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Gencorâ\200\231s Derek Keys

g S E P

MAN OF THE YEAR

:

Special Surveys
1988

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C_O N T BN GUSE

The FMâ\200\231s choice for Man of the
Year is Gencorâ\200\231s Derek Keys. A
rank outsider, the new CE who
joined the mining house with no
mining experience has embarked
on a major overhaul of the group

The trailblazer

The manager of the SA Permâ\200\231s Soweto operation is no stranger to being the first. In 1982 she was the first black woman to get an MBA from Wits. She has now won the first Black Management Forum Excellence in Achievement Award

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Hitting out

In a frank interview with the FM, top pilot Blake Flemington, president of the SAA Pilotsâ\200\231 Association, talks about a situation which has given rise to a new crisis in SAA â\200\224 pilotsâ\200\231 grievances about poor pay and service conditions

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Another year

The release of Govan Mbeki after 23 years on Robben Island and the Helderberg air disaster off Mauritius close an eventful year for South Africa. The FM looks at some of 1987â\200\231s news highlights

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Cutting the budget deficit

As the clock ticked closer to the Christmas holiday recess, American congressional leaders suddenly got religious and began laying down legislative provisions to the crucial budget deficit reduction programme

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No crackdown

Fears that the importation of
computer equipment is likely to
be affected by the Board of
Trade and Industry attempts to
plug loopholes used by Pick â\200\231n
Pay to bring cheap television sets
into SA from the Far East
appear to be groundless 40

The future can work
Shareworld, the R27,5m
multiracial complex outside
Johannesburg â\200\224 the biggest of
its type in the country â\200\224 has
pinpointed some large gaps in
various markets and fills them
commendably 26

New move
Quality control will replace
regulatory control of the national
road transport industry under the
newly-drafted Road Traffic Bill
and accompanying Road Traffic
Regulations 36

About cats
Wolfgang Reithmanâ\200\231s movie, The
Aristocats, may not be the best
that ever came out of the studio,
but it maintains the valuable
leavening the annual Disney re-
lease provides amid modern
childrenâ\200\231s Sci-Fi movie schlock 63

SR â\200\230I mind not being
Slâ\200\231mgmg mud able to say any more
Itâ\200\231s unacceptable â\200\234iÂ¢â\200\231s nor cricketâ\200\231. . . -
for an England DN e 3\
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cricket captain to
become involved in

a heated on-field
row with an

umpire. It's just as
unacceptable for

an umpire from a
country with a
notorious record to |
accuse an England |
captain of cheating

FINANCIAL MAIL DECEMBER 25 1987

Financial
Mai

Sir \224 Your article \234Time to sell the shopâ\235
(Leaders December 4) deals with the thorny
issues of privatising/liberalising the telecom-
munications side of the PostÂ® Office (PO).
The article is highly critical of of the current
level of technology in the PO. This is a little
unfair in that it gives no credit to the PO for
the giant strides it has made, particularly in
the data communications area.

The major problem at present is not one of
technology. Between the PO and most of the
end-user organisations all of the technology
is in place which would allow for far greater
use of the existing infrastructure. The prob-
lem, at the end of the day, comes straight
back to the issue of costs/revenues.

The PO is concerned that a wholesale
liberalisation of its telecommunications
would erode its revenue base. It is our view
that this need not be the case, for two rea-

A case for privatisation?

sons:

O The tariff structure is low at the moment
and business would undoubtedly be prepared
to pay more for its communications infra-
structure if it was accompanied by a loosen-
ing of the bonds; and
O The widescale introduction of added val-
ue networking products which would accom-
pany a liberalisation of the current restric-
tions would generate a very substantial
increase in traffic and would also reduce the
volume of data sent by post, thereby reduc-
ing the losses incurred by the POâ\231s postal
services.

Business and the PO need to stop viewing

each other as adversaries and start to co-
operate in this matter, which is of vital
national interest.

To this end we would suggest the forma-
tion of a body to be composed of representa-
tives of the business community and the PO
to thrash out an approach to give business
the service and the flexibility which it re-
quires without damaging the POâ\231s bottom
line. We would be happy to play a facilitative
role in the formation of such a body and
would welcome feedback from the private
sector on this matter.

David Jonas, The Malbak Group, Sandown.

Lusaka and the Church

Sir â\200\224 Your leading article, â\200\234Onward Christian Soldiersâ\200\235 (December 4) was distortion and manipulation of what the Anglican Provincial Standing Committee actually resolved. You have omitted almost everything in the PSC resolution and then substituted your own words to make up a dramatic story â\200\224 this apparently being more important to you than the truth.

We did not â\200\234endorseâ\200\235 the Lusaka statement â\200\224 it was referred to us and we accepted it, with stated qualifications. A business may accept a trade union as one to be involved with its employees or the FM may accept a letter for publication . . . In neither case would this be taken as â\200\234endorsingâ\200\235 the trade union or the letter.

You have hardly referred to our imploring and appealing to our church members to explore, learn about and adopt Jesusâ\200\231 â\200\234Third Wayâ\200\235 of vital and active non-violent change. In fact you entirely omit our reference to the Prince of Peace â\200\224 Jesus. His way is the only way for peace in southern Africa and it is astonishing that you cynically query what it means.

As a lay representative at Modderpoort and as chairman of the finance committee of the CPSA, I reject your interpretation of the PSC resolution and also your ridiculous suggestion that our church intends taking its congregations â\200\224 and their money â\200\224 into the fields of civil disobedience, etc. I can state categorically that no CPSA money has been spent, is being spent, or is to be spent in that way or in any way to support violence.

I end by quoting from Paulâ\200\231s letter to the Romans: â\200\234May God, our source of peace, be with all of you. Amen.â\200\235

Neville Greenham, Diocese of Natal.

Finding the engineers

Sir â\200\224 I was puzzled when I read your article â\200\234Patching up the Leaksâ\200\235 (Leaders November 20) on the shortage of professional engineers reaching critical proportions in SA. You blame this shortage on the â\200\234current deficiencies in engineering educationâ\200\235 at our universities â\200\224 the lack of skilled lecturers, the

=)

Take the viper to your bosom

difficulties in recruiting and retaining such staff, etcetera. However, nowhere in your

article do you mention the real problem underlying such a shortage: the fact that for decades now, companies have been concentrating on sponsoring potential engineers from the white segment of our population whilst neglecting, or even worse, deliberately preventing the so-called 'non-white' population groups from joining the profession.

Now that this white segment cannot meet the demand and now that the overseas sources of engineers have dried up, we are wringing our hands in despair although we have only ourselves to blame for our shortsightedness. It seems indeed that we are faced with a simple choice: either carrying on pumping vast (and unnecessarily large) funds into pampering an increasingly elite corps of individuals or doing without the engineering profession altogether!

What is needed to solve this complex problem is a massive shift towards the non-white segment of our population. We need our industries to pay urgent attention to making widely available the technikon-type of education of their deserving employees. And to those managers who claim that they cannot find 'the right potential,' I reply: 'Examine closely your methods of recruitment and selection and you'll be surprised at the vast and untapped existing potential.'

Dr E Charoux, Johannesburg.

Queries for the ECC

Sir 'Chris de Villiers (Letters December 4) obviously sees supporters of the ECC in a different light from the calibre of people who supported organisations similar to the End Conscription Campaign in the Fifties and the Sixties when the US was involved in Vietnam.

It would make interesting reading if the ECC were to make public the methods which they utilise in 'advising' potential conscripts on the evasion of military duty. Equally interesting would be the source of funding which allows salaries to be paid to 'full-time ECC workers.'

Johan Steyn, Weltevreden Park.

Killing cats at Wits

Sir 'Vivisection is a controversial topic. However, I would have thought Wits University (always ready to expose a humanitarian view) would try to implement its moral position practically and strive towards less suffering in our society, be it animal or human. The latest Wits scandal has exposed them as animal abusers.

Surely, if you cannot give animals a fair deal, what prospects do we human beings

have?

B Milmo, Verwoerdburg.

FINANCIAL MAIL DECEMBER 25 1987

ANOTHER YEAR

o After newspapers publish advertisements calling for the unbanning of the ANC, orders are issued under the Public Safety Act prohibiting publication of any report or advertisement promoting the public image of any banned organisation. P W Botha accuses Barclays MD Chris Ball of financing the ads. In July, the Transvaal Attorney General confirms that the ads were legal.

* As the ANC celebrates its 75th anniversary worldwide, a ceremony to make Nelson Mandela first freeman of the city of Sydney is disrupted and Archbishop Desmond Tutu's Australian tour runs into trouble.

e Coincidentally, the Defence Force also marks its 75th anniversary. There are no joint celebrations.

e Guinness CE Ernest Sanders steps aside and is formally fired, days after the Guinness family reaffirms confidence in him. Many heads roll as Guinness admits to illegal share-support operations through Zurich's Bank Leu.

o The OK Bazaars strike (which lasted nine weeks, hit 120 stores and involved 7 000-plus employees) is finally settled. The union claims victory. P W declares the first Friday

in May a workers' holiday, but organised labour, which wants May 1 for its own, is unimpressed.

Herr Willy Brandt resigns from the West German SDP as he chose a woman as party spokesperson.

o The Tower Commission reports that Ronald Reagan was ill-informed and detached from reality about a large part of the Iran-

ian arms deal, destroying much of his already tattered credibility. White House Chief of Staff Donald Regan resigns and is replaced by former Senate Republican leader Howard Baker. The positions of Defence Secretary Casper Weinberger and Secretary of State George Shultz are also undermined. Reagan's 12-minute nationwide address, accepting full responsibility for IranGate, dampens but does not silence criticism. Oliver North goes out in a blaze of glory.

o More than 60 railway coaches are burnt in the week before Easter, mostly on Soweto lines. 18 000 Sats workers continue to strike in the face of dismissal threats. The army moves in to guard stations and other strategic points.

e Margaret Thatcher and Mikhail Gorbachev oversee the signing of four agreements, including one to improve direct communications between the Kremlin and Number 10.

No glasnost for Herr Rust

Two new words are added to the international diplomatic repertory: glasnost and perestroika.

e Vietnam war film Platoon wins Best Picture and three other Oscar; Paul Newman is Best Actor (The Color of Money: his seventh nomination but first award).

e The four-week strike by 5 000 Reef postal workers ends. A joint statement says 21 grievances have been settled to the satisfaction of the union.

o There is a general election. 166 results are declared. The final state of the parties: NP 123 (+7); PFP 19 (â\200\2246); CP 22 (+5); NRP 1 (=4); HNP 0 (â\200\2241); and Ind 1 (=1). There are 12 nominated MPs: four by the State President, six by the NP and one each by the PFP and CP. The results reflect a major shift to the Right. Andries Treurnicht (CP) replaces Colin Eglin (PFP) as Leader of the Opposition. The Left agonises; Ken Owen

holds Wits students responsible.

° A bloodless six-day military insurrection in Fiji ends when the Governor-General pardons the insurgents and says he will call new elections.

¢ Bruce Fordyce makes it seven in a row, in what he claims will be his last Comrades. He also fathers a child, but makes no predictions in this field of activity.

« The three-month dispute between Sats and 18 000 workers is settled. SA's largest bomb yet explodes near the Defence Force's Witwatersrand HQ in central Johannesburg, injuring 68 people; amazingly, there are no fatalities. Between 220 000 (the Chamber of Mines's estimate) and 340 000 (the NUM's claim) mine workers down tools from August 9 in what is believed to be SA's biggest strike yet. The leader of the (coloured) Labour Party, Rev Allan Hendrickse, resigns from the Cabinet and challenges President Botha to find a constitutional replacement. His resignation comes hours after receiving a letter from Botha saying his membership of the Cabinet is unacceptable. The SABC somehow gets into trouble over this.

e A single-engined Cessna 172 flown from Helsinki by West German computer operator Mathias Rust (19) penetrates Soviet radar, buzzes the crowds on Red Square and lands beside the Kremlin. Russia fires Defence Minister Sergei Sokolov (75) and air defence chief Alexander Koldunov (63); Rust is sent off to a labour camp although no glasnost for Herr Rust.

e Mrs Thatcher wins a historic third term. But her majority is cut; while the Tory share of the poll is little changed, Neil Kinnock's successful campaign inspires a seat-winning swing among non-Tories away from the Liberal/SDP Alliance back to Labour. Reaffirming the Victorian values she holds

dear, Thatcher puts the famous adulterer and cad Cecil Parkinson (56) back in the Cabinet.

.25 Liverpool football fans are extradited to

South Korean Presi-
dent Chung Doo
Hwan makes political
concessions aimed at
checking continuing
unrest. A US official
says that the odds of
the 1988 Olympics be-
ing held in Seoul are
. i 50-50.

e Cash beats a Czech ... Aussie Pat Cash
(22) crushes Ivan Lendl (27) at Wimbledon.
Ex-Czech Martina Navratilova (30) beats
teenager Steffi Graf (18) in the â\200\234ladiesâ\200\231â\200\235
final.

e Unbeaten Bush Telegraph becomes the first
three-year-old since 1973 to win the Roth-
mans Durban July, setting a new course
record.

Belgium to face charges arising from the
Heysel stadium massacre.

Â« Hitlerâ\200\231s former deputy, Â¥
the last known Nazi

leadership survivor, Hess
(93), dies in Spandau
jail, which will be demol- f
ished. His son orders a
second autopsy, rejecting
reports that his father
may have committed sui- |
cide. The world watches.

ISERTEMBER: v i i o

e The minersâ\200\231 strike is settled. But NUM

General Secretary Cyril Ramaphosa warns that it is only a dress rehearsal for 1988. The National Council Bill is tabled in parliament, making provision for nine elected blacks (from development regions) to serve with members of other groups, including the ethnic homelands, on an advisory

committee to discuss black power-sharing. Apart from homeland leaders, it remains unclear who will serve, and whether elections will capture the imagination of urban blacks.

o Security forces put down the worst military rebellion yet against Philippines President Corazon Aquino; 1 100 rebels surrender or are captured, and at least 42 people die.

Naas Botha, technically a member of the Northern Transvaal team, defeats Transvaal 24-18 in the Currie Cup final. He is acclaimed as the greatest player in the history of the universe.

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| OCTOBER:

e The Transkei armed & forces under Major General Bantu Holomisa conduct a purge. PM George Matanzima, fingered in a corruption probe, is ousted. Princess Stella Sigcau (50), Minister of Posts and Telecom

munications, becomes PM, voted in by the National Independence Party the first woman in any comparable position in Africa. Natal is declared a disaster area. The floods are the worst in living memory. Nat MP -Leon de Beer (28), who won the Hillbrow constituency from the PFP is Alf Widman, is charged with hundreds of counts of electoral fraud. The PFP says he should resign; he is suspended by the NP. Tough new rules, designed to curb campus dissent, are attached to State subsidies; English universities object.

*To mark Kruger Day, there is unrest in Johannesburg parks. People are stabbed to death outside Ellis Park.

o There is a military coup in Fiji. The British Governor General is ousted. Sitiveni Rabuka, leader of the military, stops short of declaring a republic, suspending the constitution and ruling by decree Queen Elizabeth (Queen of Fiji) condemns the proposed moves as treason.

o The US sinks three Iranian gunboats in the Gulf. Critics of the Reagan Administration maintain that president is taking the US into a wider war with Iran, but this is denied. Earlier, the US Senate banned all trade with Iran an action regarded as largely symbolic: US oil imports from Iran more than doubled in a year.

o A worldwide stock market crash occurs. Wall Street records its biggest ever one-day loss. The saga continues.

eThe UK is hit by the worst storm since 1703, with winds up to 175 km/h. At least 20 die; transport is paralysed, and insurance claims could hit Â£1 billion. No one knows what to do with the uprooted trees.

o Pat Anthony (48) gives birth to her grandchildren, three of them, in the Park Lane Clinic â\200\224 a complicated birth, in more ways than one. The children must now be adopted by their biological mother.

NOVEMBER: â\200\230

e The Defence Force kills more than 150 â\200\234Swapo cadresâ\200\235 in a pre-emptive strike on a base â\200\234north of Ovambo.â\200\235 Later, fighting occurs in Angola, involving Unita and SA against the MPLA and Cubans. The South Africans withdraw after saying they will stay.

* Govan Mbeki (77) becomes the first Rivonia trialist to be released, after 23 years on Robben Island. He says he is still a communist. The day after International Human Rights Day, he is confined to the PE magisterial district and banned from speaking to the media. The release of Nelson Mandela is felt to have been delayed by all this.

* A Johannesburg-bound SAA Boeing 747 from Taipei with 159 on board crashes into the sea just before landing in Mauritius. There are no survivors. Speculation about the cause of the disaster is rife, and Judge Margo â\200\224 of the Margo Commission into Taxation, and the Machel plane crash inquiry â\200\224 is called in once more.

e The Transvaal cricket team, for the first

time in living memory, loses a number of cricket matches. There is singing and dancing in the streets of Caper Town.

o A Transvaal rugby player, for the first time in living memory, makes the unbelievable claim that players get rather more than expenses for risking their lives each Saturday. Everyone believes him, and the issue is swept under the carpet.

- DECEMBER:

e Gorbachev and Reagan meet in Washington to sign a historic nuclear arms limitation pact, effectively eliminating all intermediate nuclear missiles. The subject of Afghanistan is raised in post-signing talks. This is virtually the only good news of the year. Everyone goes home proud.

o Mark McNulty gets pneumonia, giving the other golfers a chance to win a Sunshine Circuit tournament. The soccer season ends, to be resumed in early January.

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Some commentators were bitter that government spending had been excluded from Margo's mandate. For tax is a two-edged sword, confiscating cash on the sharp edge and spending it on the blunt.

Margo recommended the abolition of many minor taxes, and rate reductions in mainstream income and sales tax. To avoid leaving government with light tills, Margo had either to increase other existing taxes, or invent a new one. It opted for the latter, recommending the Comprehensive Business Tax (CBT). However, the CBT chapter in the report is one of the shortest.

Many-horned creature

Margo pointed out that CBT is invisible. So it will not meet as much resistance as income and, particularly, sales tax. This will move the frontiers of the tax war: the burden will remain obscure but for those qualified to distinguish the wood from the trees.

Margo-watchers were a little disturbed to learn that Michigan in the US, which uses the single business tax that was CBT's progenitor, was visited only after the main report was filed. A report compiled after this visit has not been released.

Margo's CBT was attacked as unwanted, unloved and untested. As criticism mounted, various commissioners started to change tack. No, they said, CBT is not a new tax. It is really just a form of value added tax, calculated on the accounting, rather than the invoice, method.

CBT's base shows it to be a many-horned creature, taxing profits (income), value-add-

T
Th Ciskei catch

Pierre du Toit is a chartered accountant and advocate. He is a partner with Arthur Andersen & Co.

Predictably, we did not have to wait long before the first of the Margo (anti-avoidance) recommendations reached the statute book. In fact, the Ciskei legislation must have been well into its drafting stage even before the report was officially available.

Paragraph 26,24 of the report says this, referring to the lower tax rate in Southern African jurisdictions: New measures that should be implemented include a provision

deeming all income accruing from the states concerned to residents of SA to arise from a South African source, and a deeming provision to penetrate trust and corporate structures where the effective interested parties are South African residents.â\200\235

The commission suggested that hamoni-

ed, payroll (labour), and exempting â\200\234gross investment.â\200\235 CBT relies on the â\200\230â\200\234benefitâ\200\235 rather than the ability-to-pay principle.

As Assocom, Safto, organised agriculture and many others vehemently point out, CBT especially hits exports, which are a large proportion of the CBT base.

Other perceptions are that CBT will hit hard many struggling, labour-intensive, and start-up businesses. Still others, aware of the past, argue that CBT will lead to special pleading, and that its proposed 5% rate will be a minimum soon to be raised.

An issue of credibility arose when some Margo commissioners said that as CBT is phased in, sales tax will eventually be scrapped. That was not in the report. The claim made many wonder how much of Margo was in its report, and how much would be added by â\200\234extra-Margoâ\200\235 statements.

A few months after Margo was released, the honeymoon is over. State President P W Botha has had an economic summit with Margo as the main issue, representations have been heard, and Pretoria is preparing a White Paper (many suspect itâ\200\231s already complete) for release in the first quarter of 1988.

There is said to be some resistance to CBT in official circles, too. â\200\234It will be fought all the way to Cabinet,â\200\235 one official has said.

Meanwhile the world went on. Evidence of the enormous strain that will continue to be placed on the exchequer came in from all quarters. Disparities in education (the single biggest item in the national Budget) still need substantial attention.

Defence, police, prisons and justice will

sation should be pursued and, failing a satisfactory outcome, the above unilateral measure be introduced.

The new Section 9A of the Income Tax Act, introduced by this yearâ\200\231s amending Act, indicates that consultation either failed in record time or was never attempted. The new provision brings exactly the unilateral measures the commission recommended.

For many years, exchange controls have largely limited the opportunity for the kind

of sophisticated cross-national border tax planning which, internationally, has provided much of the battleground between tax planners and tax collectors.

With the advent of the independent homelands, however, different tax jurisdictions developed within the rand monetary area and a full blooded tax haven, such as Ciskei, was an inevitability. South Africans, from individuals to major corporate groups, rushed to source interest, royalty, or other passive income there. These types of passive income were the first to be affected, because it is always easier to manipulate the source of passive than of active operating income.

An important sequel to these events may,

DELPHI STUDY

Arthur Andersen & Co is to conduct a comprehensive survey of the South African equities, gilts, semi-gilts, financial futures and options market

The survey will be part of an international project, to be known as the Delphi Study.

SA, Australia and 12 European countries will take part in the project.

More than 100 local organisations such as banks, discount houses, mining houses, insurance companies, pension funds, stockbroking firms, and gilts issuers will participate. Several academics and specialist journalists will also be invited to take part.

The firm decided to undertake the project as financial institutions are currently undergoing a massive process of change, says Arthur Andersen senior partner Barry Adams.

cost more in real terms. Budgetary and other aid to TBVC and the six self-governing territories will take billions. The number of public servants continues to grow.

All of which gives the taxpayer little reason for sound sleep. Cynics argue that SA's tax burden historically high in overall terms is the price paid for the maintenance of white privilege. ||

however, be in the making. The first real

heavy salvos have now been fired in the cross-national border tax battle.

This new-found aggression (tempered by several concessions in the 1987 legislation, for example introducing credits for certain foreign taxes) will surely go further. Many Ciskei schemes peddled around may survive the new law, but will have a poor chance against a serious challenge from Revenue, most often on the ground of source in non-passive income situations.

Furthermore, facile faith in Ciskei-SA Tax Treaty protection may be badly betrayed â\200\224 as often happens when the applicability of a treaty is tested after one of the contracting parties has become a tax haven.

A final reminder in this newly focused area of the cross-border tax battle: Margo also made detailed recommendations regarding cross-border transfer pricing.

Add the piercing of the veil of secrecy between the Commissioners of Inland Revenue and of Customs and Excise, brought about also by the 1987 tax legislation, and one can see another possible direction for this contest. |

â\200\224

RUBBISH CLUB

To survive

A Scandinavian childrenâ\200\231s book tells of a girl whose hobby is garbage collecting. She collects what others regard as junk and, with imagination, transforms them into furniture and utensils for her home.

To many that is the reality. What might be rubbish to most is increasingly becoming the bread and butter of others.

Rachelle de Kock did her social science Mastersâ\200\231 degree on â\200\230â\200\234â\200\230garbage picking as a strategy for survivalâ\200\235 at Natal University. By the year 2 000, SA will have an urban population of over 24m, she says. Urbanisation greatly exceeds the rate of job creation, and garbage picking provides a viable form of income for the jobless.

Itâ\200\231s not a cushy job. Although the pickers form a vital link between the formal and informal sectors of the garbage industry, they are despised by their own communities, and harassed and fined by the police.

The relationship between the garbage picker and the waste dealer is one of co-operation and competition at the same time. The dealer in many ways relies on the picker, who sorts the garbage on the dumps and sells it to him, either directly or through a hawk-er.

Yet the dealer refrains from employing the picker, as that will lead to added responsibilities such as pension, a regular salary and safety measures. â\200\234The picker is a safety hazard to himself and the community,â\200\235 says De Kock. Out of desperation to get to the â\200\234goodâ\200\235 garbage, they fearlessly climb onto moving trucks, often even sticking their hands into steel jaws to grab some of the â\200\234valuablesâ\200\235 such as copper or plastics.

Some forms of waste â\200\224 especially industrial waste â\200\224 should be disposed of according to certain safety and health measures. But pickers have no regard for that and often tamper with dangerous waste.

They themselves are also a health hazard. Many eat and clothe themselves from the dumps. De Kock saw a man dragging a carcass off a dump â\200\224 she assumed that it had been left by a butcher, and that the picker was going to use its bones for soup.

Although garbage picking is mostly a full time occupation, most pickers do not regard their jobs as permanent. Of the pickers interviewed, 87% have been doing it for less than three years. They see it as a temporary occupation â\200\224 something to tide them over until they find something better.

But some pickers prefer their jobs to working in the formal sector â\200\234because they are independent.â\200\235 Most, however, would prefer a steady job, â\200\234because picking is not stimulating work and they need to earn more,â\200\235 she says.

Garbage hawkers, as opposed to pickers, are higher up on the social ladder in the garbage world. They have licences and can obtain formal contracts to salvage garbage from certain dumps. Pickers sometimes work

for hawkers, as it ensures them of a regular buyer. One hawker pays his pickers R2 per bag, and a good picker fills up to six bags a day, De Kock says.

She says hawkers represent a way for the pickers to move up the hierarchy of the industry. But their opportunities in upward mobility are limited. They do not have the finance, nor sufficient education and training to handle the marketing side of the business.

Meanwhile, the outlook for job creation in SA remains bleak. De Kock says since many pickers are destined to spend a significant portion of their working lives in the present

Hard at work on the garbage
dumps

occupation, a sensible approach â\200\224 at least in the short to medium term â\200\224 would be to improve the lot of the individual picker in terms of their earning capacity and the conditions under which they work.

She suggests that picking should be allowed to take place freely during fixed hours. â\200\234Garbage picking is an essential niche in the economic hierarchy and it should be recognised as such.

â\200\234While garbage picking does not provide opportunities to earn high incomes, it does provide a haven for the unemployed and often stands as their only bulwark between starvation and survival.â\200\235 In short, itâ\200\231s a sur-

vival strategy. |

EDUCATION

School with a view

In the Great History Textbook Saga, the press can take full credit for the fact that a complete revamping of the Transvaal Std 10 textbook is under way. According to Perskor, the publishers of the book, and Transvaal Director of Education Pieter Bredenkamp, all spelling, factual and grammatical errors are being corrected; and an unbiased editor (Perskor's words) has been appointed to

adjust the historical slant of the book.

It's about time. History for Standard 10 by Joubert and Britz is so riddled with errors as to render whole sentences absolutely unintelligible. However, far more serious and destructive than this is the political bias.

The Transvaal Education Department (TED) has responded to criticism by asserting that History for Standard 10 was the only textbook submitted for approval. But the respective authors of Legacy of the Past and History Alive submitted their textbooks, and are interested to know what happened to them.

The 1987 final examination was a tentative attempt to break away from the old maxim, 'the more facts you know, the more history you know.' Marks were awarded for insight and the odd interpretive question was evident, but the essays were still insultingly straightforward and factual.

Essay example: 'To what extent did the relationship between SA and Britain change from 1924 up to and including the Statute of Westminster in 1931?' This question lends itself purely to a list of memorised facts.

A more enlightened approach might have been: 'Explain Hertzog's motives, in the context of the republican climate of the time, for instituting the constitutional changes that he did between 1924 and the declaration of the Status Acts of 1931.'

The entire TED syllabus needs to be brought into alignment with tertiary teaching methods, or pupils will continue to move without warning from memorising lists of dubious facts to writing sophisticated research essays at university.

Co-author Sue Krige of the History Alive series maintains that there is no way History

for Standard 10 can be rewritten. The entire framework of Joubert and Britz's approach renders changing it into a credible work impossible; she insists that a totally new book should be written. History Alive is an attempt to create a bridging mechanism between high school rote-learning and the modern schools of interpretation offered in some universities.

The textbook reflects current debates about the South African situation, with a definite sense of analysis. The language used is admittedly difficult, but it is a far cry from the illiteracy of Joubert's book.

The TED now has the opportunity to create an updated, challenging syllabus, backed up by lively and stimulating source material. A new textbook is due for release in three months' time. Teachers will wait anxiously to see whether the change is real, or just a red herring to silence criticism. |

LEBOWA
At it again

The alleged mismanagement of a Lebowa cooperative, involving thousands of people, is being investigated.

It all started in 1980 when the farming

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community of Sephaku (a small village 20km from Groblersdal in the central Transvaal) together with other villages formed a co-operative. The role of the co-op was to do the planting, reaping and marketing of the crop. The co-op is run by an annually elected management committee, which has to report to the Lebowa Landbou Maatskappy (LLM).

The enquiry into the LLM was set up under the Lebowa Act on Co-operatives of 1980, after several complaints by Sephaku residents that their co-op was being mismanaged.

According to evidence heard by the enquiry, payments to the Sephaku people varied considerably from year to year. Many members received accounts for money allegedly owed to the co-op, which argued that production costs were far higher than income received through selling the maize.

It was also alleged that the co-op declined

The future

At Shareworld young South Africans are showing the way. The R27,5m complex, the biggest ever multi-racial venture of its type in the country, is between Soweto and Johannesburg.

Inspired by the Disney experience and other theme and water parks, Shareworld aims to offer the same and more. In addition to entertainment, the project also incorporates important educational and race relations ambitions.

The project is a response to various needs which market research showed were not being met in the PWV area. This was particularly so with blacks. The poor educational facilities of Soweto are notorious; entertainment is not much better. In 1984 the entire township of more than 2m people had only five swimming pools, four dance halls and four cinemas.

Research done by the HSRC and the Urban Foundation also confirmed an urgent need for sport and non-formal educational

facilities.

The envisaged mix between entertainment and education is 70% to 30%, but this could well change in favour of education as more facilities are developed. In particular, Shareworld sets out to supplement the education offered by the Department of Education and Training.

Togetherness . . .

EVIL PEACE

Sir Joh Bjelke-Petersen, whose decades-long increasingly erratic premiership of Queensland was at last ended this month by a palace coup

The greatest thing that could happen to the state and the nation is when we can get rid of all the media. Then we could live in peace and tranquillity, and no one would know anything.

to hold annual general meetings and elections â\200\224 a legal requirement designed to curb corruption â\200\224 and that the management committee drew salaries to which they were not entitled.

The co-op has about 8 000 members, in-

cluding non-farmers who were told they also

can work

The focus of the educational activities will be the Exploratorium, which will house permanent exhibitions by sponsoring companies. Volkswagen, for example, will provide a start-to-finish model of a production line. There will also be study facilities for those

students wishing merely
to do homework.

Efforts have been
made to keep down ad-
mission prices, to widen
the market and to stave
off charges of elitism:
children pay between
R1 and R3. The force
behind Shareworld,

had to become members and pay the R10
joining fees. But, although membership pro-
vided a healthy income, the co-op still alleg-
edly ran up a debt of about R1,6m. All this,
it seems, happened with the knowledge of the
LLM.

Sephaku legal representative Steve Ka-
hanovitz tells the FM that the Sephaku
chief, who was â\200\234improperly appointedâ\200\235 an ex
officio member of the co-op executive, owes
the co-op more than R50 000. It was further
revealed that the assistant manager of the
co-op bought himself a new tractor and bak-
kie, and spent a significant amount of money
on his house â\200\224 all on a salary of R353 per
month.

The enquiry into the LLM follows little
more than a year after a central government
enquiry found â\200\234widespread irregularitiesâ\200\235 in
the Lebowa Development Corporation, the
holding company of the LLM. The LLM
refused to comment to the FM. [|

the Christmas period should bring the
crowds.

The hand of Disneyland is evident in the
four cornerstones which guide the enterprise
â\200\224 Cleanliness, Safety, Courtesy, and Value
for Money. And Shareworld does not have
600 employees but 600 â\200\234cast members.â\200\235

The facilities at Shareworld are formida-
ble. The highlight of the 34 ha site is the vast
water park which boasts an inland sea, waves
and 600 metres of beach with palm trees.
Thereâ\200\231s also a BMX track, a sports complex,
gym facilities, picnic spots and riverboat
trips.

The night highlights: eight cinemas, a
high-tech disco and a smart restaurant (in
addition to 30 fast-food outlets).

Hard pavement types will also be able to
visit â\200\230â\200\234â\200\234Noahâ\200\231s

Jonty Sandler,
says the com-
plex â\200\230â\200\230is not
there to make a

Farm.â\200\231â\200\231 Here
the selection
runs from in-
scrutable ham-
sters and rab-
bits to sheep,
goats and dairy
cattle.

It is very dif-
ficult to see
Shareworld not
succeeding. It
has pinpointed

fast buck some large gaps
We want to in various mar-
give value for Guarding everyone kets and fills
money and them com-

donâ\200\231t try to rip off guests for an extra 30c or
50.â\200\235

In order to make profits, then, a very large
turnover is needed. According to PRO Terry
Mphahlele, this means around 15000 per
day. This figure will be hard to achieve, but

mendably. There is no serious competition
and it is not blighted by any known political
curse.

Finally, its aims are admirable.
Spread education, improve the quality of
life; let people live and learn together. MW

coastal resort Holiday Inns and its Riverside Inn on the banks of the Vaal River are 100% booked between Christmas and New Year and bookings at all its resort hotels for the shoulders of the season are 40% up on last year.

In the Transvaal, where occupancies normally drop to about 40% over the Christmas period because of the fall-off of corporate business, Holiday Inn is expecting occupancies of about 46% this year. The Riverside Holiday Inn is well up on that, and is fully booked every weekend until the end of the school holidays.

Protea Hotels marketing manager Keith Lamb says: "Our hotels on the Natal south and north coast we don't have any in central Durban are up 16% on last year to the end of December, despite the cancellation of bookings caused by the Natal floods. Last year we averaged 76% for the whole season. This year we will average 85%."

After the Natal floods, rather than cancel their holidays, many holidaymakers switched their bookings to the eastern Cape and the Garden Route which, says Lamb, has helped Protea's Garden Route hotels show a 16% improvement on last year.

Lamb attributes the improved business to the package deals being marketed by most hotels. "It gives travel agents something easy to sell," he says.

Cape Town's hotels are "having their best Christmas season since I can't remember when," says John Robert, MD of Captour. "We're already about 90% full and we're still filling up. Captour is having to run an emergency service to help people already in Cape Town find accommodation."

Andrzej Kiepiela, director of marketing of the Durban Publicity Association, expects an 86% occupancy of the city's 28 600 beds this Christmas season, compared with 76% last Christmas despite the addition of 2 000 beds in timeshare units this year.

"Our occupancy for the whole of 1986 was 55%. We're expecting 58%-60% this year," says Kiepiela. "That's better than the national average of 57%-58% we anticipate."

These buoyant conditions are not yet reflected in the latest Satour statistics, but do indicate that the hotel industry's fortunes are improving and that investors are regaining their confidence in the industry and opening new hotels.

An additional 16 hotels have been regis-

tered since December 1986, bringing the total to 1 330. Although the gain is modest, and the total well down on the 1 432 hotels SA had in December 1981, it indicates that the downward slide has stopped.

The statistics take into account the 18 hotels stripped of their registration in November by Sator's standards committee; the 10 (presumably new or refurbished units) awarded one-star gradings; and the four regraded from one to two-star hotels.

Profitability is not keeping pace with increased occupancies, says Fred Thermann, director of operations of the Federated Hotel, Liquor and Catering Association of

SA. He says increased costs, particularly of meat, are killing profits and predicts that many hotels will lose money on their Christmas lunches. They sold them in October at prices based on the cost of food then which has since risen by 25%, according to him. |

ETHANOL FROM SUGAR

A sour note

Government's task force inquiring behind closed doors into the merits of an ethanol plant for Natal (Leaders August 14), owes taxpayers a crucial disclosure.

Converting molasses to ethanol to blend with petrol is not justified by normal economic or commercial considerations. Prices struck with oil refiners would be below production cost, and hence waste the investment.

The SA Sugar Association (Sasa) admits as much. But precedents for social and political engineering abound in SA's over-man-

aged economy. And sugar's ethanol lobbyists, headed by former Sasa president Kees van der Pol, argue accordingly.

By the sugar industry's calculations, jobs are created by the State at the Natal decentralisation point of Isithebe at a capital cost of R40 000 each and an annually recurring cost of R2 500. By contrast the R80m ethanol plant proposed for Richards Bay will secure 20 000 jobs now at risk in the sugar industry, at a per capita cost of R4 000.

The need for aid in establishing an alternative native market, Sasa gy

says, arises from sanc- . Ef 2\ ,
tions, the plunge in \$E& il
world sugar prices â\200\224 i
from 40c/lb-7Â¢/lb }
over the past seven
years â\200\224 and the po-
litically unacceptable
response to shutting
down large sectors of
the industry.

In addition, the
150 MI of ethanol
produced annually
would add to SAâ\200\231s
fuel self-sufficiency,
albeit marginally. It
would save foreign ex-
change; allow a uni-
form fuel pool =
throughout the coun-
try; and contribute to-
wards stability in a politically troubled re-
gion.

The argument sounds a familiar refrain:
pressing social objectives and a hostile inter-
national climate oblige government policy-
makers to reward job creation, regional eco-
nomic development, foreign exchange
savings, strategic industries, and domestic
self-sufficiency by way of State incentives
and subsidies.

â\200\234All we ask,â\200\235 appeals Van der Pol, â\200\234â\200\234is that
we should be treated no differently from
everybody else.â\200\235

Regrettably, sugar men decline to enlarge
on their second line of defence, namely that
the subsidy government will have to add to
the price oil refiners are willing to pay for
ethanol will be relatively small.

Ethanol is already produced in SA for
industrial consumption. Currently molasses,
a by-product of sugar manufacture, is con-
verted into rectified spirit, or ethanol. Pro-
duction cost of the spirit, the FM reliably
understands, is 49,85Â¢/1.

This cost price contrasts with the in-bond
landed cost or â\200\234reference priceâ\200\235 for fuel,
currently around 35cÂ¢// (a weighted average
price of 93 and 98 octane). Thus a differ-
ence, or shortfall, of 14,85Â¢/1.

Sugar men claim that ethanolâ\200\231s octane
enhancing properties should command a pre-
mium on the reference price, particularly
since lead, employed as an octane booster, is
being legislated to lower levels. If this were
adequately rewarded by refiners, the plant
would become viable with only a small con-
tribution from the State in the form of incen-

tives and rebates similar to those already enjoyed by Sasol as a producer of indigenous fuels. This it believes to be around 10c/lI.

Oil men argue that ethanol's octane boosting properties are minimal, that refiners need compensation for lost throughput, and that further costs will be incurred to produce a new blendstock to which the ethanol may be added.

Sugar men believe a new blendstock would

Pressing for sugar to fuel

be cheaper to produce since it will be a lower octane fuel. They point to Zimbabwe, which imports 93 octane fuel and blends this with 12%-15% ethanol to produce 98 octane fuel. But their argument is likely to fall on deaf ears as the refiners claim this leads to an inferior product which performs poorly at high speeds. As final marketers of the new product, this is a risk they are unwilling to bear.

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The upshot is that the oil refining industry has offered to buy ethanol at a discount to the average fuel reference price of 35c/l. Nobody is saying how much lower this is, but one refiner's figures even suggested early in the negotiations that he should be paid to add ethanol to his product.

The gap between what the oil industry is willing to pay and the sugar industry requires for viability may thus be anything from a bare minimum of 14,85¢/l on production costs and rising. At the lowest level, and based on production of 150 MI, closing this gap will cost the taxpayer R22,3m and it could be more than double this.

This adds a considerable recurring bill to operating costs and makes it impossible to take a final view on the socio-economic arguments without further detail. If the country must accept that its economy needs to be managed in defence of international political strategy and to achieve social objectives, taxpayers are at least entitled to know the cost. |

CITRUS INDUSTRY

Blossom time

The citrus industry is beginning to shake off the effects of the past five years of drought. Evidence of this is the increased volume of 26m cartons exported in 1987, compared with 25m in 1986.

But while export volumes are up, the gross rand realisation is 15% below 1986. Citrus Exchange (CE) assistant GM Arend Venter says this was because of the combination of highly competitive overseas markets and the stronger rand.

Heavy volumes of European-grown deciduous fruits and of South American citrus fruit helped push down prices. And on a weighted basis compared with 1986, the higher value of the rand relative to the various foreign currencies in which we sell reduced our gross rand realisation, he notes.

Despite these negative factors, the 14% higher export crop will still increase total 1987 gross revenue to an estimated R530m (1986: R525m). Citrus growers will nevertheless earn 3%-5% less than last year, because of the effects of the exchange rate, combined with higher costs.

While it is still too early to make reliable crop projections for 1988, the good early rains have significantly improved prospects

in all major production areas, says Venter.
Blossoming has been exceptionally heavy
and all areas have reported heavy fruit set, he adds.

Good rains and mild spring weather have created these favourable conditions, although January and February could still be crucial months for the final 1988 crop. But, Venter says, all irrigation areas at this stage have sufficient water to sustain the 1988 crop. No significant hail damage has been encountered so far, while pests seem to be under control everywhere.

If this trend continues, it is fairly likely that the citrus industry may have a normal crop for export in 1988 28m to 30m cartons. But a lot could still happen between now and the start of our packing season in April.

While sanctions have obviously complicated sales in major markets, the CE operates in 32 countries and consequently lost sales have been made up elsewhere. |

AIR DEREGULATION

Privateers grounded

Those who were hoping that with all the talk of deregulation, any competent pilot with a well-maintained aircraft would soon be able to fly commercially and maybe even challenge South African Airways (SAA) will just have to wait.

It will take at least another year, perhaps longer, before a new Act even reaches parliament, says Cor Beek, executive director of the Commercial Aviation Association of Southern Africa.

The antiquated and restrictive Air Services Act (51 of 1949) which protects SAA and established operators from the possible ravages of a free market is still very much in force and, says Beek, makes life difficult for newcomers.

The Act controls schedule operators, non-schedule operators (charterers), aerial work and flying training. An aircraft owner who wants to operate commercially in any of these fields has to be licensed by the National Transport Commission (NTC) a time-consuming procedure. The NTC issues licences only if

it feels that the interests of established operators who are providing a satisfactory service will not be harmed.

An Air Services Bill which, had it become law, would have allowed much freer competition, was scuttled by objections from organised business and the air industry itself.

The Bill, written into the Margo Commission Report on Aviation tabled in parliament in 1982, suggested a cautious move away from total regulation. It recommended that:

O Flying training be deregulated immediately the Act became law;

O Non-schedule operations with smaller aircraft carrying less than 12 passengers and/or 500 kg of freight be deregulated

Cor Beek ..

three years later;

O Aerial work be deregulated within three years of the Act becoming law, but in consultation with the industry; and

O A policy of controlled competition be introduced initially to cover non-schedule operations with larger aircraft and all domestic scheduled services.

Government accepted these recommendations in principle. But, says Beek, it held back because, at the same time, the National Transport Policy Study (NTPS) began investigating the entire transport industry and came out with its now well-known recommendations. In effect they call for quality control of transport as well as deregulation, provided SA Transport Services is relieved of its socio-economic burdens.

But organised business and users of air services, like travel agents, objected to the Bill. Even the air industry, which at one time was enthusiastic about the Margo report, had second thoughts and rejected it. They felt it did not go far enough.

Beek feels that the scope of the Bill, which was designed to allow more freedom internally, was not really understood. Many objected because they thought it should have guaranteed more freedom on international routes. But, he points out, international routes are the subject of bilateral agreements between governments. Rather than try to modify the Bill, the private sector returned it to government and suggested that NTPS consultants be instructed to compose a new draft. Government again felt that the consultants had completed their task and undertook to make it one of the first priorities of the Transport Advisory Council (TAC) which was brought into being on October 15 when the Transport Advisory Act became law.

But the members of the TAC have not yet been appointed.

â\200\234They will discuss the new regulations only next year. I cannot see these becoming law before 1989 or 1990, says Beek.

â\200\234And there are no guarantees that the TACâ\200\231s version will be accepted without trauma.â\200\235

The regulations have their supporters, but some have reservations about the American system which allows for completely open competition internally. The same applies to the British system of controlled competition. Some prefer it and would like to have it adopted in SA â\200\224 but to others itâ\200\231s anathema. The ball meanwhile remains in the TACâ\200\231s court. O

flying uphill

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