

CAPE ARGUS ISSUES

Buthelezi ready to play his part

Johnson: On the eve of the 1994 election, your position seemed almost irretrievable but here you are four-and-a-half years later; you still have your base in KwaZulu Natal, you are a minister in the Government, frequently acting president and are now spoken of quite normally as our future deputy president.

Buthelezi: Well, I would not want to make any presumption at all about the deputy presidency. For the moment that is purely a matter of speculation but of course my situation is a lot better than before. Not only are tensions less but the ruling party makes fewer attacks on me now and when I speak either in Cabinet or in Parliament instead of heckling I find the ANC shows an eagerness to listen.

But surely it goes further than that. Is there not a deal between you and the ANC?

I am a minister in President Mandela's government if that is what you mean.

There are signs of a rapprochement far greater than that. People would point to the ceremony at Blood River that you attended together with Deputy President Thabo Mbeki, to the IFP support of many ANC bills in Parliament and also to the ANC's acceptance of your role in the liberation movement. The ANC has even criticised the Truth and Reconciliation Commission (TRC) for bringing up old grievances against you.

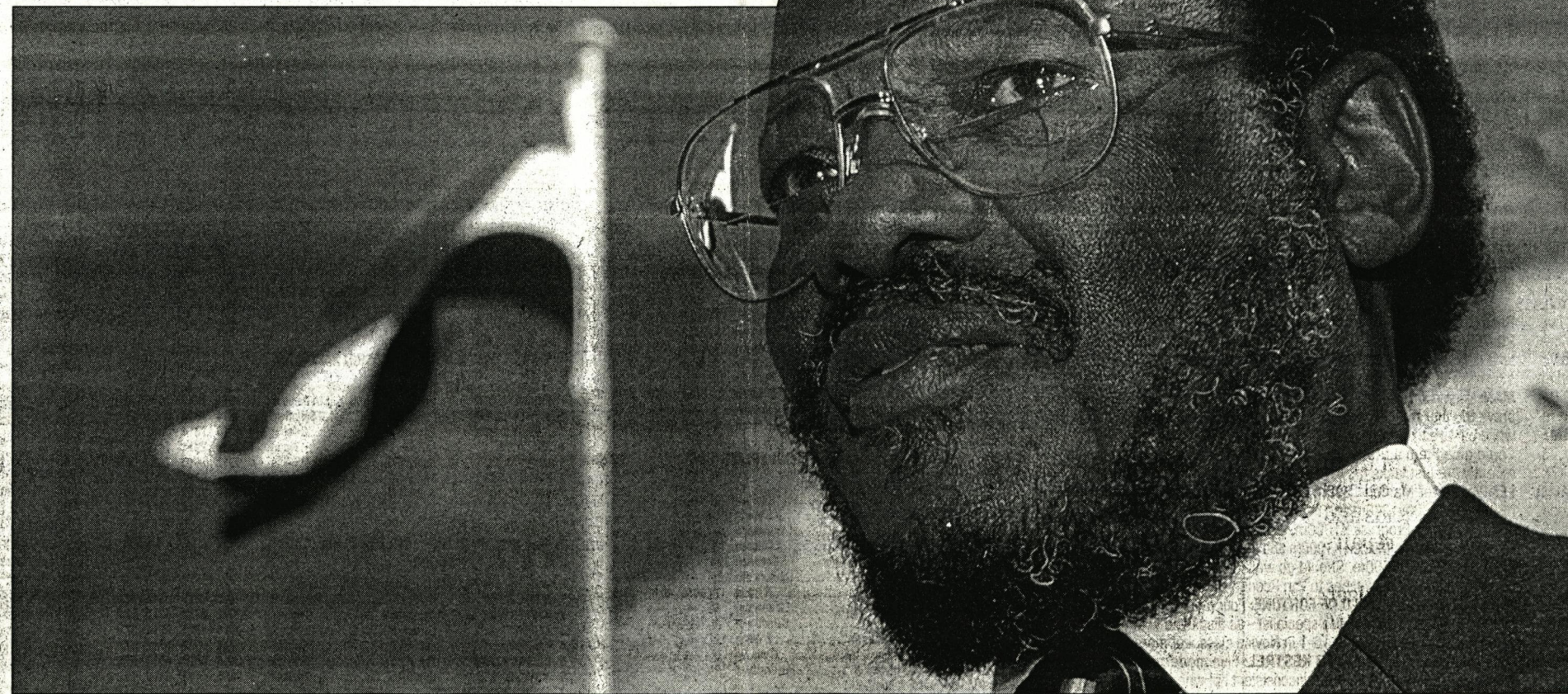
The real change came in 1991. Until then the ANC leadership had refused altogether to meet me. In fact, President Mandela admitted that when he tried to meet me members of his party had almost "throttled" him. But since 1991 I have met regularly with the ANC leaders.

The ceremony at Blood River was simply another meeting. It was a national occasion organised by the Ministry of Arts and Culture and it was natural enough that the deputy president was there.

At the time of the 1994 election many ANC leaders were openly talking of how you would be crushed. Some even talked of sending the army into KwaZulu Natal after the election. Those days are distant now.

Yes, it is true. The situation has improved, but you know we don't support

Home Affairs Minister Mangosuthu Buthelezi, in a wide-ranging interview with **RW JOHNSON**, a leading commentator on political affairs in southern Africa, talks about the Truth and Reconciliation Commission, violence in KwaZulu Natal, the United Democratic Movement, the dismissal of Premier Ben Ngubane, the granting of casino licences and the performance of the new South African Government since 1994



has adopted Gear and federalism is no longer a primary source of difference.

Differences do still exist. It is true that Gear has moved the ANC further towards the free-market but their partners in the SACP and Cosatu do not accept Gear and thus an important part of the ANC is still at odds with us over that. Moreover, our views on federalism have not changed. We believe that the crime situation would be a great deal easier if we had a devolution of power to the provinces. They would have their own police forces and thus be able to deal properly with crime.

between black and black, between IFP and ANC. But there are many opposition politicians who see black unity as racially divisive.

It is strange that if there is talk of unity between the white parties, no one seems to mind that. But the real point is that in the war between the IFP and ANC far more black people were killed than were killed in the struggle between black and white. There is thus a great moral obligation on us to bring that conflict to an end. That has to have priority.

Already the ANC is aiming at a two-

surely it should have summoned you to cross-examine you?

I did appear before the TRC and made a long submission to them in September 1996. When I heard all these allegations being made against me at the TRC I did make speeches in reply where I pointed out the falsity of such charges but, of course, they ignored all that.

Would the SACP and Cosatu be right to fear a deal between you and the ANC?

Absolutely, I have made my opposition to them very plain and I have continued to attack their policies. They have made it

That is all ridiculous. As our joint press statement of January 31 made clear, Ben Ngubane was replaced for quite other reasons. As for Mr Miller, I have not even heard that his situation is under threat.

Isn't the replacement of Ben Ngubane a disaster? He is a very popular premier.

I really don't want to talk about that. It is possible to say things about some people that could be regarded as defamatory. I would not want to do that.

Two phrases much in the mouth of

on whether this renaissance takes place or not.

Most African countries are relying on South Africa with its greater economic strength to help them out of the cesspit of abject poverty in which the majority of people in Africa are trapped. It is this sense that I support an African renaissance.

But does not African nationalism go through a cycle of euphoria and ideology that tends to end in corruption and authoritarianism as we are seeing in Zimbabwe? Perhaps the real African renaissance only comes when you have to pick up the pieces after that.

That is perfectly true. That is what President Museveni is doing in Uganda, picking up the pieces after a disaster. Certainly, that is the real African renaissance. I admire President Museveni and have had serious talks with him.

But you too are part of a government that has not had signal success. After four-and-a-half years unemployment is up, many services have deteriorated, the currency has halved in value and economic growth is almost non-existent. Why has this happened?

The situation is absolutely terrible. Things have deteriorated a great deal. For example, hospitals are clearly going down. Things cannot go on like this. If they do there will be a revolution. There are several reasons for the situation. One is too much centralisation. Crime inhibits economic growth and we cannot deal with crime properly until we devolve police powers to the provinces.

Secondly, during the struggle the ANC proclaimed its intention of making the country ungovernable. As I pointed out at the time if you make something ungovernable, it is ungovernable for you as well as for your opponents. Then there was the deliberate destruction of the culture of learning in the schools.

I tried to warn against these things that all contribute to our present discontent. The Government is very conscious of the situation and I think Thabo Mbeki was quite right when he criticised people in the ANC and IFP and other parties who are only there to feather their own nests rather than to help the country. For corruption too is part of the problem.

How is the country going to break out

those days are instant now.

Yes, it is true. The situation has improved, but you know we don't support all ANC legislation, particularly the labour laws. What happens is that frequently we oppose it in the Cabinet and I submit a memorandum of disagreement for the record.

But the ANC just steamrollers its bill through and there is little else the IFP ministers can do as Cabinet decides issues not by voting, so our views are just by-passed. The real problem is that the government of national unity ought to work by consensus and it does not happen most of the time.

But there are signs of real warmth and trust between you and the ANC now - for example, the willingness of President Mandela to make you acting president when he and Mbeki are both out of the country.

When De Klerk was still in the Government he was acting president. It is just that De Klerk is not there anymore.

He could easily make someone like Trevor Manuel acting president.

That is true and he has made me acting president - 11 times actually. Things are different now.

As Minister of Home Affairs have you not gone a long way to supporting the ANC in their insistence on barcoded IDs for the election?

Indeed, Home Affairs is insisting that more barcoded IDs have been delivered than is consistent with the facts turned up by the Human Sciences Research Council.

Judge Kriegler has claimed that the IEC's independence was not properly respected by Home Affairs.

In a way I'm involved and in a way I'm not. I take it very seriously that the Constitution rightly stresses the independence of the IEC. But that is precisely why I try to stay out of this business. I see myself simply as a postbox. I can speak up for the IEC in Cabinet or in Parliament because they are not represented there, but otherwise it is not for me to put my finger into things.

If we do want a credible election it is necessary to have precautions such as the barcoded IDs. We have a very serious problem of other IDs being available to all and sundry, including foreigners such as illegal immigrants. Do we want them to vote in our election?

Do you think the election can go ahead despite the problems over barcoded IDs and the low registration figures? There would seem to be a very powerful argument for deferring the election until August or September.

Obviously, it would be dreadful if the election could not be held in good order. That is vital, but what you say is realistic. We must go on working towards the election as if it were going to be in May, but I have to admit that the argument for deferral is realistic.

The IFP and ANC used to be divided by differences over sanctions, over the armed struggle, over federalism and over the free-market economy. The first two have lapsed, the Government

their own police forces and thus be able to deal properly with crime.

Don't you feel that the ANC has moved a long way towards you? The IFP often seems more than anything to want an ANC apology and acknowledgement that it was wrong in some of its attacks on you.

The ANC has tried to be more conciliatory. Perhaps the key sign of that was my meeting with Thabo Mbeki at King's House in Durban in November. He said: "We are going into an election against one another but let us see whether we cannot avoid acrimony and conflict." So we set up a committee of three representatives each to see whether we could not resolve some of the outstanding differences between us.

How far has that committee got?

Not far. That (the committee) has fallen into abeyance and needs to be resuscitated. There is quite a way to go.

We shall certainly be standing in the election for different things. But where I agree with Deputy President Mbeki is that other problems are even more important, above all, the overwhelming poverty of our people. That, rather than our partisan differences, really has to be given priority.

What of the allegation you have frequently made of the assassination of 400 IFP leaders by the ANC? If that was true, then it represented the biggest hit-squad campaign this country has ever seen.

Yes, absolutely. That's what it was. The TRC didn't deal with that properly at all. That's why it's another one of the matters that has been referred to this new committee. That will have to be dealt with there.

Why do you think the ANC has changed its attitude towards you?

It's a difference of style between Mr Mandela and Mr Mbeki. You have to remember that I had a long friendship with President Mandela and was in touch with him even when he was in jail. But the relationship between me and Mr Mbeki is newer and he has tried hard to improve things. For example, in the old days the ANC used to talk openly of wanting to destroy Inkatha and to kill me. Mr Mbeki himself has admitted to the TRC that there were ANC plans to assassinate me. That is now openly admitted.

Has the IFP also not given ground to the ANC in this process of rapprochement?

Well, there are many problems. It is not long since the IFP leader James Zulu was killed, and only recently I attended the funeral of one of our IFP organisers in Mpumalanga who was murdered with his wife, apparently for political reasons. These are dreadful, painful things.

There may now be greater amity and rapprochement at the top but it has not filtered down to the grassroots where a lot of killing is still going on.

When the democratic parliament began, the emphasis was on reconciliation between black and white. As it ends, the reconciliation is

have priority.

Already the ANC is aiming at a two-thirds majority. If the IFP gangs up with it they could constitute an overwhelming bloc which would make the development of a true multi-party democracy very difficult.

I am aware of that criticism but you see the sheer scale of the black-on-black violence imposes its own priorities upon us. We owe it to the dead just as we owe it to the living to make peace.

You are now suing the Truth and Reconciliation Commission. Its treatment of events in KwaZulu Natal is odd. The TRC tries to stand many court judgments on their head, for example the judgment in the Malan trial.

Yes, it is quite absurd but it goes further than that. When Judge Hugo found that there was no proof in the Malan trial and the accused were all acquitted, the chairman of the TRC, Archbishop Tutu, responded by saying that Malan and his fellow accused should have been brought to the TRC in the first place.

Now I have a great problem with that. The TRC was not constituted as a court and it did not respect or observe proper procedure and yet Tutu wanted to arrogate to himself a position above the courts. The same crazy sort of reasoning leads the TRC to make the assertion that the IFP and I personally are guilty of gross human rights violations. They actually say that we killed more people than the ANC. The opposite is true: far more IFP people were killed.

The South African Institute of Race Relations gives a figure of 20 500 deaths in KwaZulu Natal between 1984 and 1994. Of these, the TRC says that 4 500 were killed by the IFP, around 2 300 by the police and 1 300 by the ANC, but that leaves between 12 000 and 12 500 deaths unexplained.

Exactly. Who is supposed to have killed all those people? They were certainly not killed by the IFP.

It seems odd that the TRC in its attack upon you has gone further than many people in the ANC would now like. Indeed, Dumisane Makhaye, the ANC spokesman in KwaZulu Natal, criticised the TRC Report for trying to damage ANC/IFP relations.

I think you have to go back to the attempt on my life at Robert Sobukwe's funeral at Graaff-Reinet in 1978. When I was asked about that afterwards by the Sunday Express I dismissed it as the action of a bunch of thugs. But Archbishop Tutu, who was also at the funeral, when asked about it said no this was not a bunch of thugs, this was "a new breed of young people with iron in their soul".

So you blame Tutu for the TRC's attack on you?

Well he was the TRC chairman and he was the one who seemed to arrogate to himself a position even above the judicial process.

If the TRC was going to condemn you

Absolutely, I have made my opposition to them very plain and I have continued to attack their policies. They have made it clear that they don't like the fact that I now have a good relationship with the ANC leaders and that I am supporting the policy of Gear which they attack so bitterly.

The ANC seems to be treating the UDM exactly as it used to treat the IFP, refusing to talk with its leaders.

Yes, it is exactly the same and I deplore it. It is disgraceful that they should not meet with the UDM. There can never be peace in KwaZulu Natal unless they do.

In the case of the IFP they even used to say that they would rather talk to De Klerk because after all we were just a surrogate of his.

It is the same with the UDM. They accused Sifiso Nkabinde of being a spy for the apartheid regime so that he too was just a surrogate. And then they over-use this explanation of a Third Force. It is often just a way of not really dealing with the problem properly.

The reason they don't want to meet with the UDM is that they don't want to legitimate the notion that you can break away from the ANC and take some of its following with you, which is what Holomisa and Nkabinde have done.

There has been a great deal of media speculation about the granting of casino licences in KwaZulu Natal with the suggestion that this is connected to contributions to IFP funds by people such as John Aspinall.

The issue of the Clairwood Casino bid which involves Mr John Aspinall and Messrs Stock and Stock has its papers available and open for examination by anyone. Mr Aspinall is my friend and not because, as alleged by the media, he contributes to IFP funds.

One must know Mr Aspinall's background to understand his deep interest in the Zulu people. From an early age he admired the Zulu people after reading Sir Rider Haggard's books. He is a friend of the Zulu people rather than of the IFP. Some years ago he and some of his friends helped to pay for the transport of the Zulu people who accompanied the King to the FNB stadium imbizo, and to Pretoria and Durban to meet President De Klerk. There is not a cent that has been promised to the IFP if the Clairwood Casino succeeds.

Mr Aspinall undertook to help the KwaZulu Monuments Council (*Amafa akwaZulu*) to repurchase land in the Valley of the Kings. It is the cradle of the Zulu nation. I was not even involved in such negotiations.

There are however more important past and present IFP personalities who have companies that are bidding for casinos. They include people such as Dr Oscar Dhlomo, Dr Ziba Jiyane and Mr Musa Myeni. There are other companies as well.

There is speculation that Ben Ngubane has been replaced as premier because of his opposition to the granting of these licences and that Peter Miller, the KwaZulu Natal MEC for finance, could be dismissed for the same reason.

would not want to do that.

Two phrases much in the mouth of Thabo Mbeki are "transformation" and the "African renaissance" but we don't hear those words much from you.

To me "transformation" means building a new South Africa and producing new South Africans. These things cannot happen overnight and the efforts to produce new South Africans are only at a very early stage and will take time for it to become visible at all.

Only then will we be able to speak of transformation with some real meaning.

As far as the "African renaissance" is concerned, I think most Africans in Africa do dream of an African renaissance particularly after African freedom has proved to be so meaningless for most of the African countries.

The political liberation of South Africa in 1994 gave new hope to many African countries that South Africa holds the key

to its part in the problem.

How is the country going to break out of this?

Well, I am very impressed by Deputy President Mbeki and I think that after the election we could make real progress. He is a man who really listens and is very aware of it all. And you have to realise that he has really been running this country for the past four years. President Mandela himself said that he was only really a *de jure* president and that Thabo was *de facto* president.

You are 70. Do you want to go on?

In one sense, it would be nice to retire, put one's feet up and go fishing. But how can one do that if one is still needed and if the situation is so desperate?

While people think I have a contribution to make, I must make it. I have no choice but to go on.

■ *With acknowledgements to the Helen Suzman Foundation and Focus Magazine*

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SECURING YOUR FUTURE TODAY

US firms query SA's procurement procedures

John Dladla

US companies are concerned about transparency in government's procurement procedures and the level of criminality in the country, US business leaders say.

These concerns were expressed yesterday by the US-SA business development committee, the subcommittee of the binational commission chaired by Deputy President Thabo Mbeki and Al Gore, his US counterpart.

US-SA Business Council executive director Daniel O'Flaherty said US companies had encountered instances where the rationale behind tender awards was not explained adequately, as was the practice worldwide.

At the same briefing, council MD Emily Solomon spoke of concerns relating to the government officials adjudicating bids having "too much subjective leeway" in deciding winners.

O'Flaherty said the US businesses wanted to be made fully aware of the factors that lay behind procurement decisions to enable them to improve on their bids next time.

"We want (procurement) to be open and objective," he said.

The council represents more than two-thirds of US private direct investment in SA since elections in 1994.

In a report to Trade and Industry Minister Alec Erwin and William Daley, his US counterpart, the business development committee called for an open and fair privatisation process in the choice of strategic partners. The committee reports to the binational commission's trade and investment committee, which is headed by Erwin and Daley.

The committee, which urged SA to accede to the global anti-bribery convention, were concerned about crime which raised company overheads.

However, US businesses were no longer perturbed by SA's industrial participation programme, aimed at encouraging investment and technology transfer.

The programme came under attack from foreign businesses when it was introduced a year ago.

Under the programme, winners of state tenders had to set up a separate SA business venture, an obligation many firms saw as onerous.

Spain led the attack on the agreement when it was presented to EU foreign ministers in Luxembourg by Joao de Deus Pinheiro, the Brussels commissioner. Afterwards, the commissioner said he was seeking a meeting

with the next few weeks. Friedrich von Ploetz, Germany's junior foreign minister who chaired the debate, said afterwards that he was "optimistic" that a deal with South Africa could be concluded by the end of March. He said some progress had been made in narrowing down the outstanding issues, and warned that some EU states "would have to show more flexibility" to conclude a deal.

At the meeting, France, Portugal, Italy and Greece backed Spain's sentiments that the deal was too generous to South African agricultural exporters and would damage European farmers and food processors.

EU nations dig in heels on SA accord

JOHN FRASER

23/2/99

The stumbling block is the phrasing of the terms "port" and "sherry" by South African producers. A loophole in the existing accord allows the names to be used after the planned 12 year phase-out period, depending on what is agreed on the overall issue of copyright inside the World Trade Organisation.

Abel Matutes, the Spanish foreign minister, said: "We are open to extending the period to 15 or 20 years, but after that the use of these names will end."

He said Spain was worried it did not yet have the guarantees it sought for fishing rights in South African waters. — Independent Foreign Service

Small business stifled by laws

Blaw 25/2/99

WHILE 28% of economically active South Africans are without work, many small businesses are seeking ways to reduce the number of people they employ because of labour regulations.

This is the message to government by the SA Chamber of Business (Sacob) in a policy document released in Johannesburg yesterday. The organisation also warned government that SA was "effectively exporting jobs to low-wage countries."

Sacob has sent a lengthy and hard-hitting memorandum to the trade and industry department's Niska Enterprise Promotion Agency on a review of the regulations in the development of the small businesses sector.

Commenting on labour regulations, the chamber states: "Perhaps the main reason advanced for the need to develop the small business sector in SA is the perceived superior ability of such businesses to create employment. However, it is clear from official employment figures that the sector has thus far not been able to absorb all jobs shed by large-scale enterprises — much less assist in reducing the overall level of unemployment in this country."

One reason for this was that many small business owners believed labour regulations to be too onerous, and were in fact themselves looking to shed jobs.

The memorandum says many small businesses are reluctant to let their labour forces grow because levels which allow them exemption from certain provisions of legislation. This results in an artificial constraint on their growth and development.

Sacob said a fundamental problem with the existing labour law was that it was based on the premise that low wage competition should — as far as possible — be eliminated from the SA labour market, and that business should instead compete on the basis of other costs and "intangibles" such as quality, reliability and service. However, "the fact is that producers and suppliers in many developing and developed economies are not constrained to the same degree in their ability to compete."

Sacob said that some small businesses did not have the expertise to deal with the legal procedures for dismissals and were "intimidated" by mediation proceedings. It also called for the scrapping of the secondary tax on companies — "even if this means that the nominal corporate tax has to rise." — Sapa.

Erwin musn't be too extravagant when EU is placating free-loaders



ANN CROTTY

It is difficult not to feel a tad humiliated by the seemingly constant rejection of South Africa's overtures to establish a free trade agreement with the European Union (EU), or to feel that South Africa is being abused by apparently impotent heads of European states who clasp President Nelson Mandela's hand in a wonderful photo-opportunity and assure him that an EU deal will be finalised any day now.

That nothing ever comes of these assurances suggests one of two things: either these heads of state are nefarious dissemblers who are so desperate to look a little good that they taunt the leaders of small nations who are equally desperate to expand their economies or, heads of state have absolutely no power in the unwieldy political structure that is the EU.

The latter seems more likely. So next time King Carlos, President Jacques Chirac or Tony Blair pop in for a visit we should be polite but not extravagant. Save the French champagne, the Portuguese port and the Spanish sherry for the real power players, the members of the EU council of ministers and the European Commission bureaucrats.

Despite the considerable power of the EU officials it is probably reasonable to assume that the team facing our Alec is negotiating with the best of intentions and with

goodwill.

South Africa's problem, through no fault of its own, is that it has got caught at the epicentre of a seemingly impossible bid to resolve a whole host of conflicting interests.

At the risk of oversimplification, this conflict hinges on efforts to reform the common agricultural policy (CAP) at the same time that EU membership is increasing.

To understand the CAP requires a sense of logic that can only result from years of constant exposure to Alice in Wonderland.

Anecdotal, it is what reduces EU demand for imported sugar from developing countries (which the EU so often claims it wants to help) because EU farmers want to produce, at a greater cost, their own sugar beet.

Which means that the EU farmer does well, the EU sugar consumer pays too much for sugar and the developing countries thrash around and in desperation cling on to EU-sourced suggestions that the solution to their

economic woes lies in non-payment of national debt.

It is why in Ireland the only agricultural product that trades in a free market is pigs. If the supply of pigs is greater than the demand, guess what happens? The price comes down.

It's quite a novel concept and completely at odds with the CAP, which requires each farmer to get approval before growing something in order than he can receive the associated subsidy and/or floor price.

When these subsidies change, agricultural production changes — after a time. In

Low numbers of rampaging farmers seem to be able to hold the EU to ransom

the EU, farmers do not farm animals or crops, they farm EU subsidies. Indeed this might even involve the actual non-production of something.

The bottom line is that there is an oversupply of agricultural products in the EU. In a

free market, this would normally result in a reduction in prices and probably a drop in the number of farmers. And everybody except the farmers would be better off.

In the 1970s in the UK, Maggie Thatcher decided there was too much local coal production and therefore too

many miners.

There was no sentiment; in a brutal show of power she forced a rearrangement of the employment prospects of thousands of miners.

EU officials are trying to implement the necessary changes by a process of stealth called reform of the CAP or Agenda 2000.

Although, or perhaps because, the workings of the EU are far from democratic, a relatively small number of rampaging farmers seem to be able to hold the EU to ransom.

Spain, France, Italy, Portugal and Greece are going to be most severely affected by farm reforms.

Port and sherry is in fact not an issue (it may be in relation to the US) but the bureaucrats of these countries are in no mood to consider an agreement that might benefit a third party when they are having to persuade their farmers that free market may involve something more complex than free-loading.

For the long-suffering Erwin it is unfortunate that there do seem to be long-term benefits to a trade deal with the EU, including implications for the Lomé agreement and EU aid to South Africa.

Probably just enough to persuade him to drag on with the complex machinations that have characterised these four-year-long talks. But whatever you do Alec, don't let the Spanish into our waters.

Ramaphosa's departure 'a blessing in disguise' for black business

Patrick Wadula

BLACK business leaders have hailed the resignation of New Africa Investment deputy chairman, Cyril Ramaphosa, as a positive move that will assist in widening the black economic power base to include less advantaged groups.

A prominent businessman who preferred to remain anonymous said Ramaphosa's departure was a blessing in disguise, both for him and the empowerment of black South Africans in general.

He said when Ramaphosa moved to business from politics in 1996, the expectation was that he would venture out on his own. "Ramaphosa is respected in both the white and black business communities. However, his involvement with Nail was not wholeheartedly welcomed by many in black business circles," he said.

Phinda Madi of Madi Sussens Herd Bouys said the move augured well for the extension of black economic empowerment beyond the relatively small elite that had

been the major beneficiaries so far.

Madi, who is author of several books on the subject of black economic empowerment, said there was an over-concentration of brains at Nail at the moment which had led to "something of a gridlock".

"The departure of Mr Ramaphosa means that his abilities will be available to more organisations, which means that the black economic cake will grow," he said.

Another source said Ramaphosa was being opportunistic by allowing the media to speculate on reasons for his resignation. "Why has he not come out to explain the real story behind his resignation?" he asked, noting that Ramaphosa had not made any mention of relinquishing his not insignificant shareholding in Nail.

David Moshapalo of the Foundation for African Business and Consumer Services said the foundation and other black business and professional organisations represented on the Black Economic Commission were keen to know how Ramaphosa's resignation from Nail would affect his chairmanship of the commission.

S Atlantic pact urged

NORMAN CHANDLER

PRETORIA: South Africa is being urged to sign a pact paving the way for the establishment of the South Atlantic Rim Association, similar to the Indian Ocean Rim Organisation established two years ago.

South American countries have been pushing for an organisation which would extend co-operation between the two continents to consolidate security, trade liberalisation, development and environmental protection.

David Broekman, a former diplomat in the Department of Foreign Affairs, says the existing Zone of Peace and Co-Operation in the South Atlantic would be "substantially expanded" by an influential bloc of nations similar to the Asean grouping in South-East Asia and Australasia.

More than 8 000 juveniles in jail

By Charity Bhengu

MORE than 8 527 South African children are languishing in jail for crimes ranging from murder, car hijacking, robbery and drug trafficking to rape, the Department of Correctional Services said yesterday.

This was against the United Nations' Convention on the Rights of the Child which advocated that juveniles had a right to be diverted away from jail to avoid the stigmatisation of children and to promote accountability and rehabilitation.

The United Nations Children's Emergency Fund (Unicef) said juveniles were subjected to "unspeakable atrocities" in adult jails. They were raped, assaulted and likely to return to society as hardened criminals and housing them with adult prisoners was self-destructive and self-defeating.

Correctional Services spokesman Mr Vusi Shabalala said: "Children are extremely vulnerable and can be

easily influenced by adults and hardened criminals. They have to be taken care of in a separate and safe environment that is also specifically designed to be conducive to development and positive change."

Of 8 527 juveniles in jail, 1 822 were in KwaZulu-Natal, 1 629 in Gauteng, 1 287 in Western Cape, 1 168 in Eastern Cape. Other provinces had fewer than 600 young offenders in their jails.

About 3 866 of these children have been charged with car theft, bank robbery and housebreaking, 2 943 with murder, assault and gun-related offenses, 875 with rape, 179 with drug trafficking and 664 with petty crimes.

The number excluded 4 242 children awaiting trial. They were removed from jails after the launch of Project-Go in 1996 and transferred to care centres, foster homes and others returned to their families in line with the Department's child and youth care system.

Welfare Department spokesman Mr Anton Fischer said: "Despite positive changes, there is still concern about the increasing number of children awaiting trial in prisons which is totally unacceptable and must receive attention."

Fischer said Project-Go was a mechanism to fast track the transformation of children in trouble with the law and it had proved through development assessments that "we can make a difference in their lives".

Project-Go has cost the department about R33 million for building and upgrading alternative care centres for children last year. So far, only 1 792 children are accommodated at these centres.

In Gauteng, R2.8 million was used for the building of the Walter Sisulu centre. In Eastern Cape, R3.5 million was spent to upgrade a number of residential care facilities.

About R5.9 million went into the building of the Kroonstad secure care centre.

In KwaZulu-Natal, R4 million was spent for the Excelsior secure care unit. In North Province, a number of houses were upgraded into secure care centres. In Mpumalanga, Hendrina Child and Youth Care Centre was built.

In Western Cape, places of safety were upgraded into secure care units and Northern Cape upgraded the Molehe Mampe secure care centre.

Prisoners 'in situation of their own making'

Taryn Lambert *24/2/99*

THE Pretoria High Court yesterday rejected an application by prisoners who want to vote in the upcoming general election, prompting the prisoners to decide to appeal directly to the Constitutional Court.

Advocate Janet Kantridze, representing the prisoners, said she would ask Judge Johan Els next week for leave to take the appeal to the Constitutional Court.

Els ruled that the Independent Electoral Commission (IEC) would experience "insurmountable logistical, financial and administrative difficulties" if it were required to provide voting facilities for the country's 140 000 prisoners.

Els said the prisoners' incarceration did not deprive them of the right to vote, but it did "limit" them, because the Electoral Act states that voters must register in the voting district in which they are "ordinarily resident".

He said a person's residence was the place where he or she lived permanently under "normal circumstances". He did not agree with the prisoners that the prisons were the places where they lived "ordinarily". Els said the IEC would have to record every holding cell in every

prison as a permanent address if this were the case, and this would pose "insurmountable difficulties".

The prisoners do have the right to register for the elections and to vote, as do all SA citizens over the age of 18, but "if someone does something which deprives them of the opportunity to register to vote, then the (IEC) cannot be held responsible", Els said.

The prisoners were like people who decided not to vote, because they were "in a situation of their own making". "They have deprived themselves of the opportunity to vote," Els said he agreed with former IEC chairman Judge Johann Kriegler, who said in an affidavit that there were other examples of people who could not exercise their right to vote, due to their personal circumstances.

These included such people as "pilots, train drivers, long-distance truck drivers, the list is endless". SA Prisoners' Organisation for Human Rights president Golden Miles Bhudu said Kriegler, who is a judge in the Constitutional Court, would be requested to recuse himself if the prisoners' application to appeal was successful.

Bhudu said the prisoners would "exhaust all legal options" before embarking on "passive mass action".

Restitution needs to be overhauled

23/2/99

By Lucky Mathebe

THERE are enormous challenges facing those trying to deal with land restitution in South Africa. In my view the Government's approach to land restitution must be guided by development principles.

The land under claim must be seen as a challenge to build a more just, democratic and participatory society.

Land restitution in South Africa is conditioned and fully determined by objective historical processes, which have been engendered by the system of apartheid.

As University of Cape Town academic Professor Mahmood Mamdani has noted, what was distinctive about apartheid was the dispossession of people's means of livelihood, such as land and employment.

Because of the colonial nature of apartheid, there was a link between conquest and dispossession, and between racial power and privilege.

The socio-historical environment of land restitution therefore provides grounds for a shift towards a broader restitution agenda to address wider issues of social engineering.

Historical processes

Given that land restitution is embedded in the historical processes which shaped the development of South African society, the implementation of the restitution programme therefore cannot simply be informed by the neutral need to process land claims.

Land restitution needs to address itself to the broader concerns of socio-economic development and reconstruction of communities.

And any institution driving a restitution or development agenda needs to have a clear policy prescription for urban and rural development and spatial change to overcome inefficiencies created by apartheid.

Land restitution policy sets out to

Land restitution needs to address itself to socio-economic development

resolve the spatial and socio-economic contradictions bequeathed by apartheid.

It hardly needs to be said that there must therefore be a synergy between restitution and development.

This can only be achieved by setting up a Directorate on Human Rights and Development, which must be empowered to drive a much broader restitution agenda.

The Commission on the Restitution of Land Rights can be transformed into such a directorate as part of the Human Rights Commission's action plan adopted by the Government in 1997.

Land dispossession constituted a gross human rights violation because it was linked to conquest and violence. Therefore land restitution - like the provision of food, shelter, transport and so on - is a second-generation or socio-economic right.

This means that land rights issues must be treated as human rights issues.

The mandate of a Directorate on Human Rights and Development should be extended by the Restitution of Land Rights Act to include the development of the land that has been granted to the beneficiaries of restitution.

It must also include the development of the land that was designated by the previous government as a "dumping ground" for black people.

A Directorate on Human Rights and Development has the potential to drive a far more progressive restitution and development programme for the following reasons:

● It will be guided by a single restitution and development vision;

Land dispossession constituted a gross human rights violation linked to conquest

● It will be able to confront the twin problems of restitution and development simultaneously;

● It will be insulated from the corrosive effects and retrogressive culture of the Department of Land Affairs and the Commission; and

● It will be able to enforce the restitution of land rights.

Because the constraints on development and implementation of the restitution programme are specific to local areas and regions, the directorate - as an autonomous body insulated from the vagaries of the politics of the DLA and local government - will allow for local input and decentralisation of power and allocation of resources.

Human rights

A directorate will also be able to deepen the culture of human rights in South Africa by vindicating the second-generation rights of those who are not entitled to the restitution of land rights.

Section 2 of the Restitution Act clearly states that only a claimant who has lost land rights after 1913 is entitled to restitution of those rights.

But what about those who are precluded by this section of the Act?

In my view, those who are precluded by the Restitution Act from making an appeal to land restitution rights must also be targeted for development.

Like claimants, they have borne the brunt of the crisis engendered by segregation and apartheid.

The current practice does not do any justice to the non-beneficiaries who shared common oppression, suffering



Flashback ... Land Affairs Minister Derek Hanekom celebrating the return of the land of the Bakwena-baMogopa.

and hardship with the non-claimants.

Because non-claimants cannot make an appeal to enforceable land rights through the law, they must be allowed to make an appeal to socio-economic rights so that they can be targeted for development.

In other words, as their claim for land rights has no basis in law in the Restitution Act, their socio-economic rights must be enforced by institutions such as a Directorate on Human Rights and Development.

We must adopt a restitutionary development approach. Such an approach implies a manifesto not only

for spatial and normative change, but also for institutional change.

If systematically enforceable land rights of claimants and enforceable second-generation rights of non-claimants are to be enjoyed, institutions must be changed.

Both land rights and human rights must be established in South Africa. And that is where a Directorate on Human Rights and Development comes in.

(The writer is a researcher at the Commission on Restitution of Land Rights. The article is written in his personal capacity.)

Workers take the lead

THE initiative and leadership provided by organised labour to contribute their day's wages towards employment creation on March 3 is a hallmark of patriotism and selflessness.

These are the same people who committed themselves in 1994 to contributing a day's pay to the Reconstruction and Development Programme.

This dispels the false notion that employed workers are selfish and indifferent to the needs of the unemployed.

Some organisations that purport to be championing the interests of the unemployed even go to the extent of sloganeering, through graffiti, "Away with Cosatu!"

Yet, when it comes to making concrete proposals about job creation, they are mum — they have nothing to say.

They think that jobs can be created through false notions that it is the employed working class, and not capitalism, that creates unemployment; and that the unemployed can be organised through shouting vain and hollow reactionary slogans that pit the working class against their unemployed class allies.

The Cabinet — and President Nelson Mandela and African National Congress president Thabo Mbeki in particular — have responded positively. ANC MPs, MECs and MPLs have also voted to support this initiative.

This poses a challenge to all working youth, women, professionals and those involved in business to pledge contributions in support of the unemployed and less fortunate counterparts who are the targeted beneficiaries of this unprecedented move.

Surely, it makes perfect sense, that youth must support this move and ourselves join the forward ranks of those that are already contributing to this fund?

This initiative is to go a long way towards addressing youth unemployment.

It comes among many other initiatives adopted by the Jobs Summit to relieve unemployment in general, and youth unemployment in particular.

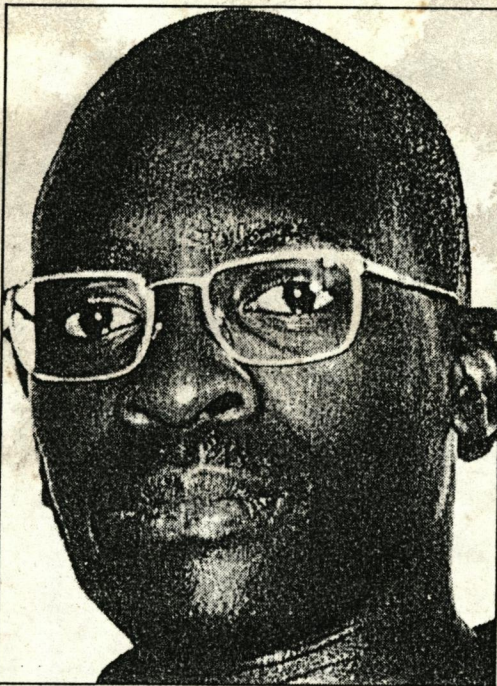
It will provide urgently required relief to youth, while it provides them with an opportunity to attain training and experience required for long-term employment.

However, the problem of youth unemployment will persist, because of real problems in the economy and other factors such as education.

The human resource development strategy of the past, as well as the country's economic structure, lie at the centre of youth unemployment today, particularly affecting the black youth.

Accordingly, any earnest attempt at resolving this problem must therefore itself be multi-prolonged and integrated.

When workers give a day's salary towards the unemployed next Wednesday, they will be contributing to national solidarity, writes **Malusi Gigaba**



ANC Youth League president Malusi Gigaba says the employment of youth in SA will be the key towards making South Africa a success story.

The first critical strategy of intervention must be to increase aggregate employment — or the aggregate demand for labour. New entrants into the economy must be absorbed and employment for those currently unemployed must be generated.

This can be achieved through increasing the economy's productive capacity and increasing the number of jobs arising from that productive capacity.

Secondly, the share of jobs going to youth must be increased. This could be achieved through active state procurement policies and targeted employment subsidies without, *inter alia*, encouraging companies to substitute existing adult employment.

Thirdly, there must be created, as already proposed by the summit, special programmes to enhance youth employability.

These could take the form of a national youth service programme; a national public

works programme; scholarships for students; employment internships for youth in the public and private sectors and improving youth access to labour market information.

The fourth strategy must be the promotion of youth self-employment and collective employment.

This can be achieved through the promotion of youth-run small, medium and micro-enterprises, cooperatives, enterprises and franchises, and through pursuing an active industrial policy and supportive monetary policy.

Indeed, while the Jobs Summit proposal will certainly go a long way to addressing youth unemployment, more strategies ought to be explored as well.

Meanwhile, the Youth Brigades (and their associated programmes such as student community services) and public works programmes must be made to work, starting this year.

Any delays can further demoralise and marginalise the already overburdened unemployed and unskilled pool of youth.

More resources, in addition to the Umsobomvu Fund, the Budget and workers' initiatives, must be availed, especially by the private sector to boost youth employment.

The rest of society, particularly the employed youth themselves, must contribute a day's wages or salary next Wednesday towards alleviating the hardships of other youth, who are more needy than many of us.

The challenge clearly is to create more employment, but particularly it is to invest in the future and get young people working.

It is only a partnership against poverty that will restore hope among those unemployed, and this is central to forging a common South African patriotism and identity.

And such a partnership will, consequently, put a most welcome end to those wishing and working for friction between the employed and unemployed.

It is also in this way alone that can we all build a giant home for all of us, called South Africa, where there are jobs, security and comfort.

(The writer is president of the ANC Youth League.)

Swela 26/2/99

Business job-creation trust stumbles while labour initiative takes off

Matla, which last week finalised agreement with a new financier for its Aventura bid, donated R50 000 and pledged to give another R250 000 in six months.

A large number of unions pledged donations, but some officials indicated that they had yet to consult their staff about making contributions to the fund.

The fund, launched by Cosatu, the Federation of Unions of SA (Fedusa) and the National Council of Trade Unions (Nactu), could raise up to R1bn if employers contribute. Employee contributions are likely to amount to between R100m and R200m.

pointed to administer and manage the trust funds, also contributed R250 000 towards promoting the fund. M-Net donated R100 000 and free airtime, in common with the SA Broadcasting Corporation.

Christodoulou said that the Development Bank of SA would evaluate projects recommended by the fund's trustees.

In a surprise move, the SA Foundation, which was one of the main forces behind the launch of the business trust, has made a donation of R10 000.

Union federation Congress of SA Trade Union's (Cosatu) investment arm, Kopano ke

ited time to mobilise support before March 3 — the day set aside for workers to contribute a day's wages and employers a day's profit.

A union source said labour could face resistance from workers. It would be surprising if employers contributed much as many were being lobbied to contribute to the business trust. It was also not clear whether the donations would be tax deductible.

Within hours, the labour fund netted more than R1m, with pledges of one day's salary from the likes of Sanlam chairman Marinus Darling and Sanlam's employee benefits CE Nick Christodoulou. Sanlam, ap-

weekend the trust's architects faced major challenges in ensuring that the initiative retained its original focus of targeting tourism and helping to improve secondary schooling. Last November, business leaders said prevailing economic conditions had affected the level of response to the initiative.

This emerged as labour launched its trust on Friday with backing from Deputy President Thabo Mbeki and business leaders. There were immediate pledges from unions, politicians and leading businessmen.

Union sources said there was concern that labour had rushed in as there was lim-

ONE IN YOUR EYE

All donate a day's salary? Get serious!

KAIZER NYATSUMBA

Maybe the unemployed should organise themselves into a political party to contest the elections

A WEEK from today, on March 3, President Mandela and his deputy and soon-to-be-successor, Thabo Mbeki, will donate their day's salaries to the job-creation fund announced by the leadership of the Congress of South African Trade Unions (Cosatu).

The labour federation has called on its members to do the same and donate a day's salary to the fund intended to create jobs, and a similar call has been made to all employed South Africans and employers.

Obviously, Mandela and Mbeki take the labour federation's proposal quite seriously. And so they should, because unemployment is a very serious problem today, contributing as it does to our high crime rate.

It came as no surprise then that when he opened Parliament earlier this month Mandela also pledged to contribute his day's salary to the proposed unemployment fund and called on Mbeki, the cabinet and the public to do the same.

Mbeki has already pledged his day's

salary to the fund and challenged everybody to follow his example.

This is an important initiative. Unemployment is indeed a very serious problem in the country.

In fact, the problem might be even worse now than it was before the 1994 elections, what with restrictive labour laws which have indirectly encouraged employers to lay off people rather than employ more.

Everywhere there are men and women who are unemployed and the number of men and boys who sit begging on our streets has increased, as has the women and girls who resort to selling their bodies to earn a living.

Is it a surprise, then, that we have the kind of crime rate we have in this country? Clearly, not all the criminals who make law-abiding citizens' lives miserable have turned to crime because of unemployment. There are many among them, no doubt, who are simply greedy and criminally inclined.

The worse the unemployment problem becomes, the more difficult it is going to be to contain crime.

Any well-meaning effort to address the problem of unemployment is to be commended.

How seriously, though, should we

take Cosatu's apparently noble initiative?

Well, it is difficult to take it seriously. Cosatu has been at the forefront of efforts to turn ours into a very restrictive labour system.

Some of our labour laws, championed by Cosatu and drafted by a government which is in alliance with and beholden to organised labour, have prompted Transnet boss Saki Macozoma to reveal that he intends to ask for exemption from some provisions of the Labour Relations Act because of the prohibitive cost implications. Obviously we do not need legislation which will ensure that employers do not exploit those who work for them.

Unfortunately, we have gone way overboard with our labour regime and in the process overtaken many established and reasonably opulent First World democracies.

We offer little incentive for foreign investors to eye our shores: we have a serious crime problem in the face of which the government appears impotent.

We do not exactly have one of the most productive labour forces, and we have a restrictive and overly legislated labour regime.

The point was made in this column last year, and it will be made again: no entrepreneur or company in the world ever creates jobs in order to help a government deal with unemployment. Companies create jobs because they have a need and when it makes business sense.

If, a mere three or four months before an election Cosatu and the government have suddenly realised just how serious our unemployment problem is, perhaps they can start by relaxing some labour laws.

Only then would some of us take seriously their call for a day's salary to be donated to an unemployment fund.

In the meantime, perhaps, the country's unemployed should come together and organise themselves into a party to contest the forthcoming elections.

During his budget speech last week Finance Minister Trevor Manuel struck a blow for the unemployed when he lowered company tax from 35% to 30%.

Perhaps his colleague, Labour Minister Shepherd Mdladlana, will now take the necessary steps to make South Africa an attractive investment destination so that more jobs can be created?

• Kaizer Nyatsumba is the editor of The Independent on Saturday in Durban.

Reneé Grawitzky 24/2/99

THE business job-creation trust — launched late last year to focus on job creation and education — is taking longer to get going than initially expected.

The trust, with a capital base expected to be R1bn, was set up after months of discussion between leading businessmen and government and aims primarily at creating jobs through the promotion of tourism and "building human capacity" by implementing educational programmes.

However, business sources said at the

Meeting the Budget won't be that easy

Bonnie Lepore 21/2/99

The government would be hard-pressed to meet its expenditure growth targets without a substantial cut in its wage bill in the coming year, implying a need to accelerate progress in the politically sensitive areas of privatisation and public service cut-backs, economists said this weekend.

Trevor Manuel, the finance minister, and Gill Marcus, his deputy, also highlighted the problem, saying the 12 percent yearly increase in the public service wage bill over the past few years was unacceptable and unsustainable, especially in the light of market estimates of an average inflation rate of just 5.5 percent this year.

In a press briefing earlier this week, Manuel hinted that increases in social expenditure since the ANC came to power in 1994 — to 61 percent of non-interest expenditure this year — were not sustainable and would have to bottom out in the next couple of years.

All this points to some rocky discussions within the ANC alliance partners, especially labour federation Cosatu, which, although broadly supportive of the Budget, lamented the lack of prior consultation and attacked the emphasis on public sector retrenchments.

And the Institute for a Democratic Alternative for South Africa (Idasa) warned this week that even though Manuel had estimated in his Budget that 51 percent of available funds would go to paying public sector salaries this year, the sum was probably significantly less than the actual extent of personnel costs.

According to Idasa, many departments had underestimated their personnel costs in the past. In the areas of health and education, for example, personnel expenditure was underestimated

Trevor Manuel's calculations seem to assume some yet-to-be-identified cost reductions, write
LUKANYO MNYANDA and ESTELLE RANDALL

by 25 percent on average.

Projected personnel expenditure also did not take account of changes in public sector salaries through automatic pay progression and pay promotions, and these had added up to 3 percent of personnel expenditure in the past.

Manuel presented a market-friendly Budget, incorporating a deficit limited to 3.5 percent of gross domestic product (GDP).

But government expenditure has to decline in real terms if the government is to meet its deficit targets, a factor which could lead to tensions in the alliance as social expenditure is sure to be compromised in the light of a rising interest bill.

The situation looks more serious if seen in the context of the state constantly exceeding its expenditure targets over the past four years, with higher-than-expected revenue because of improved efficiency in tax collection saving the day in the past year.

In line with its budget deficit target of 3.5 percent, the government has targeted total spending to grow by only 6.1 percent which, after debt financing, implies a real decline in non-interest expenditure at 4.8 percent.

"This target will be tough to attain — impossible if government's wage bill is not cut by way of retrenchments or by negative real wage growth," said Klaus Bauknecht, a BOE Securities economist. The government might also have to raise value added tax in next year's budget, he said, which would raise the ire of organised labour.

Economists said South

Africa's expenditure on social services was high in relation to developing countries, many of which had been forced into major cuts as their economies plunged into recession in the face of market volatility in the past year.

Rampant corruption, mismanagement and insufficient capacity meant a significant portion of government social expenditure did not reach the intended beneficiaries.

Marcus said as much at a South African Chamber of Business (Sacob) press function on Friday. She said she could not accept that lack of funds was blamed for poor services in departments like education, justice and police, considering huge increases in their budget allocations over the past four years.

"The education budget has grown by 40 percent in the past four years, while that for justice has virtually doubled ... We need focus and value for money," she said.

The government's three-year wage agreement with public sector trade unions comes to an end this July. The agreement ties the government to a moratorium on forced retrenchment. Zola Skweyiya, the minister of public service administration, has acknowledged voluntary retrenchment was a failure because it led to the loss of skilled personnel.

Econometrix, the economic consultancy, said, in contrast to Manuel's pronouncements during his Budget speech, social expenditure had already begun to decline, a trend that was likely to continue as the interest bill rose. — Johannesburg

favours this concept, at least over the short term.
"Personally, I would be happier with a phasing-in of liability. People have limited knowledge, so we should perhaps limit the extent of their liability.
"But ultimately we would need to increase their level of responsibility," Tshidi says.
In terms of the Financial Institutions (Investment of Funds) Act, trustees must "act with utmost good faith" or face criminal prosecution and the possibility of a R10 000 fine or 10 years imprisonment or both.
Tshidi says the process must begin with committee member training.
"The irony is that employee-elected trustees have had plenty of time to prepare themselves: although funds were required to have 50% member-elected representation from December 15 1998, we first issued the directive on April 19 1996."

Accountability laws needed

Bday 21/2/99

Extent of trustees' liability is at issue

jointly and severally liable. But although retirement funds can be set up as trusts, many are set up as voluntary associations and ordinary contracts.

INCREASED litigation is a likely consequence of the shift from defined benefits to defined contributions at what looks to be the end of a long bull run in investment markets.

A common perception in the industry is that trustees can be held legally liable, both individually and as a group, for the consequences of unacceptable investment decisions.

This belief has caused some people to shy away from the position of trustee. Yet, the perception could be unfounded.

John Murphy, SA's pension funds adjudicator, says he would like to see accountability entrenched in law.

"But as far as I know there is no law holding the members of pension fund committees personally liable for negligent committee decisions," he says.

"In the law of trusts there is a provision where a trustee who breaches fiduciary duties is

In the meantime, individual cases will either be adjudicated by Murphy's office or fought out in court.

"Given the lack of clarity in the law, and when one is dealing with a matter that is not made clear in the rules of the fund, we will have to consider the laws governing analogous situations," says Murphy.

In the present investment market, with its uncertainty and the looming threat of a long-term downturn, defined contribution members face a serious risk of loss.

In theory, this would previously have been carried by

their employers, and if their retirement savings are lower than they would have been in a defined benefit fund, they are likely to look for someone to blame.

Steve Wright, senior director of legal services at Alexander Forbes, says legislation governing the conduct of retirement fund committee members should be in line with that governing company directors.

"Both trustees, who represent fund members, and company directors, who represent shareholders, are responsible for looking after someone else's property," he says.

"Directors can be excused

VAT debt has leapt 31%, says Van Heerden

Linda Ensor BDay 24/2/99

CAPE TOWN — The amount of VAT owed to SA's revenue service rose an "alarming" 31% or R1.8bn in the past year, taking the total due, including penalties and interest, to R7.7bn, commissioner Trevor van Heerden told Parliament's portfolio committee on finance yesterday.

Excluding penalties and interest, the total tax debt rose R2.3bn or 16%. With penalties and interest, the total due was R18bn, up from R14bn at end-March 1998.

The staggering rise in VAT debt was receiving priority attention, Deputy Finance Minister Gill Marcus said.

Anthony Chait of Fisher Hoffman Sitole noted that about 3% of the VAT rate was tied up in this debt.

Van Heerden said in an interview the nonpayment of assessed VAT debt had escalated as the economic conditions worsened and interest rates rose. Companies were using nonpayment of VAT as a form of financing, and steps would be taken to stop this. They mistakenly believed that the 19% interest charged by the service on outstanding debt was better than the rate available from banks.

Van Heerden pointed out that the 19% rate was not tax-deductible, as other interest charges were, so in the end it was an expensive form of borrowing.

At end-March 1998 R4.5bn in VAT (including penalties and interest) was outstanding. This had now risen to R7.7bn.

The debt for company and personal income tax had stayed almost the same at R7.6bn while PAYE debt had increased to R2.8bn (R2bn).

Van Heerden said company tax debt had risen R500m or 20%, individual tax debt had fallen R19m, and PAYE debt decreased 1%, suggesting the flow had been stemmed in some areas.

The service was intensifying its capacity to prosecute tax defaulters. An evaluation of businesses between October 1997 and December 1998 showed a default percentage of 17% for VAT, 26% for income tax and 20% for PAYE.

Telkom to spend R52bn on development

Economy will benefit from allowing as many people as possible access to telecommunications network

Robyn Chalmers

TELKOM will spend R52bn by 2002 on developing its network, mostly in under-served areas, a move which is possible due only to the telecommunications utility's government-sanctioned monopoly, says CE Sizwe Nxasana.

Nxasana said the utility required considerable revenue to achieve its licence targets. "Common sense will tell you that had other competitors been allowed into the market, their focus on their bottom lines rather than on transforming a national asset would have resulted in them targeting the most lucrative section of the market, our corporate customers."

Telkom was granted a five-year

monopoly in 1997 when US-based SBC Communications and Telekom Malaysia bought a 30% stake in the utility. The monopoly could be extended for a further year if it met stringent licence targets such as adding 2.8-million new lines to the network and dramatically improving service levels.

Nxasana said any new fixed line operators entering the market once Telkom's exclusivity period expired should do so under licence conditions that promoted free and fair competition.

Much had been said about Telkom's focus on expanding its networks into previously underserved areas, and how this detracted from it being able to serve its corporate customers' hi-tech needs.

Nxasana said this argument was not based on sound economic principles. SA's economy would benefit from allowing as many people as possible to access the telecommunications network.

A significant portion of the R52bn capital expenditure was already being spent on modernising Telkom's networks for corporate and business customers.

Telkom was deploying fibreoptic rings as well as accelerating the upgrading of all its exchanges. This had resulted in the company being able to launch several enhanced voice and data services, he said.

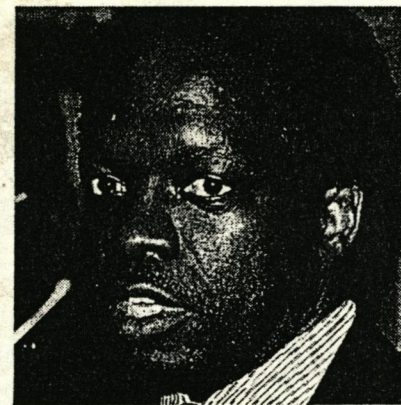
"We anticipate that all our exchanges will be fully ISDN-enabled before the end of 1999. This will prove of tremendous benefit to business customers, who are

under ever-increasing pressure to move data from place to place faster and more effectively."

Nxasana said Telkom had not neglected the need to support business initiatives outside its borders in order to attract revenue into the country and into the African continent as a whole.

It was one of the driving forces behind the establishment of the SAT-3/Southern Africa-Western Africa/SA-Far East cable system.

This will route between Europe and south Asia with confirmed landings in Senegal, Côte d'Ivoire, Ghana, Togo, Benin, Nigeria, Cameroon, Gabon, Angola, Namibia, SA, Mauritius, Reunion, India and Malaysia.



Telkom CE Sizwe Nxasana ... considerable revenue required