds in row over Transnet fund*

State 'still in control'

CT(BR)22/10/96 (269)

JAMES LAMONT
INDUSTRIAL EDITOR

Johannesburg — The government had not lost control of Transnet, the R40 billion state-owned transport utility, in spite of revelations in parliament last week of inflated salaries for directors and irregularities about the pension fund, Stella Sigcau, the minister of public enterprises, said yesterday.

Speaking at a privatisation conference hosted by the British Overseas Development Agency, Sigcau said the issue of the controversial pension fund had been under consideration by the government for the past 18 months. The pension fund problem was holding up finding an equity partner for South African Airways (SAA), she said.

"I want to assure you that the government is on top of the situation at Transnet and that we have been aware of the problems relating to the pension and medical aid schemes there," she said. But she warned that an equity partner for SAA could only be considered once the issue of the funding for the pension fund had been resolved.

The Transnet pension fund issue has put a stranglehold on plans to privatise SAA

The pension fund came under scrutiny last week in parliament when Gill Marcus, the finance deputy minister, revealed it had about 18 000 pensioners under the age of 49, when the average age of retirement was between 58 and 63. She also questioned the wisdom of Anton Moolman, the former managing director of Transnet, managing the pension fund while also being a beneficiary.

Sigcau had invited the HSBC Investment Bank, the government's adviser on privatisation, to investigate the pension and medical aid funds in association with the finance and public enterprises ministries. HSBC was also drawing up a protocol on corporate governance that would lay down guidelines for all parastatal directors, she said.

"The ministry of finance is giving special attention to the Transnet pension fund because it has placed a stranglehold on privatisation," she said. "If we are going to look at restructuring SAA we have to tackle the pension fund first."

Cabinet to be asked to approve fuel levy and national roads plan

BD 23/10/96 (269)

Robyn Chalmers

THE transport ministry would seek approval from the Cabinet next week for the establishment of a national roads agency financed by a dedicated fuel levy, transport director-general Ketso Gordhan said yesterday.

The agency, to be funded by a dedicated fuel levy of 6c/l, would be responsible for operating the national road network, including overseeing toll roads and managing the build-operate-and-transfer system.

"We have proposed a tightly focused board of directors which will be made up of 30% government representatives and 70% private sector representatives," he said.

Gordhan said SA's road network was severely underfunded.

It was estimated that at least R782m a year was needed to maintain the condition of the non-toll road national network.

Ideally, about R1bn a year over 10 years would be needed to address backlogs and new needs.

As a result, Gordhan said, government was concentrating on the build-operate-and-transfer method of financing roads whereby they were fully funded by the private sector.

Traditionally, toll roads involved a state subsidy of up to 50% of the cost of the road.

Gordhan said the current toll road strategy was working well and a number of new toll roads were being considered.

These included the extension of the N2 south of Durban from Port Edward to Port St Johns at an estimated cost of about R900m.

Expect outcry

The road would reduce the travel distance between Durban and Port Elizabeth by up to 80km as well as open up the Transkei Wild Coast area to agriculture and tourism.

"We are expecting an outcry from environmentalists, and we will not be insensitive to these concerns," Gordhan said.

Other roads included the N3, where three consortiums had already prequalified and tenders should go out by January, the N4 west of Pretoria and a road north of Hluhluwe in northern KwaZulu-Natal.

Committee approves abortion Bill

BD 23/10/96 (287)

Wyndham Hartley and Kathryn Strachan

THE abortion Bill was approved by Parliament's health committee yesterday with clauses allowing abortion because of "socioeconomic hardship".

Measures forcing doctors who are unwilling to perform abortions to refer patients to other doctors were scrapped but provisions allowing minors abortion on demand without parental consent were approved.

Opposition parties slammed the vote. The NP, disgusted by the "bulldozing through" of the Bill, said it would take up abortion as an election issue in 1999. NP MP Sheila Camerer said the party was considering referring the Bill to the Constitutional Court.

Meanwhile Medscheme director Reg Magennis said medical schemes were under no statutory obligation to pay for abortion. Medscheme had advised the 55 medical schemes it administered that the decision to cover abortions should be made by each scheme's management committee. The decision would not be influenced by whether abortions were free at state institutions.

Medscheme had advised medical aids that covering the procedure could lead to a further escalation in medical aid costs. Magennis said he imagined in the wake of the new Bill there would be pressure from members for abortion to be included, and this would be an important factor.

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Costs mount at 'coffee train' caravan park

BD 23/10/96 (287)

BISHO — The Eastern Cape had added a "coffee train" to its gravy train, NP provincial MP Sakkie Louw told the Eastern Cape Legislature yesterday.

Louw had asked about the financial situation of Coffee Bay's caravan park, a coastal resort less than an hour's drive from Umtata.

Provincial economic affairs and tourism MEC Smuts Ngonyama said the quiet 35-site caravan park needed 27 employees to keep it in shape.

However, while the staff cost R38 475 a month, monthly income from visitors to the caravan park averaged between R240 and R2 181.

Louw suggested that the only way to get tourism off the ground was for resorts such as the Coffee Bay caravan park to be sold to joint ventures between local communities and the public sector.

Sole DP provincial MP Eddie Trent supported the suggestion, and advised that the department step up its promotion of such resorts, particularly as Coffee Bay was easily accessible via an excellent tarred road.

Ngonyama said that he had already referred the glaring discrepancy between income and costs at Coffee Bay to the East Cape Development Agency.

Further development there would also be announced soon as part of a strategic development initiative for the entire Wild Coast, in which Coffee Bay was an important node. — Ecna.

Transnet tender process under attack

(269)

Edward West BD 24/10/96

SCRAP metal merchants are up in arms over Transnet's alleged contravention of its own public tendering procedures in awarding a multimillion-rand contract to a company partially owned by a trade union.

Metal Merchants' Association chairman Len Davis said his members were "extremely perturbed" about the way the three- to four-year contract was awarded — apparently to newly established Xisaka — without the normal public-tendering procedures being followed.

Industry sources said Xisaka was jointly owned by the SA Rail and Harbour Workers Union and a private scrap-metal merchant, Merkel Import and Export.

Although Transnet contracts worth more than R300 000 were supposed to be approved by its tender board, authorisation had apparently been given by Transnet director Gloria Serobe without the process being followed, they said.

Serobe was out of the country yesterday and both Transnet and a spokesman for Merkel declined to comment.

Davis said he had been told on inquiry a few days ago that metal merchants would not have access to the tender for at least three or four years, as the contract had been awarded to Xisaka.

The parastatal had awarded the contract through a public-tender process in the past, Davis said. "They have now awarded a contract worth millions of rands without allowing opposition to better the price."

Carrier stands to lose R75 million a year

Smuggling jeopardises SAA flights

CT (BR) 24/10/96 (269)

Audrey D'Angelo

Cape Town — South African Airways (SAA) may be forced to cut the Johannesburg to Cape Town leg of 13 international flights a week if the South African Revenue Service (SARS) insists on stopping it from taking on domestic passengers during the hour-long stop the flights make at Johannesburg, a spokesman said yesterday.

Piet Liebenberg, the chief executive officer of the SARS, has told the airline that from November 1 all international passengers will have to leave the aircraft at its first landing point in South Africa, which is Johannesburg in most cases, and go through customs. From that point onwards the flight will be considered a domestic one.

Alternatively, SAA flights could proceed from Johannesburg to Cape Town or Durban without taking on any domestic passengers, as a number of foreign airlines do.

Liebenberg said his decision was necessary because of the risk that drugs and other goods could be smuggled in by domestic passengers who received them from international passengers aboard the plane.

The reverse happened on outbound journeys, where foreign passengers were given suitcases full of Krugerrands to take out of the country.

Liebenberg said some domestic passengers had been caught with drugs and other smuggled goods at Cape Town. But it was not possible to compel a South African domestic passenger to go through customs.

"They can refuse," he said.

Mike Myburgh, the chief executive of SAA, said yesterday the decision would cost the airline about R75 million a year.

Leon Els, SAA's senior public relations manager, said the airline ended more international flights in Cape Town and Durban than any of its foreign competitors. SAA could no longer afford to continue with the Cape Town leg of international flights unless domestic passengers could be taken on to fill seats left empty in Johannesburg.

He said this would mean only three SAA international flights a week, two from London and one from Frankfurt, would go on to Cape Town.

Els said this also meant international passengers passing through Johannesburg would have to pay the domestic airport departure tax of R65 return. It would also lead to increased congestion and delay at Johannesburg International Airport.

The loss of the right to carry domestic passengers on a leg of its international flights has come at a time when SAA is fighting against increased competition in its international and domestic markets and recovering from the effect of a strike and lockout believed to have cost it at least R50 million.

Liebenberg said discussions were still continuing with SAA.

Els said SAA had offered to help provide X-ray machines and other equipment at Cape Town Airport and arrange for domestic passengers boarding at Johannesburg to go through customs as though they were returning from abroad.

Decision on Transnet to be taken in the next 18 months

(269) BD 25/10/96

Robyn Chalmers

THE first concrete decisions on the restructuring of Transnet should be made within the next 18 months, transport director-general and sector task-team leader Ketso Gordhan said yesterday.

The probable outcome was the hiving off of various business units, with the first three likely to be Autonet, PX and SAA.

"I do not think Transnet will go the same route as Telkom, whereby a stake would be sold to a strategic equity partner in Transnet. But we are making good progress during our discussions with labour and management on what form any privatisation would take."

Significant progress had been made on the restructuring of Sun Air and the Airports Company, and decisions could be expected on the way forward within six to eight months.

He said the restructuring and rationalisation of a number of Transnet's business units was taking place, such as PX and Spoornet where a major management reshaping exercise had been announced.

Autonet, Transnet's passenger coach and road transporter — which increased net profit after finance costs to R23m , compared to R20m last year, for the year ended March — could be fully privatised.

Proposals on ways to restructure SAA, which increased net profit after finance costs to R324m (R217m) during the review period, would be tabled shortly in the national framework agreement, Gordhan said.

The most likely route for parcel distribution business PX, which plunged deeper into the red to R433m (R297m loss) during the review period, was to look at joint ventures with the private sector.

Gordhan said SA's ports would probably be the last to be considered for some form of privatisation, largely due to the lack of a regulatory environment. He has strongly supported the introduction of independent port authorities to manage SA's seven harbours.

Transnet MD Saki Macozoma said in the parastatal's 1996 annual report that the restructuring process under way in SA had afforded Transnet the opportunity of examining each business unit.

"We have put on the table some tentative views which are subject to discussions in the transport sectoral team of the national framework agreement. This process is bound to gain momentum this year," he said.

Doing the locomotion with Maharaj

(269) M+G 25-31/10/96

Mac Maharaj details his department's new plan to modernise all aspects of South Africa's transport management

WE all take the existence of roads, railways, airports and harbours for granted and only curse the inconvenience when confronted by traffic jams, accidents, ungovernable taxis and airport strikes. Still, in our better moments, most of us believe that a well developed and properly managed transport system is one of the keys to making our economy internationally competitive and realising our vision of inclusive social development.

The Department of Transport has just completed 30 months under an African National-

our busiest general cargo port in Durban to our biggest port in Richards Bay, will be opened on November 25. Early next year we will be concessioning the N3, linking Durban to Gauteng, to the private sector. This project will involve R1-billion of new construction. The N1, which is the vital link between South Africa and our northern neighbours, will be opening in April next year. Each of these contracts has stipulated that 12,5% of the work should go to small, medium and micro enterprises (SMMEs) and 12,5% should be labour-intensive, resulting already in the creation of thousands of new jobs.

We have also been allocated R100-million from Reconstruction and Development funds to spend on roads in dangerous condition. We have already spent R40-million and created 70,000 person-days of work.

● Metropolitan Corridors. Four have been

will be responsible for implementation, while the department retains its crucial regulatory function. Similar agencies are planned for aviation and shipping. These agencies will be professionally managed at arm's-length from government under a board of directors, dominated by private-sector users of their services. Once they are in place, the effect will be dramatically to reduce the staff of the department, from 1 400 to 400.

● Traffic Management. The computerised National Traffic Information System (NaTIS) is 80% implemented and will be complete next year. A tender has just been awarded for a new credit card driver's licence which, linked to NaTIS, will allow us to introduce a points demerit system for regular offenders, capture data on all offences and thereby guarantee full payment of fines before a licence is re-issued.

Plans are well advanced for the building of 128 traffic control centres on our major roads to police overloading and ensure compliance with vehicle roadworthiness standards. The first five of these centres are under construction. We have also secured investment funding from the MMF to improve safety on our roads. These are some elements of a very comprehensive plan to reduce fatalities by 10% by the year 2000.

Watch this space. The political, strategic and management framework for revitalising transport is firmly in place. We are excited and confident, as 1997 approaches, that the whole country will soon be doing the locomotion for real.

Mac Maharaj is Minister of Transport

ist Congress-led government. It has been a period of intense debate and profound re-orientation of priorities. From it has emerged a comprehensive new policy and a strategic plan to modernise all aspects of transport management. At the same time, we have made a start on some of the massive projects that will be needed to move goods and people in the first part of the 21st century.

The Department is responsible for 7 000km of our national road network. It regulates and administers shipping and aviation (the pilots, the planes and the 57 airlines that fly into South Africa). It co-ordinates road traffic for eight million vehicles (which cause 460 000 accidents each year), and oversees the related MMF Fund (third party insurance) which pays out more than R1-billion to accident victims. It manages subsidies for buses and railways which move two million passengers every day, while it tries to regulate and help formalise the 130 000 taxis (60 000 of which do not have permits) that currently compete for the remaining two million passengers.

The Transport White Paper was adopted by Cabinet in September 1996. The consultation process used to develop the White Paper was guided by three key needs. They are the need for a more export-oriented and internationally competitive economy; the need for an efficiently integrated goods and public transport system; the need for a cohesive legislative and institutional framework to manage transport.

'We are excited and confident, as 1997 approaches, that the whole country will soon be doing the locomotion for real'

Some of the most important aspects of the new policy include: reducing the role of the government in operations and focusing on policy, planning and regulating; supporting social and economic development by using partnerships between the public and private sectors for the delivery of infrastructure and services; contracting out bus and rail services in a competitive and regulated environment and drawing the taxi industry into the formal transport system; and grappling with the carnage on our roads (10 000 deaths per year), through a comprehensive programme linking education and enforcement with engineering solutions.

In these 30 months we have notched up some significant achievements.

● Maputo Corridor. This project is one of four corridor initiatives the department is involved in with Trade and Industry. It unlocks economic investment potential along the shortest export route from Gauteng to Maputo (through Mpumalanga) by mobilising private sector resources to provide the infrastructure. The first crucial step will be taken in November, when a contract to build and operate an R800-million toll road on the N4 will be awarded on a 30 year concession.

As part of the corridor development, large-scale economic investment projects such as the cross-frontier park between Mozambique and South Africa, the building of a R4-billion aluminium smelter and a major titanium mining project in Tzaneen are being dimensioned.

● Roads. In the past two years we have issued contracts for the building of roads worth R2-billion. The N2, which will now link planned to make our cities more efficient and to begin overcoming the economic irrationality and reducing the human stress caused by apartheid planners who placed dormitory townships 30km away from industrial areas. In Cape Town work has started on the Phillipi corridor, which will link the old townships and squatter areas to Wynberg and promote medium-density housing, light industry and social services along a major public transport route.

● Restructuring of state assets. The key aims here are to generate funding, improve competition, and extend services in transport. The department has adopted a mixed approach — from outright privatisation (Sun Air), to strategic equity partnerships (Airports and South African Airways) and concessions, where the assets remain state-owned but operation is contracted out. The Cabinet has approved the proposals, negotiations with labour are well-advanced, and we can expect to see the first fruits within months.

● Public Transport. Legislation based on the White Paper will be presented to Parliament early next year — but implementation has already begun.

● Buses. Under the inherited subsidy system, bus operators had permits for life along routes which they determined and monopolised. From now on, however, operators will have to sign "interim contracts" with the department for a specified duration, after which they will have to compete for newly defined routes based on transport plans taking into account user and community-determined needs. The subsidy will no longer be restricted, as at present, to purchasers of weekly or monthly tickets, but will be based on bus kilometres travelled, so that all users will benefit equally. This is the beginning of a fundamental transformation in public transport.

● Rail services. These are currently provided on a contract basis by Metro Rail of Transnet via a deficit financing arrangement through which losses are subsidised and there is no incentive to reduce the current 30% to 40% rate of fare evasion, cut operating costs or improve quality of service. An interim measure is to change the contract to a "concession"-type contract which is output rather than cost-based, thus creating some risk as well as an incentive to perform better. This is a prelude to concessioning the operation on a competitive basis to whichever operator, public or private, offers the best price to operate the service for a set period of time, while guaranteeing maintenance and extension of the infrastructure.

● Taxis. Despite the valuable service they have offered to urban commuters, they become a byword for violent lawlessness.

The NTTT (National Taxi Task Team) has produced a detailed set of recommendations on regulation, formalisation and economic assistance. These are being implemented now.

● "Arm's-length agencies" and a lean department. The department is going to the Cabinet this month with proposals for setting up a national agency to manage roads. The agency will be funded by a portion of the fuel levy and

M+G

269

25-31/10/96

TELECOMMUNICATIONS BILL (267)

EXCISING INDEPENDENCE

FM 25/10/96

The Telecommunications Bill has been attacked in parliament for failing to ensure the independence of the new telecommunications regulator that will replace the Independent Broadcasting Authority

The Bill, tabled on October 7, strips away the independence granted in the White Paper to the new SA Telecommunications Regulatory Authority (Satra).

Satra's key functions are to ensure fair play in the licensing and regulation of radio frequencies and telecommunications services

The White Paper stipulated that Satra be impartial and independent of Telkom and government, but the word "independent" has been deleted from the Bill. The Bill concentrates power in the hands of Posts & Telecommunications Minister Jay Naidoo as the ministry, Telkom and Satra are all answerable to him.

In its written submission to parliament's communications committees, Eskom states: "Failure to appoint an impartial authority could lead to biased decisions favouring certain industry players. This could also raise concern with potential investors in the near future and hamper the promotion of competition in the industry " (see page 87)

Unlike the IBA, Satra councillors are to be appointed by the Minister, not by parliament. The appointments are to be made on the advice of a panel, handpicked by the Minister who may also deem any candidate unsuitable for their consideration

Reacting to the changes at a public hearing last week, DP MP Dene Smuts said: "I have never seen such a thing in any comparable legislation." She says Satra should be as independent as the IBA and fears that when the two merge, Satra could erode IBA independence

The National Black Business Caucus took the opposite line It did not feel uncomfortable with the appointment process because it trusted the Minister Caucus spokesman Xolani Qubeka said if the process was more transparent the council could end up with a white majority and the Bill's goal of black economic empowerment might not be realised. "Sometimes we become too transparent for a developing country," he said.

The Bill provides for the phasing out of Telkom's monopoly but came under fire

for failing to stipulate when this will occur The provision that Telkom's agreement must first be obtained seems to afford it the power to perpetuate its own monopoly indefinitely (The White Paper said it should not exceed seven years)

Even the National Telecommunications Forum, which guided the formation of the Bill, asked government to commit itself to a time frame to end market uncertainty

Naidoo says the exclusivity period is a key selling point of Telkom and to set it in stone at this stage would limit government's room to manoeuvre in its negotiations with a strategic equity partner The cutoff date will be stipulated in Telkom's licence at a later date

The Bill has among its goals the universal provision of affordable telecom services and black economic empowerment To contribute, all licence holders must pay annual levies to the Universal Service Fund and the Human Resource Fund to assist "needy persons" with the cost of providing or using telecom services or to help certain operators meet their community service obligations, and to promote the education and training of telecom workers

MTN and Vodacom are appealing to be excluded from these levies, which are implicit in their existing licence fees Other interest groups want the basis of the calculation of the Universal Service Fund levy spelt out clearly

Naidoo says it is vital that the Bill is passed before the end of the parliamentary year on November 8 Failure to do so would make investors uncertain

But DP and NP committee members and several stakeholders have expressed concern about the need for adequate debate The outcome will be determined largely by the ANC, with its committee majority, but only a handful of its members bothered to attend last week's hearing ■

Transnet deal 'threat' to brass, copper industries

BD 28/10/96 (269)

Edward West

THE survival of the brass and copper manufacturing industry was in the balance following Transnet's alleged decision to award a mulimillion-rand scrap metal contract in contravention of government-approved tendering procedures, industry sources said at the weekend.

Non Ferrous Metals and Haggie subsidiary Copalcor, two companies which rely on non-ferrous scrap to manufacture brass and copper products, said it appeared as if all the scrap to be procured in the four-year Transnet contract would be exported, compounding an already acute shortage of scrap non-ferrous metal in SA.

Non Ferrous Metals joint MD Bernard Lazarus estimated the contract to be worth between R100m and R200m over four years.

Forty containers of about 800 tons of scrap were being loaded, the companies said. The scrap was understood to have been accumulated by Spoornet over two years. Spoornet generated just less than a third of SA's scrap metal, which it released to the local market in the past through a public tender process, Lazarus said.

Transnet maintained silence on the issue on Friday, although a spokesman said the executive director understood to have authorised the contract, Gloria Serobe, would comment today on her return from a trip abroad.

Last week Metal Merchants' Association chairman Len Davis alleged Transnet had breached tendering procedures by privately awarding a four-year scrap metal contract to a new company, Xisaka. Xisaka is believed to be owned jointly by metal merchant Merkel Import Export and the SA Railway and Harbours Workers' Union.

Transnet tenders of more than R300 000 have to be assessed by its tender board. Davis said he had approached the trade and industry department to probe Transnet's contract award. "Think how a private government contract award lends itself to bribery and corruption. Transnet appears to think it is a law unto itself."

Comment: Page 13

Tager refuses to be involved in dirty tricks row between SAA, Comair

(269) BD 28/10/96

Bonile Ngqiyaza

CLAIMS by SAA that an employee of rival airline Comair stole vital passenger information by tapping into its computerised reservations system would have to be resolved between the two companies, Business Practices chairman Louise Tager said yesterday.

Confirming that a letter of complaint had been sent to her by SAA, Tager said the matter was between two businesses and not consumer related. "In terms of the Business Practices Act, this complaint would appear to me to be outside our jurisdiction."

Tager stressed that the SAA letter was sent to her as chairman of the Harmful Business Practices committee and not as Transnet chairman. "It would not be appropriate for me as Transnet chairman to take action."

SAA alleges a Comair employee used an SAA code to extract confidential information.

Comair management branded the claims a "complete fabrication".

The Sunday Times said yesterday that the computer section of chartered accountants Coopers & Lybrand, which was asked to verify the computer audits, had confirmed the findings.

Reuter reports that Comair said the timing of the allegations was suspicious. "It seems very strange that the day our British Airways A Comair franchise came into operation was the day this was released, and we know they are very concerned about our operation at this stage," a spokesman told local radio.

Comair took to the skies yesterday in the internationally recognised BA colours.

SAA spokesman Leon Els confirmed that SAA's concerns had been passed on in a letter to Comair, the Business Practices Committee and police.

"We are awaiting the outcome of their investigations."

In the letter, SAA CE Mike Myburgh said: "We believe this to be a criminal offence. Aspects of this appear similar to reported incidents of the dirty tricks campaign used by BA against Virgin Airlines on the North Atlantic (route)."

BA had to pay damages for saying Virgin had lied when it accused BA of taking information from its computer to try to target passengers and lure them away.

Local radio quoted "industry insiders" as saying that much of the information Comair had allegedly gleaned was freely available to travel agents, and that Comair had paid to access it. But Els said this was inaccurate and that Comair had obtained much more detailed information on passengers.

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Transnet move 'aimed at empowerment'

Edward West

(269)
BD 29/10/96

TRANSNET had waived normal tendering procedures in awarding a multimillion-rand scrap metal contract to curb theft and promote black economic empowerment, Transnet executive director Gloria Serobe said yesterday.

Ending days of silence following allegations by the Metal Merchants' Association and other private sector companies that Transnet had acted improperly in awarding the contract, Serobe said the parastatal had been "forced to intervene" to stop large-scale theft, fraud and the existence of a "whites-only cabal that has unfairly profited from this situation. This stolen material finds its way into overseas markets, which suggests to us that well-established businesses that have the capacity to carry these large pieces of stolen non-ferrous metals to such markets are involved," she said.

It was imperative that the sale of overhead copper wire be strictly con-

Continued on Page 2

Transnet

(269)
BD 29/10/96

Continued from Page 1

trolled, which would be achieved by selling to only one contractor.

"Transnet must be able to prove that only one (contractor) could legally obtain and be in possession of such material, otherwise it would be impossible to gain conviction in a court of law.

"In any event, the price negotiated in the overall agreement was fair to all parties concerned, including Transnet, and especially given that the high-value material is also quoted daily on the London Metal Exchange," Serobe said.

The formation of Xisaka, the scrap metal company in which the SA Railways and Harbours Workers' Union has a stake, was seen by Transnet as a black empowerment opportunity. The union represented people who had been "excluded from company benefits such as medical aid and pension for a long time", and the deal was therefore "consistent with our drive for equity to involve the union's leadership".

She denied that the new management had "sought to buy their influence with scrap metal".

Serobe said the awarding of the contract could not threaten the future of the brass and copper industry, as alleged by some beneficiators last week.

Transnet had been stockpiling for two years, and the scrap would now be sold locally and abroad "depending on price and other considerations".

This was "the kind of twaddle that calls to question the judgment and the probity of the leadership of this industry", she said. The contract represented "an opportunity for them to admit their first black member".

Maharaj proposes fuel levy to improve roads

BD 31/10/96 (269)

Tim Cohen

CAPE TOWN — Proposals to increase the dedicated fuel levy by about a cent every year until 2010, to boost funds for improving SA's road network, were presented to a cabinet committee by Transport Minister Mac Maharaj yesterday.

Maharaj said the gradual increase in the fuel levy would be a cost effective measure to ensure the maintenance and extension of the road network.

Only about 60% of SA's road system was being maintained effectively, and the road system would ultimately collapse if this level was sustained, he said.

The proposals made provision for the creation of a national roads agency which would absorb about 300 of the transport department's existing staff

Similar agencies would ultimately be created for both shipping and aviation, leaving the department to perform purely regulatory functions.

Once these agencies were in place, the effect would be to reduce the staff of the department from 1 400 to about 400.

About 4c from every litre of petrol sold currently goes to the dedicated road fund, and the increase will result in the new agency having about R900m a year for road maintenance and expansion.

Maharaj said he felt confident he had the support of road users for the increase and was soliciting the support of his cabinet colleagues for the move.

In the past two years, the department had issued contracts for the building of roads worth R2bn.

The N2 would link SA's busiest general cargo port in Durban to SA's biggest port in Richards Bay, and would be opened on November 25.

Early next year, the department would offer the concession for the N3 linking Durban to Gauteng, which would involve R1bn of new construction. He said the N1, a vital link between SA and northern neighbours, would open in April next year.

Call for probe of Transnet pension fund

BD 31/10/96 (264)

Robyn Chalmers

THE public enterprises portfolio committee will recommend to the Cabinet that a judicial commission of inquiry be established to investigate Transnet's pension fund before December.

Committee chairman Mandla Msomi said yesterday there were unacceptable practices being investigated at the pension fund, which had been approved during the tenure of the previous government.

"Security was built into the fund for white employees and the majority of the beneficiaries at present are white, a situation which is becoming increasingly untenable to the portfolio committee," said Msomi.

Other problems — which were pointed out in Parliament earlier this month by Deputy Finance Minister Gill Marcus — included the large number of pensioners who were under 50 and were costing the fund more than R180m a year.

Marcus described as "most disturbing" information that former Transnet MD Anton Moolman was the fund's chairman as well as a beneficiary of the fund. Msomi said that there were suggestions in a previous debate on Transnet that other trustees were also beneficiaries.

Msomi said the pension fund issue had the ability to discredit Transnet in the eyes of international investors, particularly in the light of current talks on the proposed unbundling and privatisation of Transnet assets.

He said that once an investigation was launched, there could be no further "wild" speculation on the state of the fund and well researched findings by investigators would help clear up the issue as well as give government pointers on the way forward.

A public enterprises ministry spokesman said that although the commission had the right to recommend a judicial commission of inquiry to investigate the pension fund, the ministry was not convinced this was immediately necessary.

HSBC Investment Bank, which was advising government on the restructuring of state assets, had been given the task of investigating Transnet's pension fund and the medical aid fund.

"(Public Enterprises Minister Stella) Sigcau believes it would be preferable to await the results of the investigation by HSBC before launching a further inquiry," he said.

Sigcau said at a recent privatisation conference the ministry was on top of the situation at Transnet.

"We have been aware of the problems relating to the pension fund and the medical aid there," she said.

Sigcau said the investigation process had kicked off in May this year when all the members of the inter-ministerial Cabinet committee had discussed the issue of the pension fund.

She said the ministries of public enterprises and finance were then given the task of dealing with the matter, which culminated in Marcus's address to Parliament.

latest violence shows that underlying tensions and rivalry outside

als from today's meeting, Pruis said.

New transport policy mooted

(269) Star 1/11/96

POLITICAL CORRESPONDENT

The Ministry of Transport wants to reduce subsidies for all passenger and freight operations and to impose user charges on roads, railways, ports, airports and pipelines.

This is according to a policy document released by Transport Minister Mac Maharaj in Pretoria yesterday.

In the white paper, he suggests the development of a strategy consistent with the needs of South Africans.

The policy document calls for all freight and passenger transport operations to be run on a commercial basis.

The ministry also outlined plans to ask for more money from the exchequer to finance transport infrastructure.

It says inadequate funding levels have made it impossible to provide a new infrastructure or to upgrade existing facilities.

For the violence-ridden minibus taxi industry, regulated competition would mean the industry would have to be formalised and measures introduced to enhance its economic viability.

Options available to the taxi industry would be to form legally registered businesses such as co-operatives or associations.

These institutions would operate in terms of permissions to operate on a route or network.

This would be granted by the provincial permit board.

Minibus taxi businesses may apply for permission or contracts either on their own or in partnership with bus operators. They would be encouraged to compete. Assistance would be offered to disadvantaged operators.

Transnet spoils the party

M+G (PM) 1-7/11/96 (269)

The parastatal and its main union have clashed over rights to a major stake in Johnnic, write Andy Duffy and Max Gebhardt

TRANSNET'S pension fund has emerged as a major player in the Johnnic empowerment deal, fighting with the South African Railway and Harbour Workers' Union (Sarhwu) for control over a large stake in the group.

The union says the fund gave it a R270-million soft loan to buy 3,55% of Johnnic from Anglo American — making it the second largest new Johnnic shareholder after the National Union of Mineworkers. It says the loan was "a gift" to promote black empowerment.

But the fund claims it made no loan and that it owns the Johnnic stake on behalf of all its members, including thousands of white workers and pensioners. It says the stake is a "long term investment".

Transnet's involvement could undermine claims that benefits from the deal, the largest empowerment scheme to date, have been concentrated on the previously disadvantaged.

The parastatal's pension fund is one of the largest in South Africa, with more than 111 000 members and more than 105 000 pensioners. Its investments include the Victoria & Alfred Waterfront in Cape Town.

Louise Tager, Transnet's chair, says she did not know the fund was involved. Anglo American was unable to comment. It was due to receive details of deal participants' funding on Thursday.

The R2,7-billion Johnnic deal, due to be finalised this week, involves black businesses and unions grouped within the National Empowerment Consortium (NEC) buying a 35% stake in Johnnic. Much of the cash has been raised from the unions' pension and provident funds.

Sarhwu deputy general secretary Tshidiso Moshao says the union originally asked the Transnet fund for R300-million to buy a stake in Johnnic, but settled for R270-million.

"The fund gave us the loan on very favourable conditions," he says. "I think the whole thing was done in the spirit of black empowerment ... It is a generous gift."

But Transnet pension fund investment committee head Eugene Kruger says the fund does not give loans and bought the stake for itself. The decision to invest followed discussions with management and all Transnet unions.

"It is the pension fund investing in Johnnic, not Sarhwu," he says. "It is the members' money and it can only be in Transnet's name, definitely not Sarhwu's."

Fund executive manager Gideon van Zyl says the Johnnic stake was offered at a discount "which was also attractive ... all the returns will be for the benefit of the fund and all its members."

Sarhwu national treasurer Ezron Mabyna has been appointed to the Johnnic board as a representative of Transnet's pension fund. Moshao is standing by his claim

Transnet's involvement in Johnnic follows its efforts to promote black empowerment, on top of its central task of running the transport system.

Finance director Gloria Serobe, who is spearheading the empowerment drive, was involved in the fund's decision to invest in Johnnic. She says the high-profile and black empowerment nature of the deal were factors in the decision.

But the fund is suffering from a huge deficit. This has forced Transnet to use its earnings to fill the hole — which cost it R1,4-billion in the 1996 financial year. Benefits to members have also been cut. Furthermore, the fund is attempting to boost returns from its investments.

Johnnic's low returns have proven a major sticking point in attempts by NEC members to raise funds.

Worldwide Africa says it can only service the debt it took on to buy a R263,3-million stake in Johnnic if the group is restructured. Johnnic's assets include Times Media Limited, and stakes in South African Breweries and Premier.

"All the businesses of Johnnic need to be focused to ensure maximum growth," Worldwide chairman Wiseman Nkuhlu says.

"How we will restructure is not quite clear yet. Workshops need to be held between now and January to discuss this issue."

The reconstituted Johnnic board, on which NEC members will hold half the seats, is to be announced on Friday.

Nkuhlu, widely seen to have been outflanked by New Africa Investments Limited in the deal, says retaining the current Johnnic shareholder structure will not be easy.

Ticket evaders facing wrath of train guards

(269) ARGUS 1/11/96

Reports of daily assaults

JUDY DAMON
STAFF REPORTER

Passengers caught travelling on Peninsula trains without valid tickets are facing the wrath of security guards.

Security men hired by the Metro train service have allegedly assaulted train fare evaders, some of whom have laid charges with police at Cape Town Station.

Police spokesman Bertram Croutz said this had become a "daily occurrence". A meeting had been called to sort out the problem which was spiralling out of control, he added.

In the latest incident a 12-year-old schoolgirl arrived at the charge office bleeding after a security guard allegedly kicked her in her "private parts" when she said she had left her ticket at home.

Earlier this month, Guguletu teacher Raymond Dibakoane was throttled and manhandled when caught travelling in first class with a third class ticket.

"Guards have no power or authority on the trains and are not allowed to make an arrest or handcuff passengers. They can only make a citizen's arrest when it comes to serious crimes," he said.

Constable Croutz said that often conductors asked for train tickets and passengers without them started arguing. Conductors then got rude and trouble started.

That was when the guard got involved and things got ugly, he said. Guards had the right to defend themselves but assault could not be tolerated.

In another incident, a Mitchell's Plain man's wrists were swollen and bleeding after a security guard from SSH Security allegedly handcuffed and repeatedly beat him.

Johan Penning of SSH Security said he was unaware of such a case but he would not allow his personnel to assault people and they would definitely lose their jobs if found guilty of such an act. The matter is under investigation by the Maitland police.

Metro spokeswoman Riana Jacobs said Metro was concerned about the attacks which should be reported immediately for investigation.

Transport ministry plans new agencies

BD 1/11/96 (269)

Robyn Chalmers

THE transport ministry was aiming to establish three new regulatory authorities by April to oversee roads, aviation safety and maritime safety, Minister Mac Maharaj said yesterday.

At the launch of the white paper on national transport policy, Maharaj said a proposal for the establishment of a roads agency had been submitted to the Cabinet and was being scrutinised by a Cabinet committee.

A regulatory environment was generally lacking in the transport sector, and the proposal for the agencies was to ensure such an environment was created while government's policy decision-making role was strengthened.

Maharaj said good progress was being made on a number of initiatives, and a decision would be made soon on which consortium would undertake the Maputo Corridor project — a 30-year R600m-R800m contract to build and maintain a road between Gauteng and Maputo.

The two consortiums currently short-listed for the project were Tracc, made up of HSBC, Basil Read and its French parent Bouygues, Stocks & Stocks, Investec and Thebe's Msele Investments; and Via do Sol, which included Grinaker Construction, Group Five, Keeve Steyn, BKS Engineering and Maputo-based engineering group Profabril, backed by Absa and Japan's Sumitumo Bank.

Discussions on the restructuring of state assets had progressed slowly, but Maharaj said that talks on the privatisation of Sun Air and a strategic equity partner for the Airports Company were now moving ahead.

He hoped agreement could be forged soon on the need for a partner for SA Airways.

Maharaj said the white paper, which was given the green light by Cabinet in September, would be implemented as rapidly as possible, but it had to be recognised that some policy changes could not be implemented overnight.

The white paper outlines a fundamental shift in transport policy towards private sector partnerships and signals a move away from government's role as a transport operator towards the formulation of policy and strategy.

Transport department director-general Ketso Gordhan said the white paper focused on two key policy goals — to improve customer service, which was sorely lacking in some sectors, and to increase competitiveness in the transport sector.

Gordhan said that in the longer term, government would seek a reduction in the cost to the state of subsidising transport operations. The bus subsidy would be phased out over the next 12 to 36 months.

New bus operators would have to get permission from the provincial permit board to operate. Existing permits on subsidised routes would be translated into interim contracts for a period before competing for tendered contracts.

Maharaj said talks were well advanced on granting operating and maintenance concessions to the private sector for the operation of rail passenger transport, with a pilot project due to be established in 12 to 18 months.

15Gb 1)

Mac loosens grip on transport

(269) ST(MT) 3/11/96

GOVERNMENT POLICY

By SVEN LUNSCHE

THE government further reduced its control over transport this week when Transport Minister Mac Maharaj unveiled a list of reforms in the department's White Paper

The reforms are part of a broader initiative by the department to limit its role to policy formulation and regulation, and to reduce its role as a transport operator.

"We want to become a government that establishes and regulates a transport environment which facilitates competition," says director-general Ketso Gordhan.

Maharaj is looking at ways of achieving these objectives, including concessioning out part of the rail and road network, private sector partnerships as well as partial and full privatisation of parastatals falling under the control of the department.

New initiatives announced this week by Maharaj are:

☐ A phasing out of the commuter bus subsidy over the next three years. The subsidy system, of which bus company Putco is the biggest beneficiary, will be replaced by a system in which operators will tender for routes.

☐ Restructuring Metro Rail as an independent business unit within Transnet and granting it a concession to run commuter rail until 2001. After 2001, regional commuter rail networks will be handed over to private operators on concession.

A pilot study is ready to get off the ground over the next 12 to 18 months.

☐ The establishment of a National Road Agency which will look after the national road network and which will be funded independently via a dedicated fuel price levy. The plan awaits Cabinet approval

These reforms are in addition to earlier initiatives which include the complete sale of profitable airline Sun Air within a year and selling a minority stake in The Airports Company and SA Airways.

Public protector asked to investigate Transnet deal

(269)

Edward West

BD 4/11/96

THE Metal Merchants' Association has approached the public protector to investigate Transnet's waiving of normal tender procedures in a lucrative scrap metal contract award to a new company owned by a trade union and a private dealer.

The approach followed the Transnet award of a four-year contract, believed to be worth more than R100m, to Xisaka, a new company owned by Merkel Import Export and SA Railways and Harbour Workers Union (Sarhwu).

Transnet justified waiving normal tendering procedures in the interests of curbing theft and the promotion of black empowerment. "Everything was above board and approved by Transnet's executive committee," Transnet chairman Louise Tager said.

The association's chairman Len Davis said the contract could establish a precedent for the private award of contracts by parastatals and government departments, which could lead to massive fraud.

Last week Transnet executive director Gloria Serobe claimed a "whites-only cabal," was profiteering from theft and fraud of Transnet's scrap metal.

"Serobe has, by allowing her emotions to enter into the matter, refused to meet with our Association to discuss this serious matter, and will only communicate with us through the press," he said in a letter to Tager. The public protector could not be reached for comment on Friday.

Sarhwu deputy secretary-general Tshidiso Moshao said the union "fully agreed" with Transnet's decision not to hold a public tender. "The government must do something so the historically disadvantaged can compete with those who have financial muscle. It was a fair, black empowerment process."

SAA 'can't attract suitable partner'

(269)/Sowetan 5/11/96

By Waghied Misbach
Political Report

National carrier being seriously jeopardised by financial crisis

SOUTH AFRICAN Airways' ability to attract a suitable partner could be seriously jeopardised by its current financial crisis.

Public Enterprises Minister Stella Sigcau said at a media briefing in Parliament yesterday that there were a number of factors that would "affect the attractiveness of SAA in looking for a strategic equity partner".

The national carrier is currently involved in a price war with the privately-owned Comair, which had also linked up with British Airways.

Other factors which had contributed to SAA's financial problems included:

- Last month's strike by the airline's technical staff;
- Many international flights cannot stopover to pick up extra passengers; and
- The fall of the rand.

Sigcau said that the Government was now looking at "repositioning" the SAA to adapt to the new situation.

The equity partner that the airline was looking for would provide "capital, managerial expertise, access to state of art technology and to new markets" which SAA could currently penetrate.

Meanwhile, the Government would be completing its plan to privatise Sun Air next year but Sigcau was cagey about the specifics choosing only to say that talks were still going on with the unions about the issue.

She said that the Government could not implement the privatisation process earlier because it would be "working in a vacuum" as the systems were not yet in place.

But with the guidance of the Transport Plan and the Government's macro-economic plan, the process – with the co-operation of labour, would be completed next year.

Public Enterprises Minister Stella Sigcau.

Part of the money gained from Sun Air's privatisation would be used to repay the escalating state debt while the remainder would fund development programmes.

She said the Government would look at a possible pilot training school at one of the major airports in the Eastern Cape.

Among other parastatals that would begin to feel the effects of the privatisation process next is Spoornet.

Sigcau said the company would be repositioned over the next three years to become a freight logistics solutions provider

Transnet puts marketing budget on hold as it ponders its future strategy

Jacqueline Zaina (269)

THE freezing of Transnet's R6m annual advertising and marketing budget since the start of the year may have helped fund the parastatal's much-publicised executive salary packages.

Despite losses of R253m in the year to March, Transnet — dubbed Pensionet by Public Enterprises Minister Stella Sigcau because of the pension fund's huge deficit — paid whopping salaries to its top executives.

Senior public relations officer Carel Mulder confirmed that Transnet's advertising budget had been frozen until the organisation achieved greater clarity on its future direction.

He said that the group had been in the process of restructuring and would not advertise "just for the sake of it".

The parastatal's response to an approach for advertising in Business Day's annual Exporting SA survey left little doubt that its dominance of SA's air and rail transport, through SAA and Spoornet, led it to believe it had little or no need to establish its corporate identity in the marketplace.

Transnet's corporate communications department, which had advertised in the export survey for several years, said in a letter: "As a large group you will appreciate that we receive numerous requests for financial assistance from a variety of worthy causes which have increased dramatically over the past year. Unfortunately, with a limited budget at our disposal, we are not in a position to support them all. We regret that as our budget is already heavily committed we are unable to be of assistance."

Mulder said that: "The restructure forced us to look at our budgets and unfortunately advertising is always the first to be cut. However, there is no point in advertising until we know where we are going."

A corporate communications strategy was currently being debated, Mulder said.

BD 5/11/96

Wheels turning to improve city transport

(269)

ARG 6/11/96

World experts to gather

MICHAEL MORRIS
ON THE OLYMPIC BID

Initiatives to streamline Cape Town's public transport network are to be subjected to expert scrutiny at a major international transport conference in the city.

The eighth world meeting of the French organisation Co-operation for the Development of Urban and Suburban Transport (Codatu) – will be held at the Good Hope Centre in September 1998.

Apart from transport-related spin-offs, the event boosts Cape Town's steadily growing reputation as an ideal international conference venue. It is expected to draw between 600 and 700 delegates, all specialists in transport design and management.

The injection of expertise arising from the event, and the choice of Cape Town as the host city, will help reinforce the city's Olympic preparations should the city win the bid in September next year.

The theme of the conference is "A policy for urban transport – a tool for sustainable development", and one of the workshops will examine the process of integrating Cape Town's public transport modes.

This is being done chiefly through a Section 21 company called Modalink. The main goal of this two-year pilot project is to create a single ticket and timetable structure for buses, taxis and trains, and a single information centre to answer commuters' questions.

Modalink is also a key element of Olympic transport planning, given that the chief mode of transport during the Games will be trains, buses and taxis.

Initial arrangements for the 1998 conference were worked out yesterday between a five-strong Codatu delegation, led by the organisation's president Jacques Rousset, and Western Cape transport minister Leonard Ramatlakane and top Metropolitan Transport Planning officials.

It was Mr Ramatlakane who proposed Cape Town as the host city for the 1998 conference at Codatu's last conference in Delhi last year.

SAA claims spy passed secrets to European competitor

(269) CT(BR) 7/11/96

Jonathan Rosenthal

Johannesburg — South African Airways said yesterday it had been the victim of industrial espionage in which sensitive information was passed to a European competitor.

Leon Els, a spokesman for the airline, said a supervisor in SAA's technical department had discovered that an administrative employee in its Johannesburg office was passing information to an opposing contractor based in Europe.

SAA's technical department routinely submits tenders for maintenance and other technical contracts when other airlines outsource such work.

"The leaked information included prices at which SAA was tendering for foreign technical contracts and could have prejudiced SAA as the competitor would then have been able to modify its tenders on the basis of the information received.

He said he was unaware of the motive and that it was an isolated incident. Els was also unable to disclose the name of the foreign company which had allegedly received the information.

"When we picked this up, the normal disciplinary processes were followed and it was felt that there was no option but to terminate her services," he said. The employee was dismissed about six weeks ago, but criminal charges would not be laid.

André Venter, the general secretary of Salstaff, said the union contested the allegation and would be taking the dismissal to arbitration.

"We feel that they did not have proof of the alleged leak of information. What is really of concern is that on the one hand they allege that the lady was passing on information, but SAA is dishing out credit cards with no limit to people overseas," he said.

Els said that this was the first time SAA had discovered one of its own employees passing information to competitors.

The revelation follows claims by SAA last month that an employee of rival Comair had stolen valuable passenger information by tapping into its computerised reservations system.

SAA claimed that the Comair employee used an SAA employee's code to tap into the computer and extract information which could be used to gain a commercial advantage.

The claims were denied by Comair, which accused SAA of launching a dirty-tricks campaign to maintain its position in the market. It said the information it gained was unrestricted.

Transnet accused of bypassing tender procedures

Wyndham Hartley (269)

CAPE TOWN — Transnet was yesterday accused of bypassing tender procedures to give a R100m scrap metal contract to a firm already dismissed as unethical by fellow parastatal Eskom.

DP leader Tony Leon told the National Assembly yet another scandal was facing Transnet following disclosures that tender board procedures had been ignored in the granting of its scrap metal contract to a company called Xisaka. He said it was understood that all Transnet deals of more than R300 000 needed tender board approval.

He asked Public Enterprises Minister Stella Sigcau if she was aware that Xisaka was owned by Merkel Import & Export and the SA Railway and Harbour Workers' Union and that Eskom had cancelled its contract with Merkel because of "unethical dealings".

Leon said Transnet executive director Gloria Serobe was on record as saying Transnet rules allowed her to bypass the tender process. The tender board had also refused to supply the press with a copy of its regulations.

Leon said Transnet security officials and the Metal Merchants' Association had both expressed surprise at the granting of the contract to Xisaka.

Sigcau replied that she was looking into the situation with the assistance of Trade and Industry Minister Alec Erwin, and would report back to Parliament on her findings.

The Star ... Friday November 8 1996

Barrage of complaints about city transport

(269)

Timetable chaos highlighted 'nightmarish' structure which has never been run on business principles and lacks comprehensive vision, says head of committee

Star 8/11/96

By Hopewell Radebe and Beatrice Motsisi
City Desk

The recent change of bus timetables and routes by the Greater Johannesburg Council's transport department, without public notification, highlighted the "nightmarish ineffectiveness" of the metro transport system, says the man heading the transport committee at the Greater Johannesburg metro council.

Peter Horwitz holds that the department has never been run on business principles and lacked a comprehensive vision to match public transport systems in other cities around the world.

"The council inherited an unabashed nightmare of horrors from the previous administration," says Horwitz.

Commuters have been relentless in their attacks on the department's unreliable service, which in the past two months has left them stranded or arriving hours late at work.

Some buses have failed to stop and pick up passengers, fares were raised without notification and commuters have had difficulty obtaining monthly tickets.

To make matters worse, council helplines have been out of order or left unattended. Commuters have complained that their demands that buses become user-friendly had gone unheeded.

One commuter, whose livelihood has been jeopardised by late buses because she works on a monthly contract and is paid per hour, has been making her own investigations into inefficiency.

"Tourists to this country don't risk using our public transport because it is really a mess. It's an embarrassment to all of us," says Maria Zietsman.

The city's transport management is not unaware of its poor public image, compacted by the recent mayhem.

"The timetable fracas made us realise the extent of the problem of our incoherent managerial system and the urgency with which it had to be addressed," says transport strategic executive Karen de Beer.

She said it was unfortunate that the chaos occurred right in the middle of management restructuring.

A man has now been suspended for making changes to the system without a comprehensive marketing exercise and without even informing his superiors.

De Beer says the only way she could explain such a bizarre occurrence is that, in terms of the old administration, the official did indeed have the power to sanction the implementation of new timetables.

Possibly the worst aspect of the changes was that no one informed the public before the time. For this reason, De Beer and her colleagues decided not to revert to the old timetables because they would further confuse an already jumbled situation. The new timetables are being "refined", she adds.

"Customer care was clearly ignored, consultation with council was not followed and even bus drivers were either not consulted or not informed about new routes," said De Beer.

The authorisation of new timetables would in the future only happen once commuters had given their input and all councillors and officials had been consulted.

These explanations do not, however, cover other areas of dissatisfaction with the system.

From complaints to The Star, it is clear bus drivers are a thorn in the flesh for many commuters, and De Beer concedes this.

Transportation executive officer Fouch Fouche said the department was considering harnessing the public relations skills of those who were often praised by the public. They could be used to train their colleagues, he says, because bus drivers are usually the first and often the only contact the public had with transport "management".

De Beer says her department is working "around the clock" to find ways to iron out the wrinkles in its tarnished public image. She hoped the services would be up to standard by June next year.

It is not going to be simple. Horwitz says the entire system has to be redesigned because it is still running under the old assumption that everyone works in the city centre.

"We hope to structure the transport system to be able to bus people from Soweto to Sandton in the future," he says.

TRANSPORT *Market for local component makers starting to shrink*

Import of more built up cars will lower SA's forex reserves

CT (BR) 8/11/96

Roy Cokayne

Pretoria — The motor industry's net use of foreign exchange will surge to a forecast R11,6 billion this year because an estimated 30 000 completely built up (CBU) vehicles have been imported, Johan Meyer, the president of the National Association of Automotive Components and Allied Manufacturers, said yesterday.

This compared with the 2 500 CBUs that were imported each year during the Motor Industry Task Group deliberations in 1992. Even greater use of foreign exchange is likely in the future, Meyer told the Auto Africa conference yesterday.

He said this was contrary to one of the objectives of the Motor Industry Development Programme, which envisaged the motor vehicle industry's burden on the country's foreign exchange reserves being reduced by an increase in exports.

"The combined effect of lower duties, export credits, the duty free allowance and the small vehicle incentive is to reduce, and in cases even nullify, effective import duties on CBUs and completely knocked down vehicles," he said.

As a result, the use of foreign exchange on imports was growing faster than foreign exchange earned on exports, and the local assembly market for component manufacturers was starting to shrink, hurting employment and stunting the industry's growth, Meyer said.

The export credits earned were in balance with, and in some cases exceeded, the import duties payable. Further exports would therefore either encourage CBU imports or encourage manufacturers to replace local components with completely knocked-down imports. This would consume more foreign exchange and further damage employment, he said.

Fuel levy 'needed to fund costs of road infrastructure'

CT (BR) 8/11/96 (269)

Roy Cokayne

Pretoria — A dedicated fuel levy of about 8c a litre is required to supply new road infrastructure, maintain or upgrade existing infrastructure or provide intermodel facilities, says Nazir Alli, the chief director for national roads in the department of transport.

Based on the national road network, excluding toll roads, the levy could be reduced to about 5c a litre after 2006. However, some adjustment would obviously have to be made when the primary road network was expanded in the future, Alli told the Auto Africa conference in Johannesburg yesterday.

"This will enable the Roads Agency to address the current backlog over the next 10 years and also to address new needs which, through traffic growth and pavement deterioration, become essential," he said.

Alli said funds allocated by the exchequer for roads were less in real terms today than they were 30 years ago, but traffic volumes had grown by more than 3 percent a year over the past 20 years.

"Based on an expanded national road network of 20 000km, which we ultimately need for the growth strategy, the current annual financial requirement to eliminate the backlog over the next 10 years will be R1,860 billion in 1995 rand. This backlog needs to be addressed as a matter of urgency," he said.

Alli said the non-toll national roads were funded by allocations from the exchequer and the amount provided was equivalent to a fuel levy of 4,1c a litre.

But he said this was insufficient to maintain the non-toll network and funding through a dedicated fuel levy, and toll charges seemed the only viable alternative.

TRANSPORT COMRADES . . . Mafika Mkwanazi and Braam le Roux, leading Spoornet into a lean, streamlined future

Spoornet's restructuring on track

ST 10/11/96 (269)

PARASTATALS

By DON ROBERTSON

THE restructuring of Spoornet, proposed only a month ago, is already up and running and should, in time, produce the profits that could make the rail transporter an ideal privatisation vehicle

Spoornet chief executive Braam le Roux has made major changes to the division's structure by cutting out 10 regional management branches, adding new business units, creating a new marketing department and centralising control through a freight reservation system

"This year we will show a bigger profit than the R98-million (R734-million) last year and I am looking for a very good year in the following 12 months Our transition, which has been a major change for us and has involved people adjusting to the new framework, is working well, although it has happened a little slower than I would have hoped "

Suggestions that Spoornet will be privatised in the near future, however, are way off the mark· "Spoornet does not generate sufficient profits for it to be a 'good sell'. We have to make it much more profitable and this will take time At present, the privatisation of Spoornet is part of Transnet's plan.

"There are many other divisions such as Sun Air, Metro Rail or Autonet that would be ahead of Spoornet for privatisation," says Le Roux

Spoornet will, however, form joint ventures or alliances with strategic partners It is also involved in a joint venture with a Belgian rail company and has a controlling interest in the Zairean railway

The change within Spoornet's operating structure has promoted it to perhaps one of the most efficient rail networks in the world, says Le Roux

"Sweden operates a similar freight reservation plan, but we had to develop the necessary software ourselves. The reservation system operates on a basis similar to an airline booking with everything negotiated before the contract begins."

Changes to Spoornet were necessary because of the increasing challenge from road traffic Rail now has to compete with road hauliers who are able to operate trucks of up to 40 tons This compares with European and American rail lines that have only 18- to 22-ton trucks as competition.

The freight reservation system now allows Spoornet to plan all transport operations from a dedicated centre and concentrate on 20 business units which look after industries such as coal, iron ore and pulp and paper.

Metro Rail, with its 11 000 employees, will be hived off to Transnet The new-look Spoornet has also opened up new affirmative action possibilities

The relationship between Le Roux and Mafika Mkwanazi, recently appointed Transnet director in charge of Spoornet, has been a success.

The changed Spoornet, though, will not require the same staff as in the past, but Le Roux says there are no immediate plans for significant retrenchments girlfriend in a Johannesburg night club then blazed away at other patrons, killing three.

Errors in German trade survey

THERE were two errors in Friday's Business Day survey on SA's trade links with Germany.

In a report on different approaches to tax, which said "only natural persons and corporations are taxed on income which is derived from an SA source" should have said "natural persons and corporations are taxed only on income derived from an SA source or deemed SA source".

The same report said: "To date, thin capitalisation and transfer pricing issues have not been covered by SA's exchange control regulations, but as exchange control restrictions slowly go, these issues will have to addressed." It should have read: "To date, thin capitalisation and transfer pricing issues were exclusively covered by the SA exchange control regulations ..."

Business Day regrets the errors.

REPORTS: Business Day Reporters, Reuter.

Region's airlines forge new accord

Stephané Bothma (269) BD 11/11/96

SOUTHERN African airlines have agreed on closer co-operation in an attempt to counter the threat posed mainly by European airlines increasing their services to the region.

Within the next few months SAA, Comair, Air Malawi, Air Namibia, Zimbabwe Airways, Mozambique Airways, Zambian Airways and Angolan Airways would co-operate on maintenance, training, code-sharing and reservation networks, Transnet executive director responsible for SAA, Zukile Nomvete said on Saturday.

"The practical implementation of the agreement will be finalised in the next two to three months and by February the benefits of the agreement will be visible," SAA spokesman Leon Els said.

The agreement on co-operation was reached at a meeting between the airlines' chief executives on Friday.

"A common understanding was established on the benefits to be derived from closer regional co-operation," Nomvete said.

"All parties have given their total commitment to finding workable solutions to the challenges facing airlines of our region."

Far-reaching Act is now in effect

Reneé Grawitzky

THE Labour Relations Act, which comes into effect today, entrenches the right to strike, encourages centralised bargaining, and clarifies the law on unfair dismissals and information disclosure, as well as introducing workplace forums and new mechanisms for dispute resolution.

The main thrust of the new Act is on the one hand to introduce a quicker, cheaper and more efficient dispute resolution procedure and on the other to facilitate the movement away from adversarial collective bargaining towards a more "co-operative and problem-solving orientated relationship on issues like productivity and efficiency" through the establishment of workplace forums.

The Act does away with conciliation boards and the Industrial Court and introduces new institutions such as the Commission for Conciliation, Mediation and Arbitration, the Labour Court and the Labour Appeal Court.

The Labour Court's judge president, Judge John Myburgh, said on Friday that the court would operate from temporary premises in its four regions until the building of the courts was finished.

The courts are situated in Johannesburg, Cape Town, Durban and Port Elizabeth.

Myburgh said the staff was ready and the rules of the court had been drafted. As a result of a dispute between the National Economic, Development and Labour Council (Nedlac) and the Judicial Services Committee, the appointment of one judge to the Labour Court was delayed. It is understood the commission wanted a politically correct appointment. This was rejected by Nedlac. The president, not wanting to take sides, refused to make an appointment and asked for the post to be readvertised.

Joe Campanella, author of The Complete Guide to Managing the New LRA, said one of the thrusts of the Act was to move labour relations away from a legalistic approach. This implied there would be a greater emphasis on line manager involvement in day-to-day labour relations issues.

BD 11/11/96

TODAY's WEATHER

Gauteng: Partly cloudy and warm. Thundershowers are expected.

Rail tariff equalisation to remain for now

(269) BD 12/11/96

Own Correspondent

PORT ELIZABETH — Rail tariff equalisation between Port Elizabeth and Gauteng will stay for another three to four years, says Transnet MD Saki Macozoma.

Macozoma warned yesterday that equalisation, which sees importers and exporters paying the same rate to send goods by rail to Port Elizabeth as they do to Durban, would be phased out long term.

"We need equalisation as long as there are capacity constraints in Durban. This kind of programme is our attempt to show that the competitiveness of the economy is not being affected by the historical lack of investment in infrastructure.

"In a different context, if we had competing ports this would not be possible. However, because of historical inequalities we are likely to need this kind of instrument for some time.

"It also makes sense because it improves Transnet's utilisation of the line, which may otherwise have faced scaling down and closure."

In the longer term, he said, it was important that Port Elizabeth developed a traffic flow that was not dependent on subsidisation.

"This is where the car terminal becomes important. We are spending R5m on the terminal, which will be bigger than the one in Durban. Port Elizabeth is also closer to Europe for exports of cars and components. Durban, of course, has an advantage on traffic to and from the East."

Macozoma called on business and political leaders to use the three- to four-year opportunity to "develop sustainable economic activity linked to a provincial industrial heartland.

Port Elizabeth Regional Chamber of Commerce and Industry CEO Kevin Wakeford echoed Macozoma's warning that the Eastern Cape needed to be able to attract rail traffic on a sustainable economic basis.

Natal puts brakes on transport fraud

BD 13/11/96 (269)

DURBAN — Corruption in the KwaZulu-Natal department of transport has been significantly reduced and the department will continue to fight fraud, transport MEC S'bu Ndebele said at an ANC media conference in Durban yesterday.

Ndebele told reporters as a further deterrent to the possible abuse of official provincial vehicles, a 60-strong force of inspectors had been formed to conduct blitzes on public roads to ensure vehicles were being used for legitimate purposes.

"Our expenditure on vehicle running costs and repairs decreased by R7m in three months after a commission of inquiry into fraud in the servicing and maintenance of government cars was instituted in May 1995," Ndebele said.

He said the department used to pay more than R13m each month for maintenance and fuel before a commission of inquiry unearthed widespread fraud and corruption between garages, bank fleet management services officials and some department employees.

Ndebele said the province's transport inspectorate had been beefed up and would conduct operations to check that the use of government vehicles had been authorised.

These checks by the province would be made both during and after office hours. — Sapa.

CAPE ARGUS, **THURSDAY,** NOVEMBER 14, 1996

NEWS

Millions earmarked for transport

Priority given to projects needed to host Olympics

(269)

ARG 14/11/96

MICHAEL MORRIS
ON THE OLYMPIC BID

Upgrading commuter stations and taxi ranks, and turning congested roads into dual carriageways are among a host of Olympics-linked priority transport projects on the cards for the Peninsula.

Rail station projects include:

■ Better access, ticket control and improved facilities on the Cape Town, Pinelands, Langa, Khayelitsha line (R27,5-million).

■ A new look Bellville Transport Interchange with better lighting and security, shelters for buses and taxis and improved access (R3,9-million).

■ Upgrading the Cape Town station pedestrian bridge over Strand Street and providing ablution facilities at the minibus taxi ranks (R5,2-million).

■ Taxi rank and commuter parking at Fish Hoek station, and better facilities for pedestrians, buses, and minibus taxis (R2,4-million);

■ Improved parking and workshop space for long-distance buses and minibus taxis, with canopies and toilet facilities at the Khayelitsha station transport interchange (R5,9 million).

■ Minibus taxi facilities at Koeberg and Maitland stations (R1,8-million);

■ Facilities for taxis and long-distance buses at the Langa station transport interchange (R2-million);

■ Major works at Mowbray to make the commuter interchange between buses, rail and minibus taxis convenient and safe (R7,7-million)

■ Upgrading the taxi ranks at Nyanga and Manenberg East (R415 000)

■ The first phase of a new rail and road interchange at "Philippi City" on the Khayelitsha line, east of Stock Road – envisaged as the new central business district of the metro south-east sector of the Peninsula – (R6,3-million).

■ Improved transfer facilities for commuters to the north and south of the line at Philippi station (R3,5-million).

Road projects include:

■ Upgrading the airport access road from the N2 – the city's tourist gateway – to a dual carriageway, adding a lane to the airport interchange bridge over the N2, and possibly providing dedicated transport lanes (R6,7-million).

■ Upgrading the Borcherd's Quarry Road link with the Airport Ring Road (R10-million).

■ The first phase of the Bellville to Philippi "city activity corridor" – eventually to link Bellville with the envisaged Philippi City "residential and employment node" – which includes construction of a four-lane road along Symphony Way between Modderdam Road and Erica Drive (R10,7-million) and linking Delft Main Road with the southern section of Symphony Way (R21,9-million).

■ Upgrading Prince George Drive into a dual carriageway to relieve congestion and stimulate development at the False Bay end of the roadway (R6-million).

■ Making Lansdowne Road a "public transport priority route" through high-capacity intersections and extra public transport facilities (R8,7-million).

■ Extending dedicated lanes for public transport on the N2 from the Black River Parkway towards Hospital Bend (R8-million) and eastwards, towards the airport and Khayelitsha (R7-million).

■ Upgrading Ntlangano Crescent in Nyanga and linking it to Borcherds Quarry Road (R2,5-million).

■ Improving pedestrian and traffic safety, and providing bus and taxi stops along Sithandatu and Emms Drive in Nyanga (R2,7-million).

■ Upgrading Stock Road between the R300 and Lansdowne Road as a vital link in the Philippi development (R11,3-million).

Public transport management and demonstration projects are:

■ The non-profit company, Modalink, set up to integrate and improve all forms of public transport and increase its use, based on the model of Transitlink in Singapore, (about R3-million).

■ A demonstration of inner city minibus and bus routes (R10-million).

■ A range of transport management initiatives to improve and efficiency and effectiveness of existing road and rail services – which are expected to pay for themselves "within a few years" (R20-million).

Airline fees are 'wasted over Africa's unsafe skies'

NOV. '96 (269)

AUDREY D'ANGELO

Cape Town — South African Airways (SAA) and other international airlines are paying millions of rands in fees to African states, which spend nothing on safety standards at their airports, but divert the money for purposes such as overseas visits by their dignitaries.

Delegates to the annual conference of the Eastern, Central and Southern Africa Flight Safety Council (Ecasafi) were told this yesterday when a paper read on behalf of Tony van Heerden, the president of the Airline Pilots' Association of Southern Africa, warned that mid-air collisions and landing accidents were avoided only by the vigilance of pilots who exchanged warnings and information by radio.

Pinpointing Luanda as one of the dangerous airports, Van Heerden said SAA alone paid R3,5 million a month in fees to overfly African countries. Similar sums were paid by other airlines.

SAA paid a landing fee of $1 000 at Luanda, but received nothing in return.

Van Heerden said the time for airlines to accept situations like this as "just Africa" was over. Things were getting worse as the volume of traffic increased.

Nuru Mgawe, the chairman of Ecasafi, said money raised by landing and overflying fees was paid into government accounts.

When civil aviation authorities asked for equipment they were told the money was needed for such things as medicines in hospitals.

SAA aircraft to have early warning systems

(269)

Stephané Bothma

BD 18/11/96

SAA was in the process of equipping all its international aircraft with early warning systems to make flying over the African continent safer, airline spokesman Leon Els said.

Despite critically deficient air navigation facilities in most of Africa north of Namibia, Botswana and Zimbabwe, the growing demand for extensive route networks by a large number of African and international carriers has led to the airspace over the continent becoming increasingly congested.

The early warning system, used by most larger international carriers, triggers an alarm in the cockpit to alert pilots of other air traffic in the vicinity.

In addition, pilots flying over the region were also in regular radio contact with each other, Els said.

SAA has nearly doubled its number of flights into Africa since 1992, and the airline continues to investigate the feasibility of additional flights on existing routes and new destinations. Also since 1992, the number of international carriers flying over the continent to SA has increased from 19 to 74.

During its past financial year, SAA carried more than 543 000 passengers into Africa — an increase of 20% over the previous financial year, Els said.

He said the airline was in continuing discussions with civil aviation authorities in an attempt to put pressure on some African countries to improve their air navigation facilities.

Airline Pilots' Association president Tony van Heerden warned last week that drastic action was being considered unless there was an immediate improvement. This could include withholding thousands of rands being paid daily to African governments for flying through their airspace.

CT (BR) 20|11|96

Transnet blazes trail into Africa

(269)

GRAHAM LINSCOTT

Durban — Transnet and its subsidiaries are involved in a relationship with Africa that goes well beyond the established rail network that runs from Cape Town as far north as Dar es Salaam and Zaire, officials said yesterday.

"Our turnover into Africa last year was about R50 million and it is growing fast," said Bertie Heckroodt, Transtrade's managing director. Transtrade is the Transnet unit involved in the sale, lease and refurbishment deals the parastatal has entered into in the rest of Africa.

"We look at it project by project. People will approach us, we'll put together a team and they look at it to see if it's viable. We also supply rolling stock and spare parts," he said.

Siza Rail, a joint venture between Comazar, a Spoornet subsidiary, and Belgium's Transur Consult, is operating the rail system in Zaire's Shaba province. Sudan recently paid R22 million for 100 tanker wagons made in Bloemfontein. Another 100 are being built.

Ivory Coast has bought four second-hand diesel-electric locomotives and South African rail authorities are looking at the possibility of refurbishing the Ivorian system. Kenya has 10 South African locomotives on a maintenance-lease contract and there are South African technicians in Gabon refurbishing the motors of Gabonese locomotives.

Rail authorities are also considering rehabilitating Eritrea's railways, repairing port facilities in Djibouti and rehabilitating the Ugandan system. — Independent Foreign Service

March the target for privatisation of state airline

(269) (~~258~~)

Lukanyo Mnyanda

BD 22/11/96

GOVERNMENT had made progress towards the full privatisation of Sun Air and cash-strapped state-owned resort company Aventura, and both should be in private hands by March, Public Enterprises Minister Stella Sigcau said yesterday.

She told a British/SA Trade Association luncheon in Johannesburg that plans to find an equity partner for loss-making SA Airways (SAA) were at an advanced stage and the matter was already being discussed with labour.

However, there was no timetable for the partial privatisation of SAA as the operation needed to be "repositioned" as an efficient, viable entity to attract potential partners.

Sigcau declined to name potential buyers for Sun Air, saying their identities would disclosed only once the airline had been bought, which was expected to occur between February and March. Aventura could be sold before then, she said.

Aventura, caught in a cash flow crisis, has asked government to guarantee a R6m bridging loan to cover capital and operating costs.

Sigcau said government was fully committed to privatisation. The release of its macroeconomic strategy earlier in the year had provided a policy framework which would guide future steps.

Other state-owned institutions which were in line for full or partial privatisation in the near future included the Airports Company — which was holding talks with possible strategic equity partners — Metrorail and Autonet. A decision on an equity partner for Telkom was expected early in the new year.

She challenged the view that privatisation constituted a threat to existing jobs, saying it could be a vehicle to promote sustainable growth and create even more employment opportunities.

Economic empowerment would remain the cornerstone of the privatisation process and possible strategic partners for state enterprises would also be judged on this basis.

"Disadvantaged people must be made part of the process. Any partnership will have to lead to economic growth and the creation of jobs."

Licence fees should rocket — Maharaj

BD 26/11/96

(269)

Farouk Chothia

DURBAN — Provincial governments should consider trebling or quadrupling motor vehicle licence fees to raise funds to improve roads in socially deprived areas, Transport Minister Mac Maharaj said yesterday.

Opening the N2 route between Stanger and Mtunzini in northern KwaZulu-Natal, Maharaj said vehicle licence fees in SA were extremely low by world standards

Maharaj said the KwaZulu-Natal government should consider forming a provincial road fund, which could be supplemented with income from the trebling or quadrupling of licence fees.

Maharaj said that central government would increasingly rely on toll fees to finance the improvement and construction of national roads. This approach had been extremely successful in countries such as France and Italy, and the concept of user charges for economic infrastructure was gaining ground worldwide, he said.

Maharaj said the Stanger-Mtunzini route, built at a cost of more than R400m, had exceeded expectations with regard to empowering previously disadvantaged sectors.

Umduno Foundation, formed directly as a result of the project, had done work worth more than R300 000. It had since obtained several contracts from within the community. Zungu Construction had initially been appointed to do subsoil drainage worth R180 000, but the department had given it more work after it had successfully completed the initial contract.

Sibiya Contractors had successfully installed barrier rails and fencing to the value of R1m, while Sizabantu had constructed guard rails and gabions worth R400 000. Sithole & Vermeulen had been involved in concrete drainage work to the value of R3,5m.

Maharaj said the N2 freeway was significant in bringing about economic co-operation among Southern African Development Community countries The freeway formed part of the Lebombo spatial development initiative, a joint project by the SA, Swaziland and Mozambican governments.

Survey finds drivers collude in truck theft

Jacqui Pile

BD 4/12/96 (269)

A SURVEY of more than 27 000 trucks across SA has found a high degree of collusion by drivers in the theft of vehicles and freight in the trucking industry.

The survey, carried out by a motor vehicle research organisation, The Marketing Shop, highlights the increased risk of theft at unforeseen stops in townships and fast food outlets, as well as in lay-bys where drivers sleep.

An insurance industry source quoted in the survey said that in the assessment of insurable risk in the transport sector, drivers accounted for 60% while the remaining percentage rested with the condition and maintenance of the vehicle. Among other factors raising the insurance risk were the low levels of education, literacy, skill and road awareness of many truck drivers. It noted that many drivers were in charge of vehicles costing up to R500 000 and freight with a value of between R250 000 and R500 000.

As countermeasures, the insurance industry suggested careful driver training and a move towards better record keeping. Accurate pre-employment checks were essential on all potential drivers and the use of polygraphs was also recommended.

The survey found that 15% of stolen vehicles were hijacked. There was also strong evidence that the rate of vehicle hijackings and theft were increasing.

'Irregularities' uncovered in security board probe

Kevin O'Grady

BD 4/12/96

LEGAL action, possibly including criminal charges, could flow from the results of a forensic audit of the affairs of the Security Officers' Board which are to be released soon, an auditor said yesterday.

Patrick Ronan of Ronan, Smithard & Associates, which has been involved in the investigation and in managing the board's affairs, would not give details of the findings. However, he said the investigation had "uncovered gross irregularities with regard to the administration" of the board.

Board member Don Masterson said the findings were "of such a serious nature they have led to the suspension of two senior board executives", referring to last week's suspension of registrar Frans Lubbe and assistant finance registrar Thuys Redelinghuys.

Ronan also disputed allegations by Lubbe that his suspension followed an appeal to the safety and security ministry to set up an independent commission of inquiry into unaccountable expenditure by board members.

He also denied "gravy train" allegations levelled at board members, including three Transport and General Workers' Union shop stewards appointed to the board.

Ronan said that the investigation into Lubbe and the board's secretariat had preceded Lubbe's submission to the safety and security ministry.

He said he had seen evidence that productivity was at a high level since he started performing secretarial and administrative functions for the board in April. He agreed with board vice-chairman Joe Matshappa's comments that Lubbe's allegations against the three union members on the board were racially motivated.

R15,7m trust set up for land commission

BD 4/12/96

PRETORIA — A land restitution trust fund worth R15,7m over three years had been set up to bolster the budget for the activities of the Restitution of Land Rights Commission, it was announced in Pretoria yesterday.

Trustees of the fund said: "The commission is now 18 months old and it has become clear its constitutional responsibilities and operational needs demand an increase in its capacity to deliver on land restitution."

They said more than 11 000 land claims were pending and more were expected in the next 16 months. The trustees said they required more funds to put core functions in place. — Sapa.

Cut graft for Beira to succeed, says banker

HARARE — Southern African governments needed to cut bribery and corruption to create an attractive environment for investment in their proposed regional Beira Development Corridor, a leading banker said yesterday.

James de la Fargue, a corporate finance manager with the Merchant Bank of Central Africa, told a two-day conference that security and exchange control concerns were also key constraints to attracting capital to turn Mozambique's Beira sea route into a regional development corridor.

"Control of corruption is a major concern. Key financial constraints are security, functionality and exchange control understanding," he said.

"The way forward lies with central governments getting together and creating the right kind of environment," De la Fargue said.

Officials of the Beira Corridor Group, which organised the conference, said they had no estimate yet of the initial capital needed to expand the corridor's road, port and rail network.

But the group's managing director, David Zausmer, and other speakers stressed the region's private sector was crucial to securing the capital as southern African governments faced mounting budgetary constraints and dwindling donor aid.

He said investment security constraints could be overcome through clarification of rules governing the corridor and support from central banks through clear exchange controls on investments.

De la Fargue said the timing of the corridor was right, with the region now enjoying peace.

Beira would also offer a cheaper route than SA for most regional companies. — Reuter.

BD 4/12/96

MAIL & GUARDIAN
December 6 to 12 1996

Marcus hit team targets Transnet

(2.69) M+G 6/12/96

Andy Duffy

A CRACK squad of advisers led by the Ministry of Finance's highly-paid consultant Charles Stride has gone into Transnet to help fill the R12-billion hole in the parastatal's pension fund.

The ministry said this week Deputy Finance Minister Gill Marcus had recruited Stride following the roasting she gave Transnet in Parliament six weeks ago. The pension crisis is the key obstacle to government efforts to privatise Transnet.

Human resources boss Joe Ndhlela is the only Transnet executive involved in the project. Gloria Serobe, responsible for Transnet's pension fund, has been excluded.

Instead, Stride has recruited 12 outside advisers, including merchant bankers, accountants and an auditor provided by the British government.

"This is not a Transnet operation," he says. Stride, who earns R380 an hour from the ministry, is to report back to Marcus next month.

The pension fund hole dates back to Transnet's creation in 1990, when it took over the pension fund from South African Transport Services.

The deficit is spread across subsidiaries such as South African Airways, Spoornet and Portnet, rendering it virtually impossible to strike a price in any privatisation sale.

Stride says on paper the fund has an actuarial deficit of R3,24-billion — the figure shown in Transnet's latest accounts. But the real deficit is R12-billion as Transnet cannot meet the interest payments on debentures worth R8,5-billion, issued as an initial attempt to bring the deficit down.

The government had ordered Transnet to pay part of its earnings each year to the fund to fill the hole. Stride says there was never any "reasonable expectation" it could meet that goal. The parastatal suffered a R253-million loss for the year to March, after paying nearly R2-billion in pension fund costs, including R423-million in interest on the debentures.

Stride says a solution will involve the taxpayers' pocket and a reduction in pension fund benefits. He declines to be drawn beyond saying the plan will be "fairness all round".

Among Marcus's concerns raised in Parliament was that former managing director Anton Moolman, former chairman of the pension fund, had received a lump sum payment of R3-million and R62 600 a month as pension. Transnet was also paying out R185-million a year in pensions to people who were not yet 50.

Marcus challenged Minister of Public Enterprises Stella Sigcau, who is responsible for Transnet, to solve the fund's problems. Sigcau's representative says she approached the finance ministry for help before Marcus's challenge.

● A preliminary investigation at Transnet subsidiary Portnet's head office in Johannesburg has concluded it has no proper controls over outside consultants it employs.

"We noted two cases where confirmation of engagement was signed ... without the mention of the assignment to be done and the amounts to be spent. The consultants had been given delegated authority to sign for payment on behalf of Portnet for expenditure up to R100 000," internal documents state.

PX to be repackaged

(269) M+G (Bam) 13-19/12/96

Mail & Guardian Reporter

PX, Transnet's loss-making container shipment and consignment distribution unit, is on the road to recovery after the unions endorsed a restructuring plan, says Thabang Motsohi, deputy chief executive.

The strategy, which involves closing 34 mini-depots, will see the company break even in the1998 financial year — after making a loss of R433-million this year and a projected loss of R295-million next.

Motsohi said the proposal to cut costs and expand market share from 18% to 30% with 15 months had been endorsed by PX's five unions — the South African Railway and Harbours Workers Union, Technical Workers' Union, Salstaff Employees Union of South Africa, Black Trade Union of Transnet and the Transnet Allied Trade Union.

PX delivers 22-million parcels and generates an annual turnover of R550-million. But, says Motsohi, the company would now concentrate on a competitive, fast and guaranteed delivery service, as well as an exclusive service called PX Africa, to give it a clearer focus.

Privatisation was not yet on the agenda, says Motsohi. "The main purpose is to unlock the value in PX and optimise it."

Motsohi does admit that rationalisation could affect the workforce. Talks with the unions to minimise the effect of job losses will be concluded next month. The marginal depots employ about 560 of PX's 7 600 staff, but the closure would be offset by the opening of more agencies.

Transnet pulls through the profit barrier

(269) ST(BT) 16/12/96

PARASTATALS

By THABO KOBOKOANE

TRANSNET appears to be over the worst. It has returned to profitability in the six months to end-September after a disastrous R253-million loss in the previous financial year.

However, pension liabilities, a R1,4-billion fuel bill at SAA and increased losses at parcel division PX are putting the brakes on the recovery.

The transport giant reported a 20% decrease in profit to R64-million for the latest interim period, compared with R80-million over the same period in 1995. Total pension fund payments, inherited by Transnet from the old SA Railway Services, remain a headache for the transport giant.

Pension and medical aid contributions in the six months totalled R1,02-billion, (interim 1995: R1,1-billion), eating away at the R1,09-billion profit.

Although turnover was up 13% to R9,9-billion (R8,84-billion), operating profit fell to R1,67-billion (R1,6-billion) after a 15,4% rise in costs.

Finance charges were 12,2% up to R570-million, as borrowings rose by 16% to R11,5-billion (R9,9-billion), mainly due to a R1-billion Samurai bond taken up in the period.

Saki Macozoma, managing director of Transnet, says the sharp rise in operating costs reflected the impact of the weaker rand on fuel prices.

All but two of its business divisions reported increased bottom-line earnings.

SAA was the hardest hit by the higher fuel bill, reporting a loss of R84-million (profit of R141-million) over the six-month period. The airline's turnover increased to R2,8-billion (R2,3-billion), although the strike by white-collar workers cost it about R60-million.

Zukile Nomvete, executive director in charge of SAA, which is line for partial privatisation, expects fuels costs in the current financial year to hit R1,4-billion — a 75% hike from R800-million in 1995/6 — to be "passed on to the consumer".

Loss-making PX, the container shipment and consignment unit, suffered another loss after finance costs to R194-million (R169-million).

The division increased turnover to R280-million from R264-million.

Joe Ndhlela, executive director responsible for PX, says the division, currently being restructured, should swing into profits in 1998.

Portnet, the ports business, continued its good 1995 performance by reporting taxed profits of R852-million (R709-million) on the back of a R1,8-billion (R1,5-billion) turnover.

Spoornet, Transnet's largest operation, is also on the recovery track with a 72% rise in earnings to R296-million. In the year to end-March this year its profits fell from R734-million to R98-million.

Autonet, which looks set to be the first Transnet division to be fully privatised, increased profits to R11-million (R6-million) while Petronet's income jumped 56% to R136-million (R87-million).

SPOORNET (269)

SHARING THE LOAD

FM 20/12/96

Spoornet's new freight train reservation system could help it win back much of the business it is losing to road transporters. Truckers, who can now legally carry 40 t payloads, are even competing with the rail utility for bulk cargo

Braam le Roux

They are also part of the reason for Spoornet's profits plummeting from a healthy R734m in financial 1995 to R98m in 1996.

The Central Statistical Service's latest figures spell this out The volume of goods conveyed by Spoornet, and by its sister company Autonet (road) in the June-August period decreased by 3,6% to 45,6 Mt, compared with the same period in 1995 Goods conveyed by private-sector hauliers increased by 1,2% to 106,5 Mt in the same period, despite a 3,9% decrease to 34,6 Mt in August In August Transnet's tonnages (Spoornet's and Autonet's) decreased by 5,5% to 15,5 Mt.

Spoornet CE Braam le Roux says Spoornet's new system, designed to allow it to change its schedules at short notice to suit customer requirements, is a world first Shippers can call the tune when they want trains to run

"The Swedes are thinking along similar lines, but aren't thinking of changing their schedules every week," he says "We will talk to all our customers every day. On Wednesdays we will ask them what their traffic demands will be the next week, and will change our schedules to suit them collectively. We will ensure there are enough trains to cope with exports, without disturbing our weekly deliveries.

"We now need to persuade businessmen that if they reserve space for freight they will get it, and the train will depart when we say it will and get to its destination on time "

Spoornet also intends to reduce delays in loading container trains by sorting out the paper work before ships dock. "We will have at least 10 days to do that. We mustn't focus only on the container trains, but must think logistically and also sort out the inter-modal relationship before the ships arrive," says Le Roux "Delays in transferring containers to trucks at inland terminals, and delivery to their final destinations, can be eliminated by creating and interlinking freight reservation systems for all transport modes."

Like every other head of a rail system Le Roux has to face one insurmountable problem, the inflexibility of rail It cannot match the convenience offered by road hauliers They can pick up goods at source and deliver them anywhere in SA the next day without the consignment having to be handled again So it remains to be seen if Le Roux's policy can swing some of the lost business back to Spoornet ■

SINGIN' THE BLUES

FM 20/12/96

President Nelson Mandela will have a long wait for his first ride on the new Blue Train. After two postponements, he now has to hold on, hopefully, until the end of May for a ride on the train that has cost R70m to revamp.

Mandela's presence on the VIP trip is important, as it is hoped that it will attract cash from tickets sold to boost the Mandela Children's Fund

The November inaugural trip — and a later one scheduled for January — were cancelled because of technical problems and work delays Work on the airconditioning and alignment were the main reasons.

The Blue Train management is due to take a financial knock because of the postponements. Tariffs for a trip on the new train had been increased, while passenger numbers had been reduced from 107 to 84 Some overseas passengers who had been booked on the new train have cancelled and many will now travel on the old train — at the lower tariffs.

Spoornet GM Hendrick Birkholtz, who heads the steering committee overseeing the renovations, says that the postponements were necessary to reach the committee's goal — perfection. "We aim to make this train the best in the world, and if I have to I will postpone the launch again to achieve that"

Johannesburg PR firm David Barritt & Co has been commissioned to market the new Blue Train The firm and the train management are now waiting for government to approve the launch budget — reported to be more than R2m However, part of it will be recovered by the sale of tickets to those who want to travel with the president — that's if the new train ever leaves the station. ■