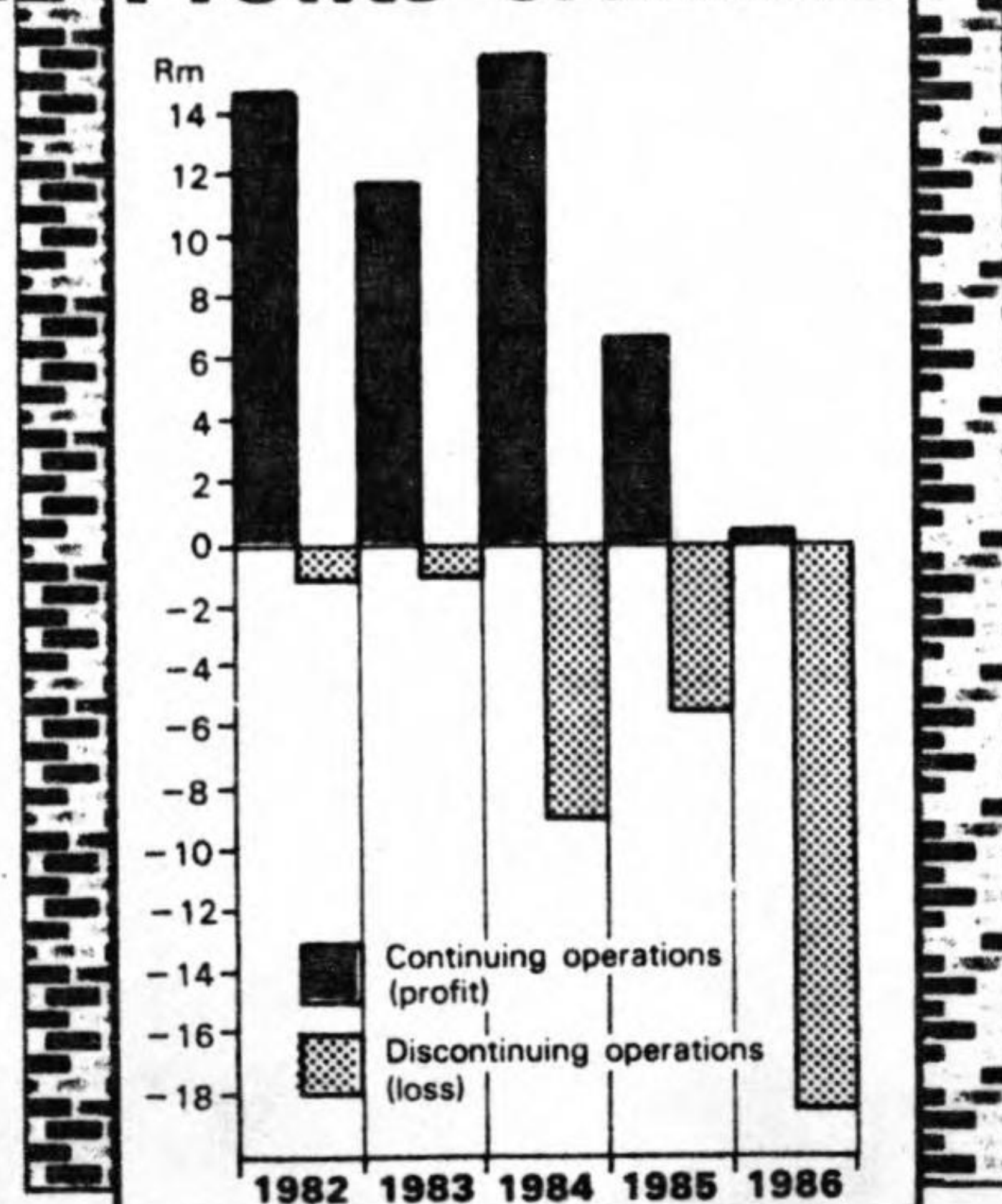


Profits crumble



credence with the recent despatch overseas of two heavyweight executives.

LTA splits its income statement into profit categories for continuing and discontinuing operations, and extraordinary items. This technique is sometimes criticised because it tends to soften the impact of losses. Wood contends, though, that this reporting method provides analysts with vital information for assessing future profitability. In the year to March

1986, he says, "we tried to depict three levels of danger pertaining to offshore operations."

On the first level, the board was telling shareholders they could reasonably expect offshore losses to total R18,6m (shown as losses on discontinued operations). On a second, they were warning that LTA risked losing another R28,5m if overhead expenses remained on budget overseas. But virtually no cash comes in (shown as an extraordinary write-off).

Finally, another R6m was transferred to a non-distributable reserve, depicting remaining losses overseas "if absolutely everything goes wrong."

Back home, LTA appears to have made little progress in its dispute with the Soweto councils (Soweto, Diepmeadow, and Dobsonville) over the electrification contract. Wood is tight-lipped on the subject. He contends that negotiations are at a delicate stage, and he wouldn't like to undermine the little progress that has actually been made.

Insiders believe that LTA encountered a chaotic situation in Soweto. The group would lay down cables, only to have them severed a few days later by one or another sub-contractor laying down ditches in the opposite direction. Most contracts carry variation clauses, which are costed separately to the client. But

the Soweto contract ended with over 2 000 variations — which someone has to pay for. Wood refused to confirm these claims, but he did say, "We were not entirely blameless in this affair."

At end-March, group debt was somewhat high at R43,9m, which translates into a heavy gearing ratio of 110% despite the balance sheet having been strengthened in January, when property worth R45,4m was sold into a joint finance com-

pany.

Nonetheless, LTA is in the throes of a rights issue of pref shares to raise R26,4m, which will enable it to reduce gearing to more comfortable levels. The prefs are convertible between 1987 and 1992, but before that happens, they still need to be serviced at 10%, partly negating the short-term benefit to cash flow. Most of these prefs will be taken up by LTA's parent, Anglo American Corp. It is the first time since 1972, Wood hastens to point out, that Anglo has needed to inject funds into its construction subsidiary. At operating level, LTA expects to break even this year after accounting for finance and other costs. Below-the-line losses should be largely out of the system, says Wood, although further close-down losses cannot be ruled out if trading conditions deteriorate further.

Of LTA's four main divisions, earthmoving (accounting for 65% of turnover) is expected to perform best. This division, relying heavily on government spending on roads

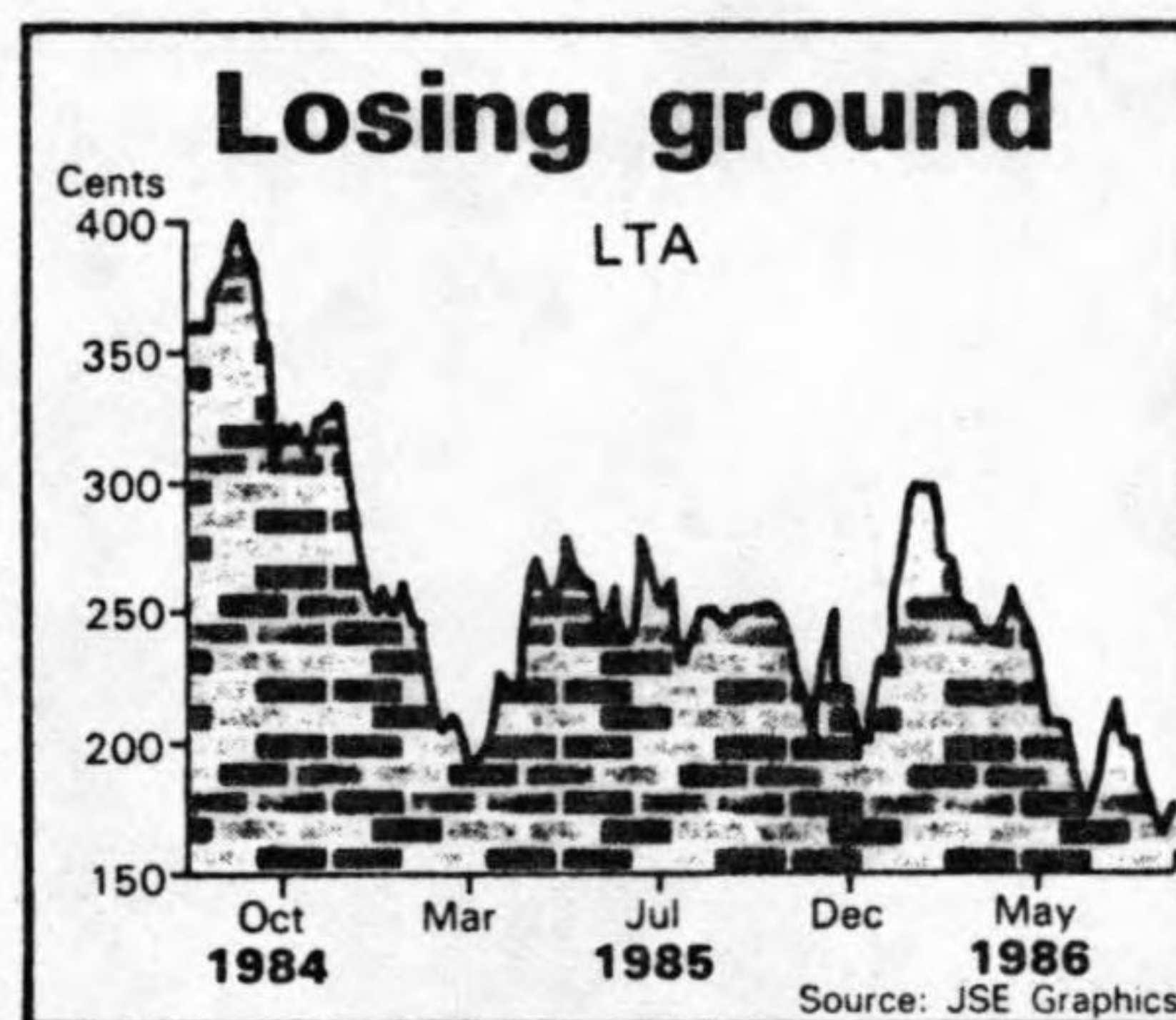
and infrastructure, is sitting on a good order book, Wood says. He is also satisfied that the work taken on will be executed at acceptable margins.

The civil engineering division, however, is showing little signs of picking up, although it should break even. Cost-cutting has been heavy in this division, taking account of the steady decline in the market over several years. "The large projects of the late Seventies, involving the likes of Escom, the Saldanha railway, and Sasol, are a thing of the past," Wood laments. "It's difficult to see what will replace them." To many, even Mossel Bay now seems a millenium away.

Wood's prognosis for general construction is equally grim. The conventional work such as hotels and office buildings all seem to have been built; we are at the end of an office boom; and once again "it is difficult to see what will replace them."

The engineering services company, Steele-dale, feeds heavily on construction, and consequently is struggling

with low margins and turnover, although it "remains profitable." It is in the market for mass housing, however, that conditions remain buoyant. And here LTA is operating at reasonable capacity; and if government does indeed push through its stimulatory package of accelerated black housing, LTA will doubt-



less take its slice.

Although shareholders should not expect a major return to profits this year, the group would look a great deal healthier if part of the mountain of cash owing to it by Soweto and the offshore debtors begins to flow in. In that happy (but uncertain) event, the potential savings in finance costs will make the share worth another serious look. Until then, LTA still seems far from attractive even at the current low of 175c.

Neville Glaser

KWANDEBELE

The tinderbox and the match

KwaNdebele's decision to reject "independence" is momentous. The local population rejoiced; anti-apartheid groups claimed a victory against the homeland system. But the story does not end there, and the problems facing the inhabitants of this pseudo-country are far from over.

For one thing, there's no clear indication as to how Pretoria will react, especially if Chief Minister Simon Skosana is ousted along with those office-bearers in his "government" tainted by association with Imbokhoto, the dreaded vigilante group. This seems increasingly likely: locals are not merely discussing if — but when and how.

The weird homeland entity of KwaNdebele was meant to turn into yet another showpiece of Grand Apartheid. Instead it turned into a nightmare — and the troubles may not yet be over.

For another, the dreary lives of many of the inhabitants will continue to breed discontent unless the whole mad idea is scrapped. This, however, seems unlikely, as Pretoria remains adamant that the homelands are an integral part of its constitutional plans.

Members of the Ndzundza royal family (see p34) have been central in the fight against independence, and say they don't support the homeland system. But they also indicate that they would still like the various independence projects (46 in all) and consolidation plans to go ahead "for the development of their people." These include a new capital, KwaMhlanga, a new prison, and a number of schools. So, for the moment, they see their only option as the homeland one.

There is talk about a new constitution for KwaNdebele, possibly along the lines of the British system with a representative chamber, and a house for the traditional authority.

homelands

But here the issues become clouded by varying internal perceptions of whether the place is to be governed along tribal, democratic, or federal lines. This is all up in the air.

Last week the crowds went wild after the announcement that the Legislative Assembly had rejected independence. At centre stage was Prince James Mahlangu, who has emerged over the past few months as a leader popular among all factions.

Chief Minister Simon Skosana was left a broken man, his Imbokhoto movement banned, its name now a curse. Legislation is on the cards to permit legal action if the term is used against anyone — rather like “Communist” or “kaffir.”

Skosana is now said to be ailing with diabetes and remains alienated from his sons, who became leaders in the resistance to him. People in the area see him as the cat-paw of murdered Minister of Interior and Imbokhoto vice-president Piet Ntuli (*Current Affairs* August 8).

Probably it is impossible for outsiders fully to comprehend the political intrigues surrounding the turmoil in KwaNdebele. It's all rather like an Elizabethan drama. The conflict divided families, as children involved with the militant comrades were pitted against parents who were members of Imbokhoto.

Rust der Winter white farmers, even Herstigte Nasionale Party supporters, found an unusual convergence of interest with residents. Their lives have been unsettled by the prospect of KwaNdebele independence, as their farms were due for incorporation within the redrawn borders of the homeland. On the one hand most don't want their land expropriated, yet they don't want to live alongside turmoil. They accordingly contacted with the royal family to try to restore stability.

KwaNdebele is riven with factions, and over the past few months improbable and fluctuating political alliances have been forged — not to mention numerous individual moves to protect vested economic interests. A constant accusation about the way Ntuli ran his department was that he was corrupt in allocating business licences. Many MPs and Imbokhoto members benefited from his patronage.

In the end, though, more than anything else, the violent excesses of Imbokhoto members turned the people of KwaNdebele against independence and Skosana. The pattern of Ntuli's, and Imbokhoto's, behaviour appears psychopathic.

Its central membership appears to have consisted of prominent MPs, businessmen and taxi owners. On one level the group functioned as a drinking man's club and is said to have met regularly in the evenings to braai and top up before going out to beat up the opposition. Schoolchildren were press-ganged into Imbokhoto; refusal to join usually meant becoming a victim instead.

In May thousands of people gathered at the royal kraal to demand that Skosana withdraw his acceptance of independence

and dismantle Imbokhoto. Violence broke out the next day and has continued ever since: KwaNdebele is a frequent focus of unrest reports.

Who are the other major players?

The individual who emerges with most credibility is Prince James Mahlangu. His father the king is now old and ailing. Although the king spoke out strongly against independence, his sons are now at the centre of events. As chairman of the Ndundza tribal authority Prince James came into daily contact with residents who complained about Imbokhoto and independence. Prince Andries is an elected MP and played on the face of it a minor role.

Prince James's elder brother Prince Cornelius — the crown prince, and a superb opportunist — was unpopular for a long time for his ambiguous role.

When the KwaNdebele and South African governments jointly announced in May that KwaNdebele would become independent, Prince Cornelius was 100% behind the decision. But at the Legislative Assembly last week he gave a rousing speech against independence.

He is to this day Minister of Health in Skosana's Cabinet, but in the past month managed to switch sides, stabbing his political master in the back once he saw the way the wind was blowing.

This restored his credibility — but only just. He says he “became aware of the people's will.” (In fairness, he has never been involved with Imbokhoto, which earns him some esteem at the moment.) Certain other Cabinet members have been “cleared” by the comrades, but a number of MPs are said to still be on the run.

At the moment the future of KwaNdebele is in the hands of the royal family. But can a mere change of homeland leadership bring stability? The youth leaders in Moutse still claim that their fight is against *all* homeland structures. They have vowed that if they manage to reverse the Moutse incorporation into KwaNdebele they will continue to resist its reincorporation into Lebowa.

The central question is whether Prince James will be able to retain his present influence. He could become an Enos Mabuza-type figure who works within the system but is trusted by the kids — if he can keep the comrades' respect.

At present they accept him, but they are part of the general black youth movement in SA. They share many of the motives and methods of their contemporaries across SA, and may be influenced by the tactical pattern of making townships ungovernable, through terror at times. Central to the campaign countrywide is rejection of homeland leaders whom the youth see as “collaborators” in the Grand Apartheid design.

The turmoil in KwaNdebele began on January 1 with the incorporation of Moutse and the abduction and assault of Moutse

residents by Imbokhoto. Over 150 people have been killed since then.

Not only have young people been tortured and detained, but they have also been involved in killings. In one instance two Imbokhoto members were necklaced before a crowd of about 1 000. In another, a group of about 50 comrades, including a number of girls, overpowered three armed guards at a store belonging to Ntuli and bludgeoned them to death.

It's impossible to establish the circumstances surrounding many of the bland Bureau for Information statistics. But the violence of the past seven months must surely have left its mark on the minds of the entire community, although it dropped dramatically following Ntuli's death in a car bomb explosion.

However, the day after independence was rejected, a 65-year-old woman was burnt to death in Kwaggafontein. The security forces arrived at the scene and fired three shots at the attackers, fatally wounding one man. Another eight were arrested.

The line between the comrades and the thug element is blurred. But frequently at the centre of the vanguard of the comrades' “action” (as they term it) are desperate, unemployed young people of the kind the savage economic circumstances of KwaNdebele will continue to spawn.

The area is totally unviable as an economic unit. And the official proposals offer no cure. Some 17 000

workers commute daily to industrial areas outside the homeland on the subsidised bus services. The subsidies are reported to amount to three-quarters of the ticket cost. A constant flow of money pumped in by government — such as the incentives at Ekandustria (see map p34) — is indispensable to its plan.

But why does government even contemplate continuing with a policy which has no chance of practical success and which is costly both economically and socially?

The white farms now being handed over to the homeland have been earmarked for agriculture and will be settled by “proved Ndebele farmers” selected by the tribal authorities. The training and development of a black farming class must be welcomed — but at what cost? Still, with Ntuli no longer in control of who gets KwaNdebele's assets, maybe the land distribution will be fairer.

But only a tiny minority would benefit. For the thousands in the settlements real development would simply mean being allowed to move to the city. For this to be possible, the millions of rands spent annually on bus subsidies, and the huge sums being spent on projects like the new capital, would have to be redeployed into urban family housing.

But as the Commonwealth Eminent Persons Group report notes: “In the economics of apartheid, the government prefers the



Prince James

high cost of subsidising such travel to having more blacks live in the urban areas."

Parents spend their days (and nights) commuting, and children are frequently left

to bring themselves up on the streets, subject to the comrades' discipline. So we must live with family breakdown, deteriorating social conditions and political radicalisation.

At the moment the homeland is calm. Detainees are being released and people are returning to school. But the unavoidable question is: for how long?

FROM DREAM TO NIGHTMARE

Pretoria's *laatlammietjie* homeland, KwaNdebele, has become the most difficult offspring of the Grand Apartheid dream. Architects of separate development are today probably wishing they'd stuck to the original intention of settling Ndebeles in Lebowa and Bophuthatswana, instead of creating a separate homeland for them. There's little doubt that the events unfolding in KwaNdebele will reverberate in the other homelands.

The Ndebele were a scattered tribe without a core tribal area to consolidate. So the homeland has had to be a costly artificial creation carved out of the bush north of Pretoria.

Historically, the Ndebele broke away from Shaka's Zulus, and moved into the Transvaal during the last century where they clashed with the Boers. Many later fled across the Limpopo into what is today Matabeleland in Zimbabwe. Others finally capitulated to the Boers in 1882 after being besieged at Mapoch's cave near Roos Senekal. Defeated, they were split up and forced to work as indentured labourers on farms throughout the Transvaal.

In 1923, the Ndzundza royal family, as well as three other chiefs, were allowed to purchase farms. Weltevreden remains the site of the royal kraal today. The modern KwaNdebele state began with the purchase of a number of white farms adjacent to the royal kraal.

Ask almost anyone over the age of 20 living there today where they were born and the answer will be somewhere other than the homeland. Almost the entire population has moved there since the middle Seventies.

Unofficial estimates put the population at 400 000. Ask people why they came, and the answer will be because they had no choice. Given a choice, they would have migrated to the cities, for the population of these bush ghettos — with names like Kwaggafontein, Tweefontein, and Vlakfontein — are what academics have come to call SA's "displaced urbanised." State policy inhibited natural urbanisation by a combination of influx controls and a shortage of housing and land for black settlement in the cities.

The KwaNdebele population grew because it is one of the homeland areas close to the industrial centres of the PWV. The majority of the working population commute on a daily, weekly, or monthly basis to work in the industrial areas.

Thousands of people began to arrive

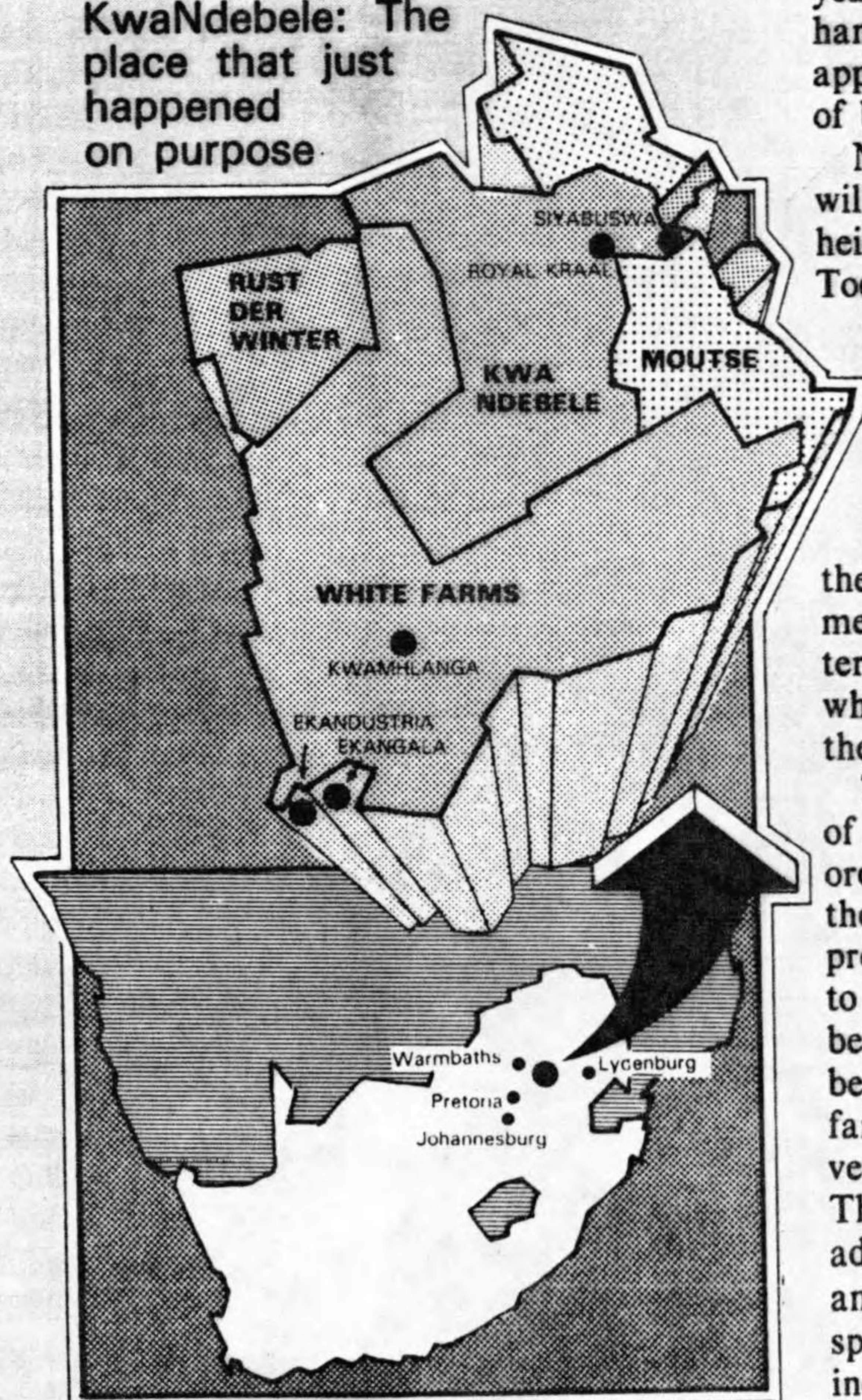
after being evicted from white farms in the wake of the abolition of the labour tenant system; others were the victims of rural and urban "black spot" removals, and a third group are refugees from Bophuthatswana, which purged (and is still attempting to purge) the homeland of non-Tswanas. Others came by choice, migrating to work opportunities.

The burgeoning KwaNdebele population was not the consequence of any policy "to bring together those who belong together." It has been the dumping ground, for among others, an influx of Pedis, Swazis, and Tsongos. Even official population statistics indicate that perhaps 50% of the population are non-Ndebele and almost as many Ndebele live outside their designated homeland.

Anyone wanting to see Ndebele women still wearing traditional clothing or their famous decorated homes that are now more common on tourist postcards should travel further north into southern Lebowa.

The original homeland structure grew from the larger Ndzundza tribe — their

KwaNdebele: The place that just happened on purpose



Paramount Chief David Mabusa Maboko Mahlangu is the Ndebele king. In 1974, the Ndzundza regional authority was established (the Manala regional authority was established a year later). Simon Skosana became chairman of the new regional authority and was later the popular choice for Chief Minister by the then formed KwaNdebele Legislative Assembly. The majority of the 79 members of the assembly are appointed by the tribal authorities. Sixteen MPs are elected. KwaNdebele has taken literally the concept of one man, one vote — women don't have the vote. However, until now KwaNdebele men haven't been too keen to exercise the one they have (although the calibre of those standing for election may have had something to do with it). In KwaNdebele's only election to date, in 1984, a total of 600 out of an eligible 50 000 voters participated.

Along with the establishment of the self-governing homeland in 1975 came the promise of more land. The major thrust to secure this was by the massive purchase of white farms over the last 10 years. The first block of 69 000 ha was handed over in April and the remaining approximately 80 000 ha is in the process of being handed over.

Not all the farmers concerned were willing to sacrifice their land to apartheid. Many resented the expropriation. Today, farmers in the area still talk about a couple who used contacts in the National Party to have the boundaries re-drawn to leave out their farms. They also note that the same farmers are now members of the Conservative Party. However, the final borders agreed on with the farmers in 1983 excluded the Rust der Winter area. Here, farmers were shocked when it was announced last year that their farms were to be expropriated.

The reason given by Deputy Minister of Land Affairs Ben Wilkens was that in order to persuade Lebowa to relinquish the controversial Moutse area, they promised to give them other farms closer to Lebowa, but earmarked for KwaNdebele. In compensation, KwaNdebele is to be given the Rust der Winter farms. So far, attempts to have this decision reversed have been rebuffed by Wilkens. The incorporation of Moutse into the area added another 66 000 ha to KwaNdebele and an estimated 120 000 majority Pedi-speaking population are challenging the incorporation.