

PUBLIC SECTOR — TRANSPORT — GENERAL

1992

OCT. — DEC.

## INTERNATIONAL NEWS Serious deficiencies in air traffic control • 167 killed in plane crash

# Bloem airport blacklisted

*Sowetan* 1/10/92  
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**FLYING LOW** Airline pilots association

**LONDON** - Two of South Africa's airports have been blacklisted by the International Federation of Airline Pilots Association (Ifapa) because of serious deficiencies in air traffic control.

According to Carolyn Evans, assistant technical secretary of the British Association of Airline Pilots, Bloemfontein's JBM Hertzog is among the worst in the world.

Staff shortages make air traffic control available only during certain hours of the week, and fire cover is also severely re-

stricted at night and over the weekends

South African pilots have complained to the international body that:

- Air traffic control is available only during the weekday hours of 04 00 to 20 00, on Saturdays between 04.00 and 19 00 and on Sundays from 05.00 to 19:00 and

- Fire cover is available only during the same hours on weekdays, and between

04 00 and 12:30 on Saturdays and 05 00 and 20 00 on Sundays (all times GMT)

The airport is given "black deficiency" status, the lowest in Ifapa's three-tier rating. Johannesburg's Jan Smuts also suffers from air traffic control problems but rates a red - the second worst rating that can be applied.

The two South African airports are among 141 named in the blacklist.

rates JBM Hertzog among worst in world:

# Flitestar dents SAA's domination

By John Miller

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Tonight's flight to the Persian Gulf state of Bahrain by independent South African carrier Flitestar heralds the beginning of a new era in South African aviation history.

The airline will become the first carrier to challenge SAA's international stranglehold.

SAA's monopoly went unchallenged for decades until the introduction of the new aviation policy earlier this year which allowed carriers such as Flitestar to compete against it.

STAN 2/11/1972  
Nelspruit-based Metavia Airways has also applied to the Department of Civil Aviation for a licence to begin operating to Mauritius.

## Applied

Flitestar has applied to the department to begin operating flights to the following destinations: Delhi, Abu Dhabi, Dubai, the Seychelles, Madras, Copenhagen, Stockholm, Munich, Dusseldorf, Cologne, London, Berlin, Hamburg, Reunion, Mauritius, Madeira, Hong Kong, Jedda, Japan, Perth, Malta, Cy-

prus, Egypt and four destinations in Turkey.

SAA's application list includes many of the same destinations, which means each airline will have to submit a motivation to the National Transport Commission before a licence is awarded. If destinations are not opposed, it becomes a mere formality for the commission to award a licence.

SAA's list includes such places as Warsaw, Prague, Bucharest, Budapest, Belgrade, Moscow, Seoul, Bombay, Toronto, Addis Ababa, Los Angeles and Miami.

# Mid-air crash

STAR 2/10/92

By Anna Louw (269)  
East Rand Bureau

A report given to the Government two months ago warned that a mid-air plane crash might occur in the Reef air space because of the high rate of air traffic control equipment failure, The Star has learnt.

The warning was made in a report compiled by two top officials of the Aviation Risk Analysis Committee (Arac), a permanent committee of the Department of Civil Aviation which investigates plane accidents.

The report, sent to Transport Minister Dr Piet Welgemoed, also stated that a notice should be issued to all pilots "to keep a good lookout in the area because of the high equipment failure rate".

Dr Welgemoed said last night that he had received the Arac report and had instructed Commissioner for Civil Aviation, Japie Smit, to report on it.

He said private consultants were now evaluating the report and would lay it before him so that he could do something about it.

He could not say when it would be finished.

Asked whether he was taking any interim measures in view of the report's warning of the danger of a mid-air collision any moment, he said that because of the urgency of the matter, he had referred the report to Mr Smit immediately.

"I am very concerned about air safety," he said.

He added that the issue of air traffic control was highly technical, and referred further questions to his departmental experts.

The Star was told yesterday the looming air traffic control crisis might be exacerbated by the possible retrenchment of five air traffic controllers. The Star was told five controllers from Lanseria Airport, Jan Smuts Airport and the Johannesburg Air Traffic Control Centre were on Wednesday offered early retirement.

The youngest controller is 22 years old. Another is a se-

## Air crash warning

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that it was Jan Smuts Airport which had been blacklisted and not its air traffic controllers.

The Department of Civil Aviation has rejected the allegations that Jan Smuts and JBM Hertzog airports are unsafe.

The director of aviation safety in Pretoria, Rennie van Zyl said air traffic controllers were at work 16 hours a day at Bloemfontein, and that at night air cover for the area was provided by Jan Smuts. Many airports around the world were closed at night.

Mr van Zyl said new equipment was recently installed at Jan Smuts, and complaints might have been the result of "teething problems".

He confirmed that the department had received a complaint from the pilots' association earlier this year, but said this was to do with air traffic control stress and working hours. This matter was being addressed, he added.

But the air traffic controllers interviewed by The Star denied anything had been done about working conditions.

On the question of a reported 50 percent pay increase in 1988, controllers said their basic salaries had been marginally increased but their allowances — which formed the bulk of the 1988 increase — had remained unchanged.

They noted that the increases took the form of non-pensionable allowances. Promises to incorporate the allowances into the main salary structure had never been honoured, the controllers said.

Fatigue among controllers was another issue which had not been addressed. "We cannot take leave because we lose our shift allowance, and management knows it," said one controller.

Controllers do not hold out much hope for improved conditions with the commercialisation of the service on April 1.

Speaking from Durban yesterday, Alan Clery, acting president of the South African Air Traffic Controllers' Association, said controllers should not lose heart at this late stage.

**Warning**

nior controller who is among the top echelon of the profession, according to a senior air traffic controller who wished to remain anonymous.

Complaints by air traffic controllers at Jan Smuts about faulty equipment were followed yesterday by complaints that equipment at Lanseria Airport was "falling apart".

Following reports yesterday that the International Federation of Airline Pilots' Association had "blacklisted" Jan Smuts Airport and Bloemfontein's JBM Hertzog Airport because of serious deficiencies in air traffic control, controllers at Jan Smuts told The Star that the station measured up to minimum international standards but certainly did not do South Africa proud.

They said they were up against a brick wall when it came to having their problems addressed.

One controller said equipment failure had forced controllers to restrict the flow rate of aircraft, causing a delay in flights which affected passengers.

Another said "Management expects us to be professionals but hampers us by not rectifying problems which are repeatedly brought to their attention."

Another controller noted

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**rief**

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**SAA, Zambia accord**

**LUSAKA** - South Africa Airways and its  
Zambian counterpart have signed an  
agreement to increase the number of  
flights between the two countries, Zam-  
bian Airways managing director Mr  
Peter Kaoma said this week. He said the  
agreement would enable his airline to  
operate direct flights to Durban, in addi-  
tion to the existing two weekly flights on  
the Johannesburg route SAA would  
operate two weekly flights to Zambia.

# Pilots defend airport safety

THE SA Airways Pilots' Association (Saapa) has strongly contested reports that two SA airports pose a danger to passengers and crew. *(269)*

Media reports emanating from a London newspaper yesterday claimed Jan Smuts and Bloemfontein's JBM Hertzog airports have been "blacklisted" by the International Federation of Airline Pilots' Association (Ifapa) because of serious deficiencies in air traffic control. *BIAF*  
*2/10/92*

According to the reports, JBM Hertzog was rated among the world's worst airports, with staff shortages resulting in part-time control and insufficient nightly and weekend fire cover.

Jan Smuts was given a "red deficiency status", placing it on the second tier of Ifapa's three-tier scale.

British Association of Airline Pilots spokesman Carolyn Evans said the list, containing 141 airports internationally, was not a "black list" but a catalogue of deficiencies at airports to assist pilots.

Saapa, which annually supplies Ifapa with details of shortcomings at local airports, said yesterday air traffic control

STEPHANE BOTHMA

problems at the two airports had prompted the listing.

But they were definitely not hazardous to users, Saapa spokesman Cathy Bull said. Saapa, however, had written to Transport Minister Piet Welgemoed on September 9 listing air traffic control problems at the two airports and requesting they be addressed immediately, Bull said.

Although the letter had been received, Saapa was still waiting for a reply. A Transport Ministry spokesman said yesterday the letter had been forwarded to the director-general and was receiving urgent attention.

Bull said Jan Smuts and JBM Hertzog were the only two airports experiencing traffic control problems and that no other airport in SA had been reported to Ifapa Directorate of Civil Aviation air safety director Rennie van Zyl dismissed the "blacklisting" and allegations of a crisis looming in local air traffic control.

Commercialisation of air traffic control services next year would dramatically improve conditions, he said.

# Travel card mooted for city

Staff Reporter

A SINGLE card enabling commuters to travel in minibus taxis, buses and trains has been proposed by the Cape Town Chamber of Commerce in a bid to promote the use of public transport

The chamber's assistant director, Mr Albert Schuitmaker, said public transport was not being used fully and those responsible for it should co-operate rath-

er than compete

He said that the chamber, as a "neutral broker", could promote the idea and would meet all those involved to discuss a convenient and more attractive public transport system.

Systems in other countries could be considered and adapted locally, he said

Golden Arrow Bus Services spokesman Mr Bob Krause said the idea was "still being kicked around" but it was in force

in other countries where public transport was run as one passenger service

Metro spokeswoman Mrs Yvette Olwage said the suggestion had been welcomed "We are talking about co-operation with the bus and taxi people"

Convention for a Democratic Taxi Association spokesman Mr Morris Nomala said it was "a very good idea" but problems could arise as taxis were owned and operated by individuals

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# How we will help you get airborne

MANDY JEAN WOODS

THIS week sees the launch of a new service for Saturday Star readers. Given the competitive environment in which airlines in South Africa are now operating, we have decided to list the best fares available during a given week. For your reference, we include the standard economy fare of each airline as well. It is important to note, however, that the discounted fares we list are all subject to a number of restrictions.

Also, it is possible to get fares better than those we list if you shop around. For example, Just the Ticket is this week offering a fare of just R2 200 for a round trip to London, R2 250 to Frankfurt and R3 020 to Singapore.

Thirdly, you may be able to make savings in other ways — for example, by getting certain restrictions waived or by utilising special deals.

For example, Austrian Airlines is currently offering its first-class and business-class passengers travelling to or via Vienna two-night free hotel accommodation (including breakfast). Given the rate of exchange between the rand and the Austrian schilling, this is a great saving to any traveller.

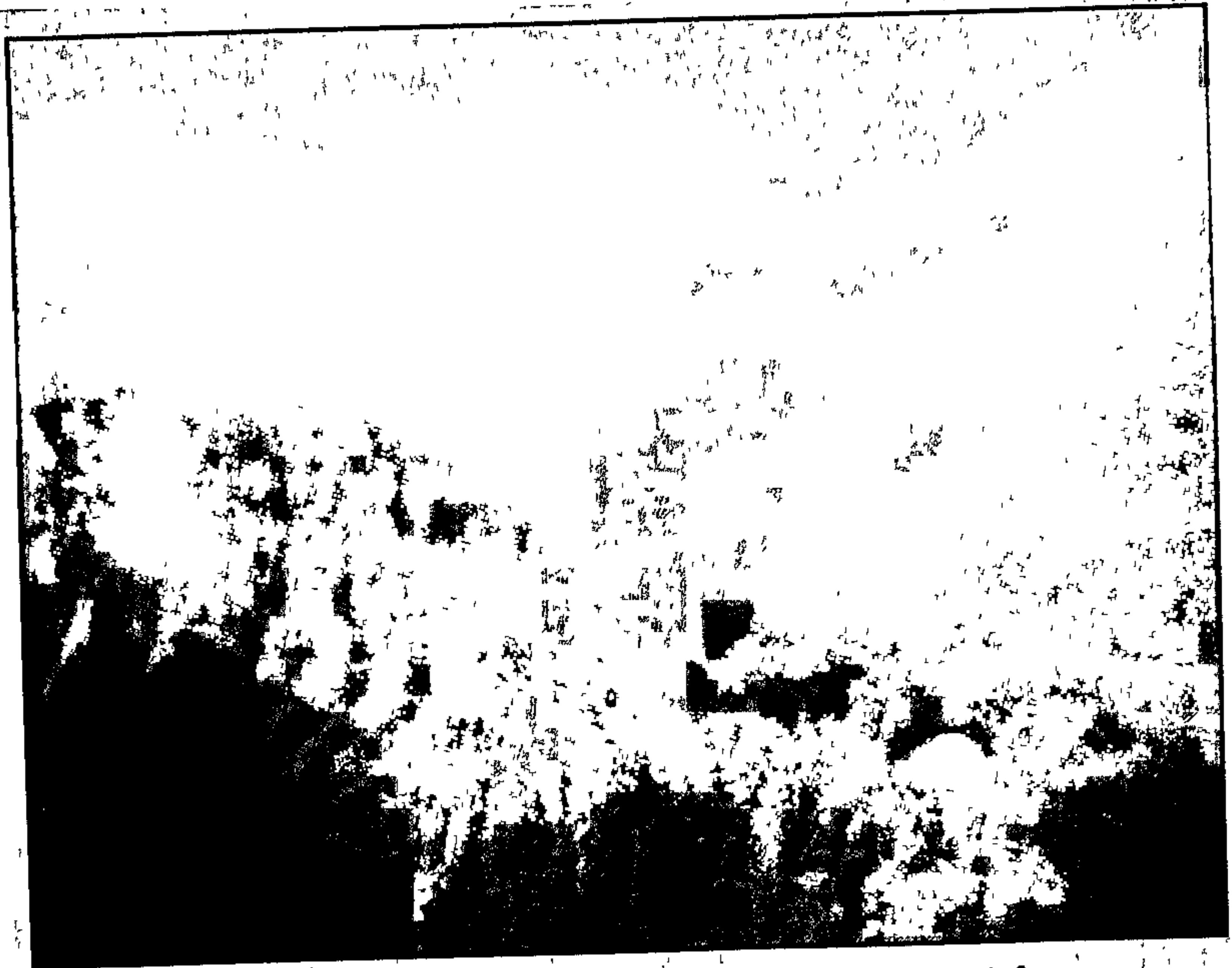
## INTERNATIONAL

AIRLINE	DESTINATION FROM JHB	ECONOMY FARE	DISCOUNTED FARE
AUSTRIAN AIRLINES	Vienna	R7 151	R2 700
BRITISH AIRWAYS	London	R7 768	R2 140
CHINA AIRLINES	Taipei	R10 241	R3 772
CATHAY PACIFIC	Hong Kong	R10 741	R3 774
FEAL	Delhi	R4 766	R2 629
KLM	Amsterdam	R7 454	R2 400
LUFTHANSA	Frankfurt	R7 450	R2 399
LUXAVIA	Luxembourg	R2 700	R2 170
QANTAS	Sydney	R10 633	R4 109
QANTAS	Perth	R9 688	R3 689
SINGAPORE AIRLINES	Singapore	R2 907	R2 100
SWISS AIR	Zurich	R7 451	R2 399
SAA	London	R7 768	R2 700
SAA	New York	R6 976	R3 400
SAA	Sydney	R10 633	R4 109
SABENA	Hong Kong	R10 241	R3 774
DLA	London	R7 454	R2 700
VALIG	Frankfurt	R7 450	R2 399
	Rio de Janeiro	R6 550	R3 446

## REGIONAL/DOMESTIC

AFRICA AIR	Maputo	R7 10	R2 16
AFRICA AIR	Maputo	R7 114	R2 215
AIR IMPAWI	Harare	R1 797	R1 774
AIR MALAWI	Lilongwe	R1 712	R1 155
AIR SEYCHELLES	Malé	R1 702	R1 774
AIRLINK	Blantyre	R7 17	
AIRLINK	Polokwane	R1 97	
AIRLINK	Nelspruit	R5 10	
COMAIR	Pretoria	R5 10	
COMAIR	Cape Town	R5 78	R2 96
FEELSTAR	Durban	R5 54	R2 99
FEELSTAR	Cape Town	R5 52	R2 510
REGIONAL AIR	Harare	R1 702	R1 700
REGIONAL AIR	Pretoria	R5 10	R2 76
SAA	Harare	R7 22	R2 76
SAA	Durban	R5 12	R2 76
SAA	Cape Town	R5 64	R2 18
SAA	Nairobi	R2 413	R1 60
SAA	Harare	R1 97	R2 1





LAND OF FAIRYTALE CASTLES: Neuschwanstein is a popular stop-off for most visitors to Germany

## Lufthansa's R2m tourism bill

LUFTHANSA is to spend R2-million to promote SA as a tourist destination overseas. (269)

The promotion is aimed at improving load factors which have remained static for the past five years.

This month the airline plans to introduce a sixth flight between Germany and SA. Public relations manager Karin Lambson says Lufthansa managed to maintain market share in the face of deregulation and price cutting in the airline industry.

Lufthansa offers a fare of R2 299 re-

turn to Germany from Johannesburg, Cape Town, Durban or Windhoek. The offer lasts until December 15.

Mrs Lambson says: "Ultimately, we are looking at operating a daily flight to Germany. We now fly to Cape Town and Windhoek, as well as Johannesburg, under the deregulated air-traffic agreement." S/Times (LBYSS)

Central Statistical Service (CSS) says 86 389 Germans visited SA last year. In the first four months of this year, the figure was 32 164. 4/10/92

The number of South Africans visit-

ing Germany last year was only 28 551 and 6 976 in the first four months of 1992.

Lufthansa has introduced a second freighter a week to Germany. Mrs Lambson says the airline plans to replace the two weekly cargo flights with a single 100-ton 747 400 flight in 1993. Four out of the six weekly passenger flights carry freight.

● The German Government plans to privatise Lufthansa as part of a sale of government assets to generate funds for the development of east Germany.

## Malaysia's first flight from SA fully booked

STEPHANE BOTHMA

MALAYSIA Airlines' inaugural flight from SA to Kuala Lumpur on October 26 was fully booked, SA area manager for the carrier, Helmi Hj Daud, said yesterday. *6/10 AM 6/10/92*

The reciprocal agreement between SA and Malaysia for an air service between the two countries was signed earlier this year and although SAA had made no announcement yet about flying the route, the airline was expected to introduce flights to Malaysia in January.

For November and December, Malaysia Airlines is offering tourists visiting Malaysia a special deal at a rate of R2 999 — a heavily subsidised package including airfare and a five-night stay in the country.

The response from SA was "very good", although the numbers from Malaysia to SA were "quite small" at this stage, Hj Daud said.

The airline will be using a DC10 on the route and will be operating direct flights once a week. A second weekly service will come into operation by next April.

Initially the airline was concentrating on the leisure market but as relationships between the two countries improved, the business travel market would be addressed strongly, he said.

The airline, which was awaiting delivery of five Boeing 747s early next year, would also enter the potentially viable cargo market, he said. One of the 747s would be used on the Johannesburg route.

"Initially we will carry no cargo because we are flying direct which restricts our payload," Hj Daud said.

Malaysia was being promoted aggressively in SA as a tourist destination. An "SA Week" would be held in Kuala Lumpur in November, in co-operation with Satour, which would be the first huge publicity drive for SA as a destination, he said.

# Planned train boycott 'not warranted'

■ Money lost would be better spent on upgrading railway services:

A TRAIN boycott was unwarranted in the light of the South African Rail Commuter Corporation's serious efforts to produce a better and safer commuting environment, SARCC managing director Mr Wynand Burger said yesterday.

Burger said the money lost during boycotts, strikes and stayaways - an estimated R28 million in 1991/92 - could have been better spent curb-

ing violence on trains and safeguarding stations.

News reports indicated a train boycott was being planned, he said, apparently because the corporation had failed to keep its side of the May agreement. The agreement between community organisations and the SARCC followed a sit-in by community leaders angered by repeated attacks on train passengers.

Contrary to the allegations, Burger said, the corporation had made significant progress upgrading security measures at various stations in the southern Transvaal.

"Approximately R11,5 million has already been spent over the past four months to improve security measures on the Reef."

"Boycotts will have an adverse effect on future tariffs and in the end it is the commuter who will be losing out."

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# Train boycotts, stayaways cost R28-m

By Montshiwa Moroke (269)

The SA Rail Commuter Corporation (SARCC) estimated yesterday it had lost R28 million through train boycotts, work stayaways and strikes since the beginning of last year.

However, SARCC managing director Wynand Burger said the corporation had made significant progress in upgrading security measures at stations in

the southern Transvaal since the signing of the Train Peace Accord earlier this year.

His statement followed a weekend newspaper report which said another train boycott was being planned because the corporation had failed to keep its side of the agreement.

"The matter is receiving serious attention. Train boycotts have a very negative effect on limited funds and is unwarrant-

ed in the light of the corporation's serious efforts to produce a better and safer commuting environment," said Burger.

He said about R11.5 million had been spent in the past four months to improve security measures on the Reef.

This figure included the fencing of 103 stations. All 158 stations on the Reef were expected to be fenced by the end of March. In addition two trains

would be fitted with closed circuit television and a public address system by December.

Johannesburg station and Soweto's Dube station were to get access control points with metal detectors in compliance with the Train Peace Accord.

The availability of sufficient funds to implement these measures was an important factor to be considered in speeding up the process, Burger said.

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year

But privatisation has been ruled out for now. One factor is the fear of nationalisation if an ANC government is elected. Another is the expected lack of takers for the smaller, money-losing airports, such as Upington, unless government continued to subsidise them and guarantee profits.

Despite continued ownership by government, the airports would still aim to be run like businesses. This isn't a panacea on its own — Telkom, the Post Office and other commercialising companies are having trouble eliminating the civil-service mentality — but there are several advantages.

Being businesses, the airports will be able to charge market-related rates and rentals for their services and premises. They will also be able to raise loans and retain their earnings. At present they pay everything they collect, about R120m last year, into State coffers, then wait in a queue with their begging bowls for maintenance and capital expenditure needs.

Stewart Huckwell, acting director of civil aviation, says 12 government departments are now involved in running the airports. They run at a loss, with the State subsidising their costs, but they could generate profits if their charges were market-related, proponents of commercialisation say.

SA is believed to be the only country that does not charge for airport security, which

accounts for 42,1% of the R180m it costs to run the airports, or for air traffic navigation systems (ATNS), which cost R50m a year to operate. At Jan Smuts, office and retail space is let at R11/m<sup>2</sup>, much lower than the going market rate.

In major airports in other countries landing fees at peak hours are substantially higher than during off-peak periods. "But," Huckwell says, "at Jan Smuts, it is the same at 11 pm (off-peak) as it is for the peak hours 7 am-8 am for domestic flights and 8 pm-9 pm for international flights. And it is the same at Upington and Bloemfontein."

With more money at their disposal the airports would be able to pay key staff more and buy more modern ATNS, which would improve safety and eliminate the periodic complaints from air traffic controllers.

Last week, the usual complaints about poor equipment, long hours and low pay were given more weight by the International Federation of Airline Pilots' Associations, which blacklisted Bloemfontein and gave Jan Smuts a red deficiency status. But the criticism may be a storm in a teacup. The top men of the two foreign airlines that operate the most flights into Jan Smuts, Malcolm Freeman, manager of British Airways in SA, and Jochen Korbmann, Lufthansa's regional director for southern Africa, say they have never heard the captains of their aircraft complain about the airport.

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### Getting ready for takeoff

**Commercialisation** of the nine State airports will move a step closer in the next few weeks when a Cabinet working committee meets to tie up loose ends that could bedevil the necessary legislation. The target date for commercialisation is April 1, and Transport Minister Piet Welgemoed is anxious that it is met. Two State-owned companies will be formed to run the airports: one to handle the airside operations, the other to run the terminals and passenger facilities.

The ideal would have been to follow the British example and privatise the airports by selling shares in a holding company to the public. The British Airports Authority's four airports — Heathrow, Gatwick, Stansted and Glasgow — showed a profit of £96m in 1987 and £260m this year. Their shares rose from 245p in July 1987 to 620p in July this

# R11-m spent on train security

By THEMBA KHUMALO

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IN a desperate attempt to avert a second massive Soweto train boycott the South African Rail Commuter Corporation has spent nearly R11,5-million in improving security on trains and at stations.

"Train boycotts have a very negative effect on already limited funds and are unwarranted in the light of the corporation's serious efforts to produce a better and safer commuting environment," said the corporation's managing director Wynand Burger.

Burger was reacting to reports that the Train Boycott Committee was planning another boycott after weeks of renewed train violence.

In one incident last month five people were stabbed and thrown from a moving train between New Canada and Longdale stations. Among them was a woman who was allegedly raped in front of horrified commuters before she was thrown off.

A snap survey by City Press has shown that the attacks have subsided slightly because of large police presence in coaches and stations.

However, the police said their task was hampered as sealed doors prevented movement between coaches

# New bid to protect commuters

RAY HARTLEY

A BREAKTHROUGH in the fight against train violence was achieved when a strategy to protect commuters was agreed upon by ANC-aligned organisations, police and SA Rail and Commuter Corporation (SARCC) officials at the weekend.

The agreement would lead to a re-evaluation of the need to resume an ANC boycott of trains, ANC PWV spokesman Ronnie Mamoepa said yesterday.

He said a two-pronged strategy proposed by the ANC had been adopted.

Two working groups, which were scheduled to begin operations in October, would look at ways of speeding up the arrest and prosecution of perpetrators of train violence, he said.

"In the end it is only an interim government that will address the issue properly. The forums will not be bogged down by detail," he said.

SARCC spokesman Connie Nkosi said the community would become involved in preventive measures to protect commuters at stations.

The SARCC said it had already spent about R11,5m on increased security at Reef stations, a separate statement said.

"It is estimated that the corporation lost about R28m because of boycotts, stayaways and strikes during 1991 and 1992," it said.

"This is a large amount of money for any organisation to forfeit, and could rather be applied to curb violence on trains and safeguard stations.

"The boycotts have a very negative effect on already limited funds and are unwarranted in the light of the corporation's serious efforts to produce a better and safer commuting environment."

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# Making trains safe

Sowetan 12/10/92 (269)  
■ It's all systems go to make train rides enjoyable again:

A DELEGATION of community organisations led by the ANC PWV region, SA Rail Commuter Corporation and the SA Police on Friday decided to form three joint working committees to deal with ongoing train violence.

Two of the committees will deal with pro-active measures to end violence, and the third with preventive measures such as cameras, gates and fencing at stations.

SABC radio news reported they would meet again on October 22 to set up the committees.

African National Congress regional spokesman Ronnie Mamoepa said that in the interim, they would meet advisers and specialists.

The congress would not call for a train boycott, but reserved the right to embark on mass action if necessary, he added. - Sapa



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SAA smoking  
ban unlikely

STEPHANE BOTHMA

THE International Civil Aviation Organisation's (ICAO) resolution to ban smoking on all commercial airlines' international flights from July 1996 was unlikely to affect SAA, airline spokesman Leon Els said yesterday. (269)

SAA would adjust its smoking and non-smoking regulations in terms of market demands, and at this stage the ICAO's resolution would not be adopted, Els said.

The ICAO does not set civil aviation rules directly for its 173 member states, but its resolutions are taken into account by individual governments.

Although SAA was a member of the ICAO, it was not bound by resolutions taken by the organisation.

"Each airline can decide for itself," Els said.

Smoking has been banned for several years on SAA domestic flights.

# Probe called into railways' multi-million rand bungling

MICHAEL MORRIS (269)  
Political Correspondent

PARLIAMENT'S all-party public accounts committee has called for a judicial inquiry into the South African Rail Commuter Corporation's bungling of multi-million rand investments in the bankrupt Cape Investment Bank Ltd.

The committee is sharply critical of the "unprofessional manner" in which the corporation had invested more than R246 million — excluding accumulated interest of R21,1 million — with the Cape Investment Bank Ltd before it was placed under provisional liquidation in April last year.

A further investment of R5 million was placed with Alpha Bank shortly before it, too, was placed under liquidation.

The committee wants an in-depth investigation into the motives for the high-risk investments and the reasons why the money was not withdrawn when there were already rumours of the weak financial position of Cape Investment Bank Ltd.

In its report tabled in parliament today, the public accounts committee expresses "serious concern at the unprofessional manner in which investments were dealt with by the corporation" and the "considerable losses" which resulted.

The committee says that because of contradictions in the "various versions of what had taken place" it was unable to determine who was liable for the losses.

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# Investments B 10 PM 14/10/97 probe urged

Political Staff

CAPE TOWN — The Joint Committee on Public Accounts has called for a judicial commission of inquiry into investments made by the SA Rail Commuter Corporation with the Cape Investment (CIB) and Alpha Banks.

In a report tabled yesterday, the committee said it had been unable to uncover the "true state of affairs" about the investments.

The committee noted in its report that according to a report by the Auditor-General, the Corporation had R247m invested with the CIB when it was placed under provisional liquidation in April 1991, and an investment of R5m had been made with Alpha Bank before it was placed in liquidation.

The DP has also called for a judicial investigation.

# Airport duty-free export zone mooted

THE development of a tax- and duty-free export processing zone at Jan Smuts Airport is being investigated in a move designed to stimulate economic activity on the East Rand, transport consultant Terry Markman said yesterday.

Speaking at a seminar organised by the East Rand Metropolitan Transport Authority he said imported and locally manufactured products that had value added to them before being exported could qualify for exemption from the relevant duties.

Studies had been conducted by the Development

PETER GALLI

Bank and the IDC and both supported the concept.

Transportation research and consultancy director Bill Cameron said there were a number of challenges facing the East Rand region. Unemployment stood at 35%, there was a high birth rate and an increasing influx of people from rural areas.

"This is exacerbated by a stagnant economy, little growth in primary and secondary sectors and a low level of development aid. The housing backlog in the area is also between

62 000 and 100 000, while house prices have not grown as well as in the rest of the country," he said.

There was ample land for private sector commercial, industrial and residential developments.

Acting chief director of Civil Aviation Stewart Huckwell said limited financial resources and divided responsibilities among state departments had plagued development of airports.

"The commercialisation of Jan Smuts from next April will remove these problems and allow private sector involvement and funding," he said.

# Transport system 'may need revamp'

IF SA wanted to attract tourists and keep consumer prices down, the entire transport system would have to be revamped, Transport Minister Piet Welgemoed said yesterday.

In a speech delivered on his behalf by Transport deputy director-general Malcolm Mitchell, Welgemoed said the funding of transport — particularly commuter transport — required a commitment from government. The speech was delivered in Johannesburg at an Institute of Transport conference.

Integration of timetables and the development of transfer stations should provide commuters with an array of services and provide opportunities for large and small businesses, he said.

Financial restraints precluded the introduction of new technology, and a policy of making better use of existing infrastructure and management of existing vehicle capacity was necessary.

The current imbalance between the amount paid by authorities at all levels for passenger transport subsidies — about R1,8bn a year — and for urban transport infrastructure — about R500m a year — needed to be addressed, he said.

Welgemoed said as a result of inadequate transport links and high commuting costs, many people had poor access to employment and social opportunities. They had become so desperate they were prepared to settle in appalling conditions on unserviced land in the hope of finding a better life near the cities. The resulting rapid urbanisation would increase the importance of commuter transport.

Instead of transport modes fighting for market share, their future goal should be an increasing level of co-operation and integration.

He said it would be necessary to reassess past policies of economic deregulation in transport as depicted in the 1984 White Paper on National Transport Policy.

Devolution of functions to regional authorities implied identification of appropriate sources of funding to subsidise operation losses and to pay for infrastructure. At the same time, public transport needed to be made more attractive to users, said Welgemoed.

He said operators of all modes of transport were urging government to maintain a measure of regulation in the passenger transport industry. Conversely, the regulation of urban transport needed to be reconsidered to ascertain whether it was in fact necessary to further integrated planning.

However, free market principles, where user choice was maximised and operating efficiency rewarded, was a sound basis for integrated planning, and an appropriate balance between regulation and deregulation was necessary.

This balanced system was being implemented in the road freight industry and would soon be extended to the long distance passenger transport services.

The preparation of regional passenger transport plans would also indirectly introduce a measure of regulation in commuter transport, he said.

EDWARD WEST

# Call for emphasis on public transport

6/10/92  
EDWARD WEST 269  
THE right to public transport would become a cornerstone policy for future governments and planning would require a totally new approach, said Rand Afrikaans University transport economics professor Wynand Pretorius yesterday.

Pretorius told the Institute of Transport in Southern Africa conference in Johannesburg that accelerating urbanisation would severely strain the capacity of the commuter transport system.

Local authorities and government had found it fashionable to talk of leaving transport to the private sector. Pretorius said this was elitist.

This attitude had underpinned planning for 40 years and had led to major spending on infrastructure for private cars and underspending on public transport.

The "gimmicks" approach — based on some cosmetic changes — was an attempt to "improve the situation" and generally failed to address fundamental problems.

Examples of this approach included introducing busways and schemes to introduce light rail in areas where the patronage was questionable.

The third approach, which would take into account the needs of all people, would be achieved by applying first world/formal principles with third world/social engineering and developmental principles.

The formal aspect related to the introduction of a network approach in which all traditional forms of public transport would be placed under a single administration.

The informal transport component could continue to offer its services, or it could operate under some form of arrangement or contract system with the formal authority to provide certain services.

The inclusion of extra-parliamentary groups in the transport decision-making process was expected to support subsidisation as a right.

Urbanisation would fuel demand for urban transport. The requirement for compulsory education would also put pressure on public transport.

## Airline warns of cost crisis

61094 16/10/92  
STEPHANE BOTHMA

FLITESTAR made an urgent call yesterday for the principles of deregulation to be seriously and stringently applied to avert a pending cost crisis in the local air travel market.

"Until SAA operates as a business rather than as a government department, deregulated skies will remain a dream," Flitestar MD Jan Blake said in a statement (269)

He strongly criticised the continued subsidisation of SAA, especially in the light of an earlier announcement by the airline's CE Gert van der Veer that SAA had suffered losses exceeding R30m on its domestic market alone during the first quarter of this year.

Blake announced that his airline's market share was approaching 25% with passenger loadings on all routes clocking in at 60%.

The achievements should be seen against the background of a market which persistently featured residues of the monopolistic structures of past years. The playing fields were still not level, he said.

# Flitestar slams govt subsidies for SAA

269 CT 16/10/92

JOHANNESBURG — Flitestar yesterday made an urgent call for the stringent application of air deregulation principles to avert a pending cost crisis in the local air travel market.

Flitestar MD Jan Blake in a statement strongly criticised continued fiscal subsidisation of SA Airways in the light of press reports of more than R200m losses suffered by SAA in the past two years.

Dismissing the subsidy as "indefensible" Blake said. "This places a further burden on an eroded national tax base, which desperately needs additional funds for housing and education

"If the true spirit of free enterprise is not applied to the current artificially-created market scenario, the children of deregulation will eventually starve," he warned

He said the three major local operators — SAA, Flitestar and Comair — were now in a position where they could not make money

This was due to cost increases — a 35% hike in landing fees and a fuel price rise — but no corresponding general increase in fare prices which

have dropped significantly from last year.

"Until SAA operates as a business rather than as a government department, deregulated skies will remain a dream," Blake said.

Flitestar, which celebrates its first year of existence this week, announced it had met its projections in market penetration for the year.

A projected 25% local market share was being reached, while a passenger load factor of 60% had been achieved in September

Blake, however, believed the break-even point for all local operators was far higher at present with a 70% passenger rate needed to meet start-up and associated costs.

Flitestar would not expand its fleet in the immediate future, he said, but intended to use its existing fleet to service additional ports such as East London, Bloemfontein, Skukuza, Richards Bay and Sun City.

Proposals on flights to the Seychelles, Victoria Falls, Mozambique, Tanzania, Saudi Arabia, Germany, India and Pakistan would be put to the Directorate of Civil Aviation in October, Blake said. — Sapa



# Grain operation is hi-tech

By FRED KHUMALO

269

WITH many parts of the country in the throes of one of this century's most severe droughts, Spoornet has started a massive project to transport food - maize and other cereal - to drought-stricken areas.

The operation is to bring 5,4 million tons of grain to SA and another 5,4 million tons to 10 similar drought-ravaged countries in southern Africa to help fight starvation.

It is estimated that 11 million tons of grain will be needed to stave off the looming food crisis.

So far, four million tons of grain have been brought to these shores. The programme is expected to end in April 1993.

"A lot of the food has safely reached its intended destination. Distribution will soon start - but our role is just the transportation to the recipient areas," said Portnet's grain operations control centre manager, Simon Swanich.

The operation initiated by the United Nations World Food Programme is being co-ordinated by Spoornet in conjunction with representatives from Botswana and Zimbabwe.

The massive operation has been

made possible by satellite technology and sophisticated software systems, used in post-war Kuwait, which facilitate the speedy off-loading of thousands of tons of grain on to railway trucks which then transport the grain as far afield as Malawi.

About 8,5 million tons will be routed through the South African ports of Durban, Port Elizabeth, East London and Cape Town, with the balance going via the Mozambique ports of Maputo, Beira and Nacala as well as the Tanzanian port of Dar-es-Salam.

## Much-needed food

"We believe the food will reach the people in time," said Portnet's Willem Burger.

But he warned that bad weather, possible labour unrest and port and border bottlenecks could cause delays.

At least 3 000 railway wagons have been taken out of mothballs to provide sufficient rolling stock as ships from countries as diverse as the US, Canada and some parts of Europe keep coming to local ports to deliver the much-needed maize and other cereals.

The railway authority expects 6 000 trainloads to be used in the

year-long operation. Combined, these trains would be 3 000 km long. C/PREN 18/10/92

To guarantee professional efficiency, a 20-man team, with the aid of computers linked by satellite to a mainframe in the US, monitors on a 24-hour basis the movement of every ship from the time it leaves port, mainly in the Americas, until it arrives in SA.

The same computer-based monitoring applies to every trainload and truckload until the shipment reaches its destination.

"In the cases of countries such as Malawi this can be up to three months from the arrival of the ship (in Durban harbour)," said a Portnet spokesman.

Malawi has received 126 000 tons of grain; Zimbabwe has received 812 000 tons; Zambia 195 000 tons; Namibia 82 000 tons; Botswana 93 000; Swaziland 33 000 and Lesotho 70 000.

Angola has received only 2 000 tons - and these have been delivered only in the Unita-dominated southern part of the country.

"Our job is to transport the food. We can't take decisions as to the amount of food to be sent to different destinations," Swanich said.

# Cuts all round at Autonet

By DON ROBERTSON

AUTONET, the trucking division of Transnet, is to substantially reduce its operations and halve head office staff by the end of this month.

In an interview in Commercial Transport magazine, recently appointed chief executive Jan Venter says the company will no longer pursue ad hoc trucking business, but will develop its current operations with other Transnet divisions, including rail and the CX and PX container services.

The news has been welcomed by private truck operators, who believe additional opportunities will be opened up. They have long believed that Autonet was operating at unrealistically low levels.

Because of a declining market, Autonet will withdraw from the abnormal load sector, in which it has a virtual monopoly, says Mr Venter. General cargo will suffer the brunt of the cutbacks, but refrigerated transport, which yields high returns, will be strongly supported.

It is possible that non-profitable depots, particularly in the Transvaal, will be closed, but the emphasis will be on reducing the size of fleets, rather than closure.

# Concern over train killings

*Sowetan 19/10/92*

■ Latest wave of killings brings to 12 number of dead since October 13:

By Joe Mdhlela

THE ANC yesterday again expressed concern at continuing train killings on the Reef and called on the Government to treat the matter with urgency

ANC spokesperson Gill Marcus said urgent measures were needed to attend to the train killings

Four people died on Friday when they were thrown out of moving trains on the Witwatersrand, bringing to at least 12 the number killed on Reef trains since October 13

National general secretary of the Pan africanist Students Organisation Eddie Bosman condemned the train murders

However, he said while it was true the killings could be State-inspired, he warned it was also possible that "Africans were perpetrating this form of violence against one another"

Three train commuters were attacked and thrown out of a train last week

# Bank turnover in bond market up dramatically

310Aq 19/10/92.

**RESERVE** Bank turnover in the bond market this year has increased by five-fold from the same period in 1991/92, reflecting how successful its policy of marketing government stock has become.

In 1990, the Bank realised that it needed to boost liquidity of government stock, which would in turn reduce government's funding costs as the differential narrowed between government's bonds and those of parastatals.

A senior dealer says the Bank has succeeded in marketing government bonds "beyond its wildest dreams".

Figures from the Bank show that turnover for the five months ended September was R120bn compared with R25bn last year, with 81% of its trade passing directly through the capital market.

The Bank's turnover is equal to government's total issued stock.

A Bank spokesman says criticism that too much of the Bank's activity is directly with investors, thereby bypassing the market, is now untrue.

The figures show 55% of the Bank's dealing is with brokers and 26% with merchant banks — a total of 81%.

About 17% of its transactions are listed under "other banks" while 1%

## Focus

**TIM MARSLAND**

is with pension funds and 1% with insurers.

A dealer says that previously, the Bank sold large parcels of stock directly to institutions, and the market did not know at what rate the transaction had been executed.

The figures show that in the five months ended September, the Bank sold R59,159bn in RSA bonds during the period and purchased R49,078bn, showing net funding of R10,081bn.

A dealer welcomed the Bank's activity in the market.

"It's always good to be able to get a price on the RSA stock," he said. "Previously, you did not even know the Bank's phone number — now you need a speed-dial to their trading desk."

The Bank spokesman said the main reason for the popularity of government stock was the Bank's activity as a two-way player.

The figures show that the focus of the Bank's activity shifted from the medium dated stock in the beginning of the year to longer dated stock in line with activity on the capital market.

In April, 10% of its activity was in the short term area, 58% in the

medium dated area and 32% in the longer dated area.

By July, this shifted to 3%, 58% and 39% respectively. In September, the Bank did no transactions in the short area, 41% in the medium area and 59% in long dated area.

Government's RSA 150 bond has become the Bank's star attraction.

The Bank's figures rate the RSA 150, in terms of turnover, as the most traded bond at more than double the second most active Eskom 168 bond.

Next is the RSA 147, then RSA 153, Post Office 005, Post Office 001, Umgeni Water Board 55, Eskom 170, RSA 144 and Umgeni Water Board 50.

During the first eight months of the year, turnover on the JSE bond floor amounted to R350bn.

Of that, R173bn was in the top six RSA bonds.

A market player said government stock was attaining its correct role in the bond market as government stock was the best paper one could purchase.

Most of the Bank's 1992 funding is in the medium dated area, with 26% in the RSA 119 bond, 22% in the RSA 144 bond, and 20% in the RSA 147 bond.

Only 4% was in the long dated RSA 150 bond.

## SA tourism with the Gulf ready for takeoff

310Aq 19/10/92 (269)

**PETER DELMAR**

SA TOURISM with the Gulf is set for takeoff since the introduction of flights between Johannesburg and Bahrain earlier this month.

By this time next year four airlines will be flying between SA and the Gulf, offering about 60 000 seats a year in each direction.

For the more adventurous South Africans, the allure of the formerly forbidden Arabia will no doubt be a major drawcard. And once they get there they will not be disappointed.

For decades South Africans have been fed a diet of misinformation about the Middle East.

Arabs are friendly and courteous and eager to find out about SA.

For tourists venturing to the region, a few days in Dubai will be essential. Even the most casual student of finance and business will be fascinated by how this little emirate within the greater United Arab Emirates has positioned itself, in less than 30 years, as the region's leading trade centre.

The shopping is excellent. The gold soukh or market offers outstanding value and the local duty-free shop is often described as the best in the world.

In fact, the entire emirate is a duty-free area, with

import duties at a nominal 1%, except on alcohol.

Dubai offers the foreign visitor the most liberal lifestyle to be had anywhere in the Middle East.

Bars and discotheques serving all sorts of alcohol stay open until the early hours.

Hotels are excellent if pricey. A single room in one of the top hotels will cost in the region of R300 to R400 a night. Beers cost between R8 and R15 and a modest hotel meal, with beer — not wine (which is very expensive — in the region of R80

The desert is undoubtedly the most fascinating feature of the emirate. Tours in 4 X 4 vehicles take the tourist on a thrilling high-speed roller coaster ride through the red sand dunes to the mountains of Hatta, whose hauntingly stark lunar landscapes unexpectedly give way to sparkling clear rivers cutting their way between sheer cliffs.

Deep sea fishing in the Gulf draws thousands of European holidaymakers and the palm-fringed beaches are white and unspoilt.

political affiliations, is also now taking place

- 2 A second category, those who are serving life sentences, do not qualify for remission of sentence in terms of section 69 of the Correctional Services Act. They will be released, after a process of identification, before 15 November 1992, in terms of legislation which the Government will present to Parliament during the forthcoming short session in October. The proposed legislation will deal equitably with all those prisoners who qualify and whose release can make a contribution to reconciliation.

Certain prisoners in this category will however, within days, be released on parole on certain conditions. In such cases the parole conditions will be cancelled in the event of Parliament passing the above-mentioned legislation.

In addition to the above-mentioned cases, the Government will submit further legislation to Parliament to enable it to address the cases of persons who have committed similar offences, but who have not yet been charged or sentenced, in keeping with the Government's position that they should be dealt with on the same basis.

The Government has, in this regard, been guided by the following considerations:

- 1 All prisoners and offenders who fall in this category should be treated on the same basis, regardless of their political affiliation.
- 2 The Government's action in releasing these prisoners does not signify condonement of the crimes which they committed—many of which were atrocious and morally inexcusable.
- 3 However, the Government has, throughout, accepted that national reconciliation and a comprehensive political settlement, will require that the state should be cleaned with regard to all persons who have committed crimes with a political motivation. Only on this basis can the book finally be closed on the conflict and bitterness of the past.
- 4 Whatever steps are taken should be taken properly and in accordance with the law.

In this regard it has consistently been the Government's view that special legislation would be required for the release of certain categories of prisoners and that the use of the State President's powers *inter alia* that of pardon in terms of section 6(3)(d) of the Constitution would not be appropriate in such cases.

ISSUED BY THE SA COMMUNICATION SERVICES ON BEHALF OF THE GOVERNMENT SPOKESMAN  
26 September 1992

Plutonium on ships' disasters

383 Mr J H MOMBBERG asked the Minister of Environment Affairs

- (1) Whether his Department has drafted any contingency plans to deal with any disasters that may occur while ships carrying cargoes of plutonium, for example, pass through South African territorial waters, if not, why not, if so, what measures will be taken in respect of (a) human health, (b) the environment in general and (c) the fishing industry in particular in the event of any such disasters occurring,
- (2) whether he or his Department has been notified that a ship carrying a cargo of plutonium en route from France to Japan will be passing through South African territorial waters, if so, what are the relevant details,
- (3) whether he will make a statement on the matter?

B881E

The MINISTER OF ENVIRONMENT AFFAIRS

- (1) The Department has not drafted contingency plans to deal with disasters that may occur while ships carrying cargoes of plutonium, for example, pass through South African territorial waters. Should such a shipment pass through territorial waters, and it be necessary to obtain competent authority approval from the Council for Nuclear Safety (Council) in terms of the *International Atomic Energy Agency (IAEA) "Regulations for the Safe Transport of Radioactive Material"*, or should the vessel wish to enter a port, sojourn or anchor in territorial waters, it

would be required to be licensed in terms of the Nuclear Energy Act. Such approval or licensing would be contingent on the establishment of a comprehensive emergency plan, approved by the Council. Such plans as a matter of course require consideration of all potential exposure pathways.

- (2) The Department has been informed by the Japanese government that several routes are being considered and a decision on the actual route will only be taken at a later stage. The ship will undertake a non-stop voyage from France to Japan. It has been indicated that the intention is not to pass through any territorial waters except those of France, Japan and possibly Britain. According to information received from the Japanese government, the ship will traverse neither the economic zone, nor the territorial waters of South Africa.
- (3) No.

Ships entering exclusive economic zone/territorial waters: permit

385 Mr J H MOMBBERG asked the Minister of Transport

- (1) Whether a permit is required for a ship to enter South Africa's (a) exclusive economic zone and (b) territorial waters, if not, why not, if so, (i) by whom is it required, (ii) subject to what conditions is it issued and (iii) what specifications are contained in such permits in respect of (aa) normal and (bb) emergency conditions,
- (2) whether the Japanese government or agency responsible for a proposed shipment of plutonium to be transported from France to Japan has lodged an application for such a permit, if so, (a) when and (b) in what manner,
- (3) whether such a permit was issued to the said government or agency, if not, why not, if so, (a) when, (b) for what reasons and (c) subject to what conditions,
- (4) whether he will make a statement on the matter?

B883E

The MINISTER OF TRANSPORT

- (1) (a) and (b) Yes, under certain circumstances.

(b) (i) An application for a permit must be made to the Council for Nuclear Safety in terms of the Nuclear Energy Act No 92 of 1982, and the International Atomic Energy Agency Regulations in respect of nuclear powered vessels or vessels carrying nuclear substances on board requiring to enter the South African territorial waters.

- (ii) Safety conditions laid down by the Council for Nuclear Safety.
- (iii) (aa) and (bb) Specifications laid down by the Council for Nuclear Safety.
- (2) No.
- (3) No, an application was not lodged.
- (4) News releases have already been issued by the Minister of Home Affairs and of Environment Affairs and the Council for Nuclear Safety. A further news release will only be issued if and when circumstances and the public interest warrant it and after consultation with the other government institutions that have an interest in the matter.

Release of prisoners on political grounds

387 Mr L FUCHS asked the Minister of Correctional Services

- (1) Whether any prisoners have been released from gaol on political grounds in 1992, if not, what is the position in this regard, if so,
- (2) whether he will furnish information on the prisoners so released, if not, why not, if so, (a) what are their names, (b) for what offence or offences was each such prisoner convicted, (c) what sentence was imposed in each case, (d) on what grounds was each prisoner released and (e) in respect of what date is this information furnished?

B885E

The MINISTER OF CORRECTIONAL SERVICES

- (1) Yes
- (2) (a), (b), (c), (d) and (e)

## Spoornet to close stations

B/DAM 21/10/92

(269)

SPOORNET was planning to close some railway stations in the southern Transvaal as part of its rationalisation programme, spokesman Ian Bleasdale said yesterday.

As part of the "area manager concept", halts serving goods traffic would be closed and operations centralised, he said.

He could not say how

THEO RAWANA

many halts would be closed as the programme was still at its planning stage

The objective was improved, cost-effective service in which operations would be run from a central point instead of a number of under-used stations, Bleasdale said.

"People who have goods to be collected will be able to telephone a toll-free number to the area manager, and the goods will be collected," he added.

The rationalisation process would eventually spread to the rest of the country.

Commuter stations will not be affected," Bleasdale said.

as continued restrictions to IMF resources.

Democratic Party purs unspecified diplomatic until he is satisfied far enough.

rently leading President in the polls for the election, gave his clear-cut view of SA policy in a cover story of the US magazine

it Americans need to pay attention to the struggle in SA.

There are high hopes in SA will inevitably prosper for democracy and growth in the rest of

work to help end the apartheid has ravaged black threatened the Codesa must firmly insist that government invests in those responsible, target some of apartheid toward strengthening economic structures, and in Mandela's call for monitoring.

when the transition to democracy is assured, his administration will start to develop a programme of aid and provide investment incentives to assist a "democratically elected government overcome the bitter legacy of apartheid".

Most analysts and pundits here predict a Clinton victory. Some are talking of a possible landslide

### Energy

It is expected in Washington that a Clinton administration would probably want to nominate an African American to replace Assistant Secretary of State for Africa Herman Cohen.

In his article, Clinton says: "If we are to lead the global alliance for democracy, we must be willing to work as hard in Africa as we are working in other parts of the world."

"That means putting the same kind of energy into helping South Africans overcome the legacy of apartheid as we do into helping the peoples of the former Soviet Union overcome the legacy of communism" — Sapa.

para their last... on Tuesday morning after a long battle with cancer.

## Court backs shipping company with SA ties

SAN FRANCISCO — A federal appeals court has ruled that a shipping company that does business in SA should be exempted from the San Francisco's anti-apartheid ordinance and allowed to dock.

The appeals panel upheld a decision by the city port commission to let Nedlloyd Lines berth its ships regularly in San Francisco. The court said the Dutch company purportedly maintained direct shipping lines with SA.

The ordinance states that the ban does not apply where it would conflict with federal law or regulations, an exemption required by the supremacy of federal law under the US constitution.

The appeal court said on Tuesday that the San Francisco ban would conflict with a federal law that governs international shipping.

The 1986 ordinance prohibits San Francisco from doing any business, including signing leases or permits for the use of city property, with anyone who has business relations with SA.

A ban on shippers doing business with SA "might be justified as a matter of public policy, but it is forbidden by the (federal) Shipping Act," said Judge D King in the 3-0 decision. — Sapa-AP.

# African links now all in a day's work

BAIDOA — The unthinkable has landed. The plane on Runway One is South African and is ferrying food for Somalia's famine.

Two years ago its presence would have caused a diplomatic incident. African ambassadors to Mogadishu might have been abruptly recalled for consultation.

But in Africa's new order, the Safair plane is just another Hercules the better-off world has chartered for a disaster without precedent for decades.

"It's good to be here," Capt Hennie Engelbrecht told a visitor in English rich with the broad vowels of

Afrikaans. "We've got close to 19 tons of rice on board."

Dripping with sweat, a team of Somalis unloaded the cargo for close to a quarter of a million people camped around Baidoa, dubbed the City of Death by aid workers.

The plane is under charter to the French government and is operating out of the Red Sea state of Djibouti, one hub of an emergency operation which also revolves around the Kenyan capital, Nairobi. It has flown daily sorties to Somalia for nearly two weeks.

The SA Air Force has

also flown food and drugs to Somali refugees in northern Kenya, a donation from SA Muslims to fellow believers now streaming across the border in search of peace and food.

Pretoria has also flown aid to Mozambique and Angola in recent times as part of its attempts to make peace with African states.

Last year SAA began scheduled flights to Nairobi as part of a drive to seek markets hitherto closed by sanctions. ANC supporters bitterly oppose such trade.

But commerce has its own logic. SA businessmen have set up shop across Africa and are also looking to the Gulf states.

The history of SA air links with the rest of the continent is cloak and dagger

stuff. The government is thought to have bypassed a ban on landing in much of Africa by operating through "front" companies.

Somalia played a part too. SA managed to get round the ban in the late 1980s by establishing an airline on the Comores Islands in the Indian Ocean. It refuelled in Somalia, said aviation sources.

"They also operated under the cover of Air Gabon and even flew beef and wine to Libreville when the president there had some kind of shindig," said one such source.

That "shindig", Africans recall, was an OAU summit which ended, like all the body's gatherings in those days, with a ringing denunciation of apartheid — Sapa-Reuter.

# WANTED

## MALE & FEMALE GO-GETTERS

**SCHEDULE****COMPETITION BOARD****Report No. 36**

269

**INVESTIGATION INTO ALLEGED RESTRICTIVE PRACTICE BY TRANSNET LIMITED****NOTICE OF INVESTIGATION**

1. Following a preliminary assessment of a complaint that a state-controlled corporation had entered into an agreement, arrangement or understanding with a third party, or had taken unilateral action, that was at variance with the rules governing competition in the Republic, the Board decided to launch a formal investigation into the matter. Notice of the investigation was given in Government Notice No. 1101 in *Government Gazette* No. 13620 of 15 November 1991 which states:

"The Competition Board hereby makes known for general information that it is undertaking an investigation in terms of section 10 (1) (a) of the Maintenance and Promotion of Competition Act, 1979 (Act No. 96 of 1979) (the Act), in order to establish whether a refusal by Transnet Ltd, or a division of that company, to lease land in the Richards Bay harbour area to Island View Storage (Pty) Ltd for the purpose of erecting a bulk liquid storage facility on such a site constitutes a "restrictive practice" as defined in section 1 of the Act.

Any person may within thirty (30) days from the date of this notice submit written representations regarding this investigation to the Director: Investigations of the Competition Board, Private Bag X720, Pretoria, 0001. Telefax (012) 322-5428. (Reference R4/1/2/2/18.)"

**FACTS**

2. In a letter addressed to the Chief Superintendent (Harbours & Pipelines) of the South African Railways and Harbours (SAR & H) dated 14 October 1974, the managing director of PD Oil & Chemical Storage Ltd (PD Oil) stressed the need to develop facilities at Richards Bay to meet the future demands for liquid storage facilities for chemical products. This view was reiterated in a letter from the chairman of the company to the Director-General of the SAR & H dated 30 April 1975.

3. During 1978, in response to Karbochem (Pty) Ltd's urgent need of facilities to handle imported butadiene in Richards Bay harbour, Lot 4 of Die Duine, Richards Bay Harbour, in extent approximately 5,005 hectares, was leased by the SAR & H to the company exclusively for the storage of butadiene for a period of nine years. It was a condition of the lease that the facility might have to be moved once the zoning of Richards Bay Harbour had been finalised. Karbochem subsequently erected an installation on the site at a cost of R5 257 570.

4. In July 1979 African Explosives and Chemical Industries Ltd (AECI) applied to the SAR & H for a site in either Durban or Richards Bay for the storage and handling of imported Butene-1 during 1982. In the light of this development and since other firms had also indicated their need for bulk chemical handling and storage facilities, the SAR & H decided that a portion of the South Dunes area in Richards Bay could be made available for the establishment of such facilities. The Administration decided to call for tenders for the establishment of bulk chemical handling and storage facilities and advised Island View Storage (Pty) Ltd (IVS), AECI, Karbochem and PD Oil accordingly.

5. In his letter of 5 September 1979 to these firms the General Manager of the SAR & H stated that the random development of the area by "all and sundry" would not be permitted. The idea was to confine the usage of the area to firms rendering storage and handling facilities on a common supplier basis. It also appeared advisable in the initial stages to restrict the development of such a terminal to a single operator.

6. The tender was duly advertised on 14 March 1980. It stipulated, inter alia, that the premises would be leased for a period of 25 years and had to be used solely for the reception, storage, handling and distribution in bulk of certain agreed liquids and liquefied products and for purposes incidental thereto. The successful tenderer would also be required to acquire Karbochem's existing facilities on the site for a sum of R5 257 570, and to store and handle butadiene on behalf of Karbochem until 21 June 1987



7. Tender offers were received from only two companies, namely Freight Services Holdings Ltd and South Dunes Storage (Pty) Ltd, a sister company of Karbochem. Freight Services qualified its submission by not accepting one of the conditions of the tender. AECI gave reasons for not tendering. It claimed in essence that should the successful tenderer be a subsidiary company of or be controlled by a chemical manufacturer, any competitor of the latter company would be placed in an awkward situation. After considering these aspects and the merits of the respective tenders, the responsible system manager recommended the acceptance of South Dunes Storage's offer. However, the Tender Board recommended that the tender should be cancelled. Management accepted this recommendation and decided that discussions should be held with all interested parties to ascertain whether agreement could be reached on the erection of the bulk liquid storage facility.

8. A meeting was held on 3 July 1980 which was attended by representatives of the SAR & H, IVS, PD Oil, Freight Services, Karbochem/South Dunes, Karbochem, Sentrachem and AECI. Mr H. A. Loots, who was acting general manager of the SAR & H at the time and chairman of the meeting, stated that the administration wished to see the establishment of a facility at Richards Bay which had the blessing of all the relevant members of the industry. Mr B. J. Groenewald, assistant general manager (harbours), made it clear that the administration wished to have a single operator operating the terminal. However, in response to a question posed by Mr J. H. Ward of IVS, he stated that if it was the wish of the parties concerned and they accepted that the administration would not be treating anyone unfairly if only two operators were allowed in a defined area and that no additional land would be available for that purpose, the administration would have to consider the suggestion. He reiterated that the administration would not like to see the users of the terminal operating it. Mr A. du T. Joubert of AECI suggested that only once industry and the potential operators had sorted out the problems which confronted them should they approach the administration. The SAR & H representatives subsequently withdrew from the meeting to allow the respective companies to continue with the discussions and a search for a solution.

9. In the course of events a consortium was established in the form of a private company, Richards Bay Bulk Storage (Pty) Ltd (RBBS), to build and operate the bulk liquid storage facility to serve importers and exporters on a common-user basis. The shareholders of RBBS are AECI (25 per cent), Sentrachem (25 per cent) and the Rennies Group (50 per cent). For reasons given later, IVS steadfastly refused to become a member of the consortium.

10. The South African Railways and Harbours Administration was reconstituted and continued in existence as the South African Transport Services (SATS) in terms of the South African Transport Services Act 65 of 1981. It was not a separate legal person but a commercial enterprise of the state which was empowered, inter alia, to control, manage, maintain and exploit railways and harbours and road transport, pipeline and air services.

11. An agreement of lease between SATS and RBBS was signed by SATS on 7 December 1982 and by RBBS on 15 June 1982. The agreement is in respect of the lease of certain land by SATS to RBBS. The land in question comprises Lots 3 and 4, Die Duine, Richards Bay Harbour, in extent approximately 39,2507 hectares. The agreement took effect on 1 December 1981 for an initial period of ten years, subject to an option in favour of RBBS to renew the lease for seven further consecutive periods of five years, provided that RBBS shall at least three months but not more than 12 months before the expiry of the initial or any renewal period advise SATS in writing of its decision to renew the lease. Any extension of the lease beyond the period of 45 years is at the absolute discretion of SATS.

12. The agreement sets out in detail the rights and obligations of the parties. For present purposes it may be noted that (a) the premises are to be used only for the reception, storage, handling and distribution in bulk of liquids and liquefied products and for purposes incidental thereto, (b) RBBS may with the written consent of SATS, which consent shall not be unreasonably withheld, sub-let further areas of the premises to users of bulk liquid handling and storage facilities, (c) no amendment or variation of the terms and conditions of the lease in any form or manner whatsoever shall be recognised by or be binding upon SATS unless and until such amendment or variation has been embodied in a written agreement, duly executed by SATS and RBBS, and (d) RBBS has recognised and accepted that it shall not merely by reason of the fact that the leased premises are State-owned, be exempt from compliance with any statute, regulation or by-law imposing duties or obligations upon it as lessee, or affecting the use of such land or the nature of any buildings or improvements that may be erected thereon, and that it shall not as against SATS be entitled to claim relief from any burden or disability resulting from the operation of any such statute, regulation or by-law or any action lawfully taken thereunder by the Richards Bay Municipality or other competent authority.

13. Notwithstanding the lease agreement between RBBS and SATS, IVS and/or its holding company Romatex Ltd, as had been case from the outset, continued to press for the right to be allowed to erect a bulk liquid storage facility at Richards Bay. When these efforts proved fruitless, they approached the Competition Board in November 1984. Dr S. J. Naudé, chairman of the Board, and Dr J. A. Lambrechts discussed the matter with Mr B. J. Groenewald of SATS on 3 December 1984. Following this meeting the Board in a letter to Mr J. A. Ward, chairman of Romatex, dated 5 December 1984 referred to (a) the "understanding" between RBBS and SATS that the latter would not provide further land for the erection of liquid storage facilities, and (b) the clear "understanding" between RBBS and SATS that other firms in the industry wishing to do so, should be allowed to join the existing consortium. In the circumstances the Board suggested there were two possible solutions to Romatex's problems, namely (a) for it to become a shareholder of RBBS, i.e. join the consortium, or (b) for part of the RBBS land to be leased to another consortium. Romatex pursued both options without any success and advised the Board accordingly in its letter of 14 January 1985.

14. The managing director of IVS once again pertinently raised the issue with SATS in October 1987. However, SATS's general manager in his letter of 24 November 1987 reaffirmed SATS's view that it was "legally and morally bound" to honour the agreement with RBBS and in terms of which SATS believed it was neither possible to permit the establishment of a second terminal within the harbour confines, nor to allow a terminal outside the harbour area.

15. IVS persisted with its efforts and advised SATS on 25 October 1989 that the current situation was unfair to it and that it would be asking the Competition Board to review the matter. However, no formal representations were made to the Board at that stage.

16. Transnet Ltd was incorporated in 1990 as a public company under the Companies Act, 1973, in terms of the Legal Succession to the South African Transport Services Act, Act No. 9 of 1989, with the State as its only member and shareholder. The whole of the commercial enterprise known as SATS, including all assets, liabilities, rights and obligations were transferred to Transnet. More particularly, Transnet was substituted as contracting party for SATS in all contracts as if Transnet had been the contracting party from the beginning.

17. The corporatisation of SATS did not diminish IVS's resolve to establish a bulk liquid storage facility at Richards Bay. In fact, following discussions with representatives of Portnet, a division of Transnet, IVS secured a right of first refusal to lease from Transnet a site known as Lot 18 close to that leased by RBBS. This right of first refusal was encompassed in Portnet's letter of 9 July 1990 to the managing director of IVS and was granted on condition that the property would only be offered to the lessee (a) at the highest rental offered to the lessor by a third party, (b) if there were no legal impediments preventing the offer of the property to the lessee, and (c) appropriate studies had found that the property was physically suitable for the envisaged development.

18. IVS's hopes were once more dashed when Portnet in its letter of 20 September 1991 advised it not only that the proposed site was no longer available but that it had been included as part of the new agreement that Portnet and RBBS had concluded. This development coupled with the major expansion programme Sasol Ltd had intimated would be launched and which would require additional bulk liquid storage facilities at Richards Bay, led IVS to request the Competition Board to investigate formally Transnet's persistent refusal to permit it to operate in Richards Bay. After a preliminary assessment of the situation the Board acceded to the request.

#### **SUBMISSIONS BY PARTIES**

19. Submissions were received from a number of parties having an interest in the matter.

#### ***Island View Storage***

20. IVS, the wholly-owned subsidiary of Romatex Ltd, was expressly authorised by the latter to act on its behalf *in casu*. As one would expect, IVS contends that Transnet's refusal to permit it to erect a bulk liquid storage facility at Richards Bay, which is based on the contract of lease between Transnet and RBBS, is a "restrictive practice" as defined in section 1 of the Maintenance and Promotion of Competition Act, 1979, which has placed RBBS in a monopoly situation.

21. Other relevant points raised by IVS were the following:

- (1) The area demarcated by Transnet in the Richards Bay harbour area for chemicals (including bulk liquid handling and storage facilities) is "grossly under utilised". This area, known as "Die Duine", is approximately 200 hectares in extent. The lease agreement between Transnet and RBBS covers approximately 39,2507 hectares. The existing facilities that RBBS have erected occupy approximately 12 hectares of the site.

- (2) RBBS has no general purpose bulk liquid storage and handling facility at Richards Bay. Its existing facility has been tailored "almost exclusively" to the needs of Sentrachem and AECI in particular, and is not able to meet Sasol's needs.
- (3) In September 1989 IVS met with representatives of Sasolchem who expressed an interest in utilising any handling facility IVS may be in position to establish at Richards Bay. IVS accordingly has reason to believe that Sasol would prefer not to have to channel its products through a facility that is also used by its competitors.
- (4) It is wrong for an entity such as Transnet which controls "vast amounts of land", all the harbours and the whole railway network to be seen to be favouring one enterprise over another.
- (5) Transnet (SATS) has steadfastly maintained, particularly through Mr B. J. Groenewald, that the Competition Board had no jurisdiction to interfere with its activities and decisions. IVS took this view seriously and tailored its approach to the problem it had encountered accordingly.
- (6) RBBS had apparently advised Sasol (Sasolchem) that it would be able to forestall the Competition Board (sic) from overturning its monopoly position in Richards Bay for a period of at least two years. Sasolchem could not wait that long for the matter to be finalised.

**22.** The Board has also ascertained that a new company Cape Town Bulk Storage (Pty) Ltd was recently formed. It is a joint venture between Portnet and RBBS which apparently is the first phase of a total chemical tank farm project.

### ***Richards Bay Bulk Storage***

**23.** Although notice of the investigation was given on 15 November 1991 and interested parties were afforded 30 days in which to submit their representations, it was only on 11 March 1992 that RBBS indicated that it had an "indirect interest" in the investigation the Board was "apparently undertaking". A request was made to discuss the matter with the Board. RBBS was allowed to make a submission at that late stage and discussions relating thereto between senior directors of the company and the Board were also held.

**24.** RBBS submitted that the refusal by Portnet to allocate land to IVS was not a restrictive practice in that IVS "already disposes over more than sufficient storage facilities in a multipurpose market to handle all existing products". It was further submitted that if Portnet's refusal was considered by the Board to be a restrictive practice, that restrictive practice is not against the public interest since the overruling of the contractual position of Portnet and the allocation of land to IVS will mean that it will control the multipurpose market and be nearly five times larger than the nearest competitor. Moreover, all other parties would be precluded from entering the market and all effective competition to IVS in the foreseeable future would be eliminated.

**25.** In support of its main submissions RBBS raised a number of ancillary matters. These included the following contentions:

- (1) Portnet's decision to allocate land only to RBBS was "sound port planning". Any interference with this planning, and in particular retrospectively after 10 years in the case of RBBS, would remove from Portnet the right to control and to manage ports, create considerable problems, and not increase the products handled through South African ports.
- (2) RBBS had spent a great deal of money in developing the liquefied gas terminals at Richards Bay. It had done so in the expectation that it would also erect the multipurpose tankage facility when this became a viable proposition, as now appeared to be the case. There was "more than enough land" available for development by RBBS for the remaining period of the lease for the requirements of the chemical industry in Southern Africa.
- (3) Durban is in all respects a competitive port to Richards Bay. This is because bulk storage prices do not determine whether products are moved through a particular terminal since the overall final product price is relatively price-insensitive to charges from the terminal but are dominated by the cost of the transport legs. (This reasoning would seem to negate the view that Durban is in all respects a competitive port to Richards Bay—a fact which RBBS subsequently acknowledges in its submission by stating that "Richards Bay competes at a significant disadvantage in the Reef market and cannot compete in the Durban market for multipurpose tankage. The only areas where it can compete is for products from Secunda".)
- (4) Any company should have the free choice of using whatever operator it wishes or of utilising the services of more than one company. However, this principle does not extend to necessarily being able to require a choice in all ports. In essence Sasol can choose which operator it wishes to utilise. If RBBS did not erect the multipurpose tankage in Richards Bay, Sasol would have no choice at all.

- (5) RBBS has at all times accepted and adhered to the requirement of confidentiality in conducting its business. To ensure this the management and administrative services are vested in the operator. Furthermore, certain resolutions were passed limiting the operating and marketing information disclosed at board level and to the directors in order to ensure confidentiality. In order to remove any doubt on confidentiality, RBBS has undertaken to utilise a new structure for the multipurpose products with only Rennie as a shareholder.
- (6) IVS has dominated the multipurpose storage market for at least the last ten years and is attempting to gain "total dominance". The only area not controlled by IVS in this market is Richards Bay. IVS is using the competition Board in an attempt to ensure its ongoing domination of the market and to prevent any other party from competing with it through Richards Bay.
- (7) IVS withdrew from the consortium in 1980 because it was unable to obtain control of it. IVS has not been interested in the continuing development of Richards Bay and has reacted "opportunistically" as a result of "financial expediency" only when possible developments had been raised by RBBS or when RBBS opened negotiations with major prospective users.
- (8) RBBS could not exploit any user of the envisaged multipurpose tankage facility at Richards Bay, and Sasol in particular, because this would give them an incentive to move to Durban.
- (9) If it were decided that Portnet's refusal to allocate land to IVS at Richards Bay was unlawful, Portnet would face the problems of compensating the companies who accorded to their ruling that only one operator (RBBS) could provide the required facilities.
- (10) It would be inequitable—
  - (a) for government on the one hand to require the creation of a consortium to develop the Richards Bay site in terms of a sole right granted by government and then after 11 years and a great deal of expenditure by it in the hopes of ultimate return, effectively to prevent the consortium from fully developing the rights granted to it;
  - (b) to deny RBBS the opportunity of developing its long-planned multipurpose tankage, thereby leaving RBBS with a site which is far too large;
  - (c) to allow IVS to obtain a stranglehold on the two major ports in South Africa (in addition to the Reef) for the multipurpose storage market; and
  - (d) effectively to overturn promises and undertakings given by the government, which would raise substantial difficulties regarding undertakings given by the government.

### **Sasol Ltd**

**26.** In its submission Sasol referred to the following aspects:

- (1) During 1991 Sasolchem, a division of Sasol Chemical Industries (Pty) Ltd, exported more than 150 000 tons of chemicals in bulk liquid form through Durban. Of this volume more than 100 000 tons were produced in Secunda.
- (2) The availability of bulk liquid storage facilities in Richards Bay will lead to considerable savings for Sasol, mainly because the round-trip distance between Secunda and Richards Bay is some 320 km shorter than between Secunda and Durban.
- (3) The Sasol Group has embarked on a major capital expenditure programme. Projects included in this programme will result in an anticipated increase in bulk liquid exports (i.e. cresols, alpha olefins, acrylonitrile, and acetic acid/acetrates) to approximately 400 000 tons per annum by 1995. With the exception of cresols it is expected that all the products will be produced in Secunda.
- (4) Most of Sasol's new projects are export driven which qualify for benefits under section 37E of the Income Tax Act, 1962.
- (5) Although Sasol's current bulk liquid exports are all being routed through Durban, this will not be possible in the future. At present the total bulk liquid storage capacity for chemicals in Durban is approximately 280 000m<sup>3</sup>, of which Sasol utilises 20 per cent. Due to the limited extent of available land in Durban it will not be possible to create sufficient additional storage capacity there to cater for Sasol's envisaged increase in exports. Large-scale expansion of storage facilities in Durban is in any event undesirable from a security and traffic congestion point of view.
- (6) In view of the size of the facilities that need to be erected at Richards Bay and to protect Sasol's and other potential users' commercial interests, it is "imperative" that other bulk storage companies be given the opportunity to submit competitive proposals for the erection of the required facilities to Sasol.
- (7) It is possible that Sasol may wish to become a shareholder in the new facility. The possibility of a foreign enterprise investing in such a facility can also not be discounted.

**Transnet Ltd**

27. Transnet did not make any representations. However, it did provide the Board with maps, details concerning meetings, contracts and correspondence and information on volumes of cargo handled through bulk handling appliances at Durban and Richards Bay

**Other submissions**

28. The balance of the submissions received from thirteen prominent companies, a number of which attested to the excellence of the service rendered by IVS in Durban, all supported the viewpoint that Portnet should lease land in Richards Bay to IVS. One company, which is a customer and competitor of RBBS's minority shareholders, stated that it would be interested in storing bulk chemicals in Richards Bay but only "in a situation of free competition". It would not be comfortable with an arrangement that could afford its competitors access to confidential information.

**ANALYSIS**

29. The principal issues on which the Board must decide is whether Transnet's refusal to allocate land in the Richards Bay harbour area to IVS or any other party for the purpose of erecting a bulk liquid storage facility constitutes a restrictive practice and, if so, whether such refusal is justified in the public interest. However, there are also certain related matters that need to be considered in the interests of greater clarity.

**Related matters**

30. When the South African Railways and Harbours Administration became the South African Transport Services it was expressly empowered "to control, manage, maintain and exploit . . . harbours . . ." [South African Transport Services Act, 1981 s. 2 (2)]. SATS was administered under the control and authority of the State President. This control and authority was exercised through the Minister of Transport Affairs [s. 2 (3)]. Subject to the control of the Minister the management of SATS was carried on by the General Manager [s. 2 (4)], who was empowered to delegate to SATS employees such powers and responsibilities as he deemed desirable [s. 2 (5)]. SATS had to be administered on business principles "with due regard to the economic interests and total transport needs of the Republic" [s. 7 (1)].

31. Transnet Ltd became a company incorporated under the Companies Act, 1973, in terms of the Legal Succession to the South African Transport Services Act, 1989. The State is the only member and shareholder of the company. Except in so far as the Legal Succession Act may provide to the contrary, the incorporation of Transnet, inter alia, entails that the affairs of the company have to be conducted in accordance with its constitution (memorandum and articles of association), the Companies Act, 1973, and applicable common law principles. All assets, liabilities, rights and obligations which SATS hitherto had had were transferred to Transnet.

32. In its memorandum Transnet's main business is stated as "to conduct transport and harbour operations and to carry on business in all aspects and branches of transport and harbour operations, including the control, management, establishment, maintenance and exploitation of railways, railway services, road motor services, air services, pipelines, harbour and harbour services". The main object of the company is to carry on business in all aspects and branches of transport and harbour operations. No specific ancillary object is excluded from the unlimited ancillary objects of the company.

33. One may deduce that the regulatory powers in respect of harbours that SATS enjoyed may now be exercised by Transnet. Allowing a commercial enterprise of the State both to exercise such regulatory functions and to participate in the erection and operation of particular facilities in the harbour area could give rise to difficulties of a conflict of interest nature. These difficulties would, of course, become even more acute if Transnet were to be privatised. In the circumstances it may be necessary and advisable for the Government to consider entrusting the regulation of harbours to an independent authority.

34. In concluding the agreement of lease with RBBS, SATS was acting in accordance with the regulatory functions entrusted to it. The agreement was signed by its duly authorised representatives. In doing so the SATS representatives were statutorily obliged to take account of the economic interests of the Republic. The promotion of effective competition is one of the pillars of the country's overall economic policy. It is accordingly arguable that any SATS representative who signed an agreement the object or effect of which was contrary to the rules governing competition, which bind the State, acted beyond the scope of his authority. It would appear that this line of reasoning does not apply to the directors of Transnet since they owe a fiduciary duty only to the company whose particular interests may not necessarily be reconcilable with those of the country as a whole. This may explain why it was deemed necessary to state in section 17 of the Legal Succession to the South African Transport Services Act, 1989, that should Transnet act in manner contrary to the strategic or economic interests of the Republic, the Minister could direct the company to discontinue such activity within a reasonable period.

**Restrictive practice**

**35.** As defined in section 1 of the Maintenance and Promotion of Competition Act, 1979, "restrictive practice" means—

- "(a) any agreement, arrangement or understanding, whether legally enforceable or not, between two or more persons; or
- (b) any business practice or method of trading, including any method of fixing prices, whether by the supplier of any commodity or otherwise; or
- (c) any act or omission on the part of any person, whether acting independently or in concert with any other person, or
- (d) any situation arising out of the activities of any person or class or group of persons, which restricts competition directly or indirectly by having or being likely to have the effect of—
  - (i) restricting the production or distribution of any commodity; or
  - (ii) limiting the facilities available for the production or distribution of any commodity; or
  - (iii) enhancing or maintaining the price of or any other consideration for any commodity; or
  - (iv) preventing the production or distribution of any commodity by the most efficient and economical means; or
  - (v) preventing or retarding the development or introduction of technical improvements or the expansion of existing markets or the opening up of new markets, or
  - (vi) preventing or restricting the entry of new producers or distributors into any branch of trade or industry, or
  - (vii) preventing or retarding the adjustment of any profession or branch of trade or industry to changing circumstances."

**36.** The word "commodity" which appears in the definition of "restrictive practice" is in turn defined to include "any make or brand of any commodity, any book, periodical, newspaper or other publication, any building or structure and any service, whether personal, professional or otherwise, including any storage, transportation, insurance or banking service". On a more general basis, The Concise Oxford Dictionary states that "commodity" is "a useful thing" or an "article of trade". In the Oxford English Dictionary "commodity" is, inter alia, defined as "a thing of use or advantage to mankind" and "a kind of thing produced for use or sale, an article of commerce, an object of trade".

**37.** Returning to the definition of "restrictive practice", it is clear an "agreement" may be in writing or oral and includes but is not confined to legally enforceable contracts. A morally binding commitment is accordingly also an "agreement" (ACF Chemiefarma v Commission 1970 ECR 661 693).

It has been suggested that whatever semantic distinction exists between "arrangements" and "understandings" is largely irrelevant in practice (Re Wellington Fencing Materials Association 1960 NZLR 1121 1128-30). Australian cases dealing with the matter have held that the essential elements of an "understanding" are for each of the parties (a) to have communicated with each other, (b) to have raised an expectation in the mind of the other(s), and (c) to have accepted an obligation qua the other(s). The last mentioned element will be satisfied if one party only accepts an obligation qua the other or others (TPC v David Jones (Australia) (Pty) Ltd 1986 ATPR 40-671 at 47-409; TPC v TNT Management Pty Ltd 1985 ATPR 40-512 at 46-096]. The method of achieving the required meeting of the minds is immaterial (TPC v Nicholas Enterprises Pty Ltd 1979 ATPR 40-126; Morphett Arms Pty Ltd v TPC 1980 ATPR 40-157) As was stated in an American case "a knowing wink can mean more than words" (Esco Corp v US 340 F 2d 1000 at 1007). In most cases a finding on the existence of an "understanding" will involve drawing inferences from a wide range of circumstantial evidence (for examples from other legal systems see ICI v Commission 1972 ECR 619, Suiker Unie v Commission 1975 ECR 1663; Musique Diffusion Francaise v Commission 1983 ECR 1825; TPC v Nicholas Enterprises supra, TPC v David Jones supra; Interstate Circuit Inc v US 306 US 208)

**38.** Apart from agreements, arrangements and understandings which necessarily must involve two or more persons, a restrictive practice could come about as a result of the act or omission of a single person.

39. In casu there is nothing in the agreement of lease between Transnet and RBBS which indicates unequivocally, or on the basis of which one may reasonably infer, that Transnet had undertaken not to make land available in the Richards Bay harbour area to a third party for the purpose of erecting and operating a bulk liquid storage facility. This is not of any particular significance in determining whether a restrictive practice exists. One is after all confronted with the undisputed fact that Transnet is refusing third parties in general and IVS in particular the opportunity to erect such a facility by denying them land for that purpose. It therefore makes no difference whether such refusal stems from the agreement of lease, or an "understanding" between Transnet and RBBS outside of that agreement, or simply the independent unilateral decision of Transnet.

40. It could perhaps be argued that since RBBS is willing and able to provide the bulk storage facilities that will be required at Richards Bay in the near future, Transnet's refusal to allow IVS or anyone else to do so would not really restrict the distribution of the relevant commodities (chemicals). However, it is clear that this refusal effectively precludes third parties from competing with RBBS for the opportunity to erect the required facilities and that this elimination of competition has or is likely to have the effect of, *inter alia*, preventing the distribution of the relevant commodities by the most efficient economical means and/or preventing or restricting the entry of new distributors into the relevant market. It may be noted that "distribution" as defined in the Act includes "the rendering of a service, irrespective of whether the rendering of such service is attended by the supply of a commodity, and storage, transportation, purchase and sale".

41. The Board is accordingly of the opinion that Transnet's refusal to make land available to third parties for the erection of bulk liquid storage facilities at Richards Bay constitutes a restrictive practice. In reaching this conclusion the Board also took cognisance of the fact that sufficient suitable land is available for the erection of the facility. In other words, it is objectively possible for Transnet to meet the requirements of third parties in this respect.

### **Public interest**

42. Having accepted that a restrictive practice exists, the Board must also consider whether on balance it can be said to serve the public interest.

43. As was stated in paragraph 122 of Report No. 30: Investigation to Determine whether the Purchase of Additional Shares in Goldfields of South Africa Ltd by Anglo American Corporation of South Africa Ltd and De Beers Consolidated Mines Ltd or their Associated Companies since 1 June 1989 Constitutes a Restrictive Practice or Acquisition or Gives Rise to a Monopoly Situation (Government Notice No 1102 in Government Gazette No. 13620 of 15 November 1991), in deciding whether a restrictive practice serves the public interest, the Board in effect follows a so-called "balance sheet" approach which recognises that the various interests and aspects that are identified in a given case will not necessarily coincide, in which case they are weighted according to their relative importance and then balanced [see further Alberts "Die betekenis van die openbare belang by die regulering van mededinging" (1990) 2 SA Mercantile Law Journal 285].

44. In casu, apart from RBBS, IVS and all other interested parties that made representations to the Board indicated that the restrictive practice in issue did not serve their best interests. RBBS, on the other hand, submitted that it did serve the public interest. Its reasons for this viewpoint are given in par 24 of this report. Additional potential public interest considerations that are implicit in other issues raised by RBBS will also be considered.

45. In regard to RBBS's assertion that the allocation of land to IVS in Richards Bay would mean that it will control the "multipurpose market", one must bear in mind that the mere allocation of land to a third party does not per se ensure that it will be able to erect and operate a bulk storage facility on the site. On the evidence and submissions presented to the Board, it appears that only one multipurpose chemical handling and storage facility at Richards Bay is economically feasible for the foreseeable future. Since it wishes to see the erection of the facility to handle its products, Sasol's preference on who should erect and operate the terminal, which would obviously be based on financial and other pertinent business considerations, could be paramount. One can accept that if restrictive practices are not allowed to preclude competition a decision in this regard would be preceded by intensive negotiations between Sasol and, possibly, other potential users of the facility on the one hand, and all the aspirant builders/operators thereof on the other. There is nothing to suggest that RBBS would not be afforded an equal opportunity to compete for the business in the event of it having to secure the contract in the face of competition from other firms.

46. What RBBS probably intended to aver was that if land were allocated to IVS *and* it could obtain Sasol's commitment as a dedicated user, which apparently is an essential prerequisite for the erection of the envisaged bulk liquid storage facility, this would place it in position to control the multipurpose market

47. The Board has accepted that a number of factors, any one of which, when taken separately, need not necessarily be determinative, have a bearing on whether a person can be said to control a particular market. More specifically, as a general rule, regard ought to be paid to—

- (a) the market share, technical knowledge, and access to raw materials and/or capital of the person whose position is being assessed;
- (b) the comparative strength of that person's competitors (if any) in the relevant market and the ease with which new competitors could enter the market; and
- (c) the extent to which that person is constrained by the conduct of suppliers or acquirers of goods or services in the relevant market (par. 25 Report No. 22: Investigation into Restrictive Practices and Monopoly Situations in the Gypsum Industry: Government Notice No 1178 in *Government Gazette* No. 11919 of 9 June 1989).

48. The Board obviously does not know, and does not wish to speculate, who eventually will erect and operate the envisaged bulk liquid storage facility at Richards Bay. The practicalities of the situation are such that whoever does so will not for the foreseeable future have any competitors with which to vie for the handling and storage of Sasol's Secunda products that are routed through Richards Bay. However, as RBBS itself has pointed out, in view of Sasol's substantial countervailing power, the provider of the bulk liquid storage facility will not be in a position to exploit the user thereof. This applies irrespective of who erects the facility. As a result, the measure of control that the provider of the multipurpose facility would enjoy by not having any competitors at Richards Bay would be offset by the crucial counterbalancing constraining effect that the user of the facility would have on its conduct.

49. IVS is a prominent player in the handling of chemicals that are routed through Durban harbour. If it were also to erect the envisaged facility at Richards Bay (which is by no means certain at this stage) this would enhance its overall position. One should nevertheless bear in mind that the attainment of such a position of pre-eminence among the providers of bulk liquid storage facilities will only eventualise if Sasol so determines. Even the United States of America, which has stringent antitrust legislation, does not penalise dominance in a relevant market which comes about as a result of a firm's superior product or service, business acumen, natural advantages, or economic or technological efficiency (US v Grinnel Corp 384 US 563, 578; US v United Shoe Machinery Corp 110 F Supp 295 affirmed per curiam 347 US 521). Because of the specific nature of the interrelationship between the provider and user of a bulk liquid storage facility, in which financial considerations and efficient service are decisive, the Board is not persuaded that it would be against the public interest if IVS were to erect the Richards Bay facility that Sasol requires. A contrary finding would, in addition to RBBS's opposition, at least require some expression of resistance on the part of the users of such a facility to IVS's operation thereof. This was not forthcoming.

50. RBBS make the point that "the government" should not afford it the sole right to develop the Richards Bay site and then subsequently overturn these "promises" and "undertakings"

51. In dealing with this aspect it must be recognised that because "government" describes both the activity of governing and the institutions which perform that activity, it is "highly ambiguous" [Baxter Administrative Law (1984) 96]. Although "the government" is recognised, with "the state", as having legal personality for certain purposes (Die Spoorbond v South African Railways 1946 AD 999), it does not follow that all the doctrinal implications of corporate personality attach to "the government" as a juristic persona. For present purposes it is, in particular, important to note that the courts have refused to treat "the government" as a monolithic unit in cases where a particular department or branch of government was, in the context of the litigation concerned, substantially separate from the other organs of "government" (see eg South African Railways v Kemp 1916 TPD 174)

52. SATS (Transnet) and the Competition Board are separate entities/bodies. The one is a party to the agreement, arrangement or understanding with RBBS, the other could be instrumental in the outlawing of that agreement, arrangement or understanding. For the reasons given in the previous paragraph these diametrically opposed courses of action cannot legally simply be aggregated and regarded as the actions of "the government". Apart from anything else, to hold otherwise, would place any anticompetitive conduct by a state department or parastatal enterprise outside the purview of the country's rule governing competition, which is clearly not the case. The fact that in casu the same Minister holds all the shares in Transnet on behalf of the State and is also empowered to outlaw conduct under the Maintenance and Promotion of Competition Act following a recommendation to that effect by the Board, does not alter the position. Dual divergent ministerial powers and responsibilities are not fused because they happen to vest in the same person.



53. The Board appreciates the importance of legal certainty in business affairs. However, this certainty cannot be obtained, or claimed, where the parties to a transaction pay no or insufficient heed to the functions of the Competition Board and the rules it is entrusted to apply, as has happened in casu.

54. A further aspect that needs to be considered is the contention that Portnet's decision to allocate land only to RBBS was "sound port planning". The inference that may be drawn from this is, of course, that to allocate land to any one other than RBBS for the erection of a bulk liquid storage facility would, in RBBS's view, not be sound port planning.

55. The Board does not believe there is merit in this train of thought. A map provided by Transnet depicting planning in the Richards Bay harbour area indicates that there is ample land available. The Board has no reason to believe that allowing someone other than RBBS to erect the bulk liquid storage facility would adversely affect Portnet's ability to manage the harbour effectively or result in unwarranted disruption on a scale that would be against the public interest. Of greater concern to the Board is the possibility that the site eventually demarcated by Transnet for the envisaged bulk liquid storage facility could be in position that would place aspirant providers of the facility at an insurmountable competitive disadvantage *vis-à-vis* RBBS when tendering or negotiating for the erection of the facility.

56. Taking all the relevant factors into account the Board is not satisfied that Transnet's refusal to make land available to a third party for the erection of a bulk liquid storage facility at Richards Bay serves the public interest.

## RECOMMENDATIONS

57. In conformity with the powers conferred upon the Minister in section 14 (1) of the Act, the Board recommends that the Minister—

- (a) declare unlawful, any agreement, arrangement or understanding between Transnet and RBBS and any act or omission on the part of Transnet which is preventing the allocation of land to third parties for the erection of a bulk liquid storage facility in the Richards Bay harbour area; and
- (b) direct Transnet forthwith to make a suitable site available in the Richards Bay harbour area for the erection of such a facility to any person who is in a position to erect and operate it.

58. The Board further recommends that the Minister give careful consideration to the fact that by refusing to allocate land to interested third parties in the Richards Bay harbour for the purpose of erecting and operating a bulk liquid storage facility Transnet may be acting in a manner contrary to the economic interests of the Republic, in which case the Board wishes to draw the Minister's attention to section 17 of the Legal Succession to the South African Transport Services Act, 1989, which empowers him to direct Transnet to discontinue this practice.

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## BYLAE

### RAAD OP MEDEDINGING

#### Verslag No. 36

### ONDERSOEK NA 'N BEWEERDE BEPERKENDE PRAKTYK DEUR TRANSNET BEPERK

#### KENNISGEWING VAN ONDERSOEK

1. Na aanleiding van 'n voorlopige beoordeling van 'n klagte dat 'n staatsbeheerde maatskappy 'n ooreenkoms, reeling of verstandhouding met 'n derde party aangegaan het, of eensydige stappe gedoen het wat teenstrydig is met die reëls oor mededinging in die Republiek, het die Raad besluit om formeel ondersoek na die saak in te stel. Kennis van die ondersoek is gegee in Goewermentskennisgewing No 1101 in *Staatskoerant* No. 13620 van 15 November 1991, wat soos volg lui:

"Die Raad op Mededinging maak hiermee vir algemene inligting bekend dat hy ingevolge artikel 10 (1) (a) van die Wet op die handhawing en Bevordering van Mededinging, 1979 (No 966 van 1979) (die Wet), ondersoek instel om te bepaal of 'n weiering deur Transnet Bpk., of 'n afdeling van daardie maatskappy, om grond in die Richardsbaai-hawegebied te verhuur aan Island View Storage (Edms) Bpk. vir die oprig van 'n massavloeistofopgaarfasiliteit op sodanige perseel, 'n "beperkende praktyk" soos omskryf in artikel 1 van die Wet, daarstel.

## US airline joins SAA 'to boost tourism'

SAA and American Airlines have signed an agreement which will help promote SA as a tourist destination, SAA said yesterday.

Under the agreement, effective from November 1, American Airlines will share the four weekly SAA flights between New York's John F Kennedy International Airport and Jan Smuts Airport.

SAA CE Gert van der Veer said

BIDAM 23/10/92  
"SAA will continue to operate these flights, but American Airlines will combine their marketing efforts with those of SAA to promote travel" between the two countries.

"American Airlines' reputation and marketing network will create a stronger awareness of SA as a tourist destination, providing a much-needed boost for tourism." — Sapa



# PWV train violence 'developing a pattern'

BLOOM 23/10/92

(269) (248)

RAY HARTLEY

A PATTERN which went some way to explaining violence on PWV commuter trains was emerging, SA Rail and Commuter Corporation (SARCC) and ANC-aligned spokesmen said yesterday.

Speaking after a meeting between the parties, SARCC spokesman Koos Meyer said a direct link had been established between violence on trains and in nearby communities.

Shifts in township violence from east to west had been correlated with similar shifts in train violence, he said.

Cosatu official Alfred Woodington said train lines between Soweto and Johannesburg and between Katlehong and Germiston had been identified as epicentres of train violence.

He said the conflict was being generated by a grouping trying to derail multilateral talks on the issue. Attacks had also been found to follow publicised breakthroughs in the talks.

Progress had been made in identifying the perpetrators of the violence, but it was too early to publicise this, he said.

ANC PWV spokesman Ronnie Mamoepa said the ANC continued to believe government was using surrogates to conduct "low intensity war" leading to train violence.

Woodington said a working group on measures aimed at preventing train violence would look at access control at trains

and stations, viable policing and public relations.

Meyer said a second working group would deal with policing methods and arrangements had been made for a joint ANC alliance/SARCC delegation to visit a police operations room to observe existing methods.

"There's always crime and there will always be this violence on trains, but it is our duty to see that it is limited," he said.

"Nobody, not even the Goldstone commission, could find a reason for the violence. It's very difficult to solve the problem until you know the cause," he added.

Woodington said the parties would meet next week to prioritise action to be taken by the two committees and to set time frameworks.

Sapa reports a man was stabbed and pushed off a train at a Germiston station, east of Johannesburg, yesterday morning.

Witwatersrand police spokesman W/O Andy Pieke said L Ncube was stabbed numerous times with a sharp object before being pushed off the train at Driehoek Station.

He was admitted to Germiston's Willem Cruywagen Hospital in a critical condition. No arrests have been made.

## Fancourt directors oppose Masterbond liquidation bid

PETER GALLI

THE Fancourt board of directors has opposed the application by Masterbond curators to have the up-market golf development in George placed in liquidation.

The board said the curators had failed to obtain the urgent application brought before the Cape Town Supreme Court on Wednesday and that they had filed an opposing affidavit.

As a result, the matter would now be heard on November 17 to allow the curators an opportunity to respond to this affidavit.

However, directors could not be reached for further comment and specific details of the affidavit were unavailable.

"We believe we will suc-

cessfully oppose the curator's application," the statement said.

"If we do so, this will have caused unnecessary damage to the project and will have wasted about R200 000 by the time the matter is heard."

The directors added that Fancourt was never a Masterbond company and its recent difficulties were caused by Masterbond's inability to meet its financial commitments to Fancourt.

Fancourt has retained the services of Mallinck, Röss, Richman & Closen-berg, assisted by advocates Jeremy Gauntlett, SC, and John Dickerson, to oppose the motion.

## Zimbabwean trucks talks

BLOOM 23/10/92  
HARARE - Zimbabwe's Transport Minister Dennis Norman held urgent talks with Mozambique authorities yesterday concerning a dispute that has left dozens of Zimbabwean trucks with food aid stranded in Mozambique.

The dispute arose two weeks ago when Mozambique raised fees for trucks moving through its territory to \$150 from \$25 a truck, in hard currency.

The Zimbabwean officials said Norman wanted the dispute resolved quickly as the rainy season starting next month could close some roads and prevent movement of the aid. — Sapa-Reuter.

# Blood in the air as SAA plans 30% salary bill cut

269  
S11 mes (Buss)  
25/10/92

**SAA has launched a survival plan which will include staff reductions and possible salary cuts to stem its two-year R200-million haemorrhage and place it on the route to profitability.**

Initiated by SAA's chief executive officer elect Mike Myburgh — and codenamed Project Success — the plan will be implemented within the next four weeks and, it is hoped, halt the losses in six months, achieving break-even within 12 months.

Sources within SAA say up to 30% of the salary bill will have to be cut. Although not finalised, this is more likely to take the form of a possible 20% reduction in staff and a 10% cut in the wage bill.

There will be casualties among the airline's overstuffed complement of more than 11 000 employees.

## Reductions

The airline employs just over 300 people for every aircraft in its fleet, compared with an average of 236 in similar sized airlines around the world — a difference of 29%.

Other cost-cutting measures include moves to withdraw unprofitable flights to some European destinations and increase flights to the more popular destinations in Europe and the US.

Also on the cards is a plan to increase aircraft productivity, review fleet size and composition and rationalise offices overseas.

But it is in the field of human resources where the biggest changes are to be made. Here staff can expect to see the rooting out of incompetence, voluntary staff reductions, the reduction of overseas allowances and possible salary cuts.

By **ROGER MAKINGS**

Also facing the chop are overseas trips for staff and entertainment expenses. Measures are expected to clamp down on theft of cabin equipment and refreshments by staff.

Rationalisation of offices, stock and rolling stock, as well as a review of financing costs for the airline's multi-billion rand fleet of new aircraft, are under consideration.

On a more positive note, and with direct benefits to passengers, are steps to improve service standards, cabin configuration and appearance, the introduction of more innovative marketing, improvement of staff productivity and quality of management, and the strengthening of customer loyalty.

Management plans to improve communication with its various trade unions and reward initiative and achievement through bonuses and benefits.

And indications are that the airline's powerful unions of pilots, flight engineers, cabin attendants, technical and administrative staff are supportive of the plan.

Said the president of the SAA Pilots' Association, Captain Clair Fichardt. "We are enthusiastic about the new initiative, even though our members are going to have to fly more hours and take fewer days off. We are more than happy to do this in order to save our airline and ensure our job security."

However, Captain Fichardt stressed that changes would have to be in accordance with sound business practices and be in the interests of SAA and not just those of its holding company, Transnet.

By August this year, SAA's turnover was up by 9% for the same period last year, but operating costs — the target area for management's campaign — had increased by 14%.

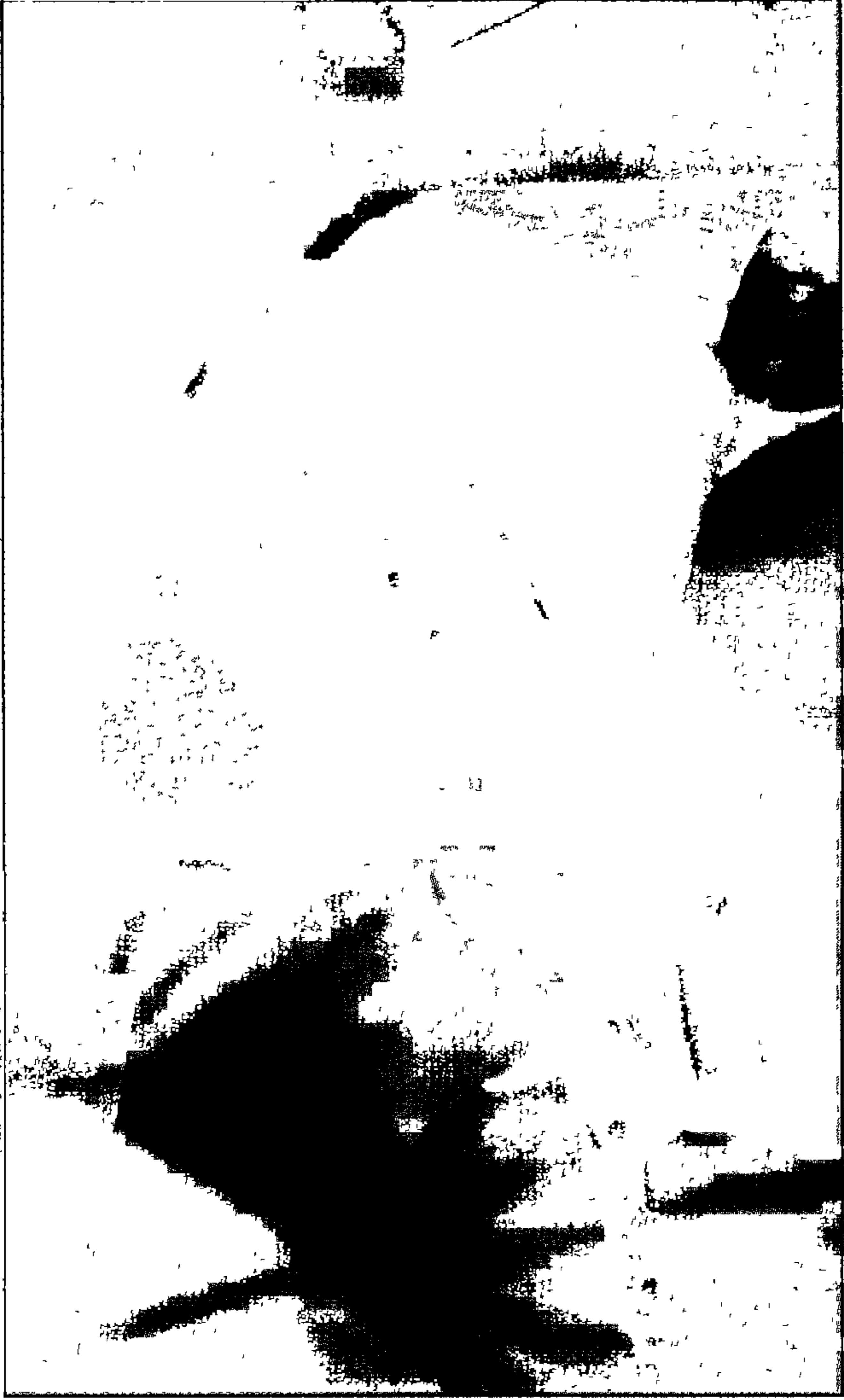
Among changes already implemented by the airline is a freeze on salary increases for all management, a total embargo on the employment of new staff and the cutting of overtime to a bare minimum.

● See our SAA corporate supplement in this issue

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S/Times

25/10/92



COST-CUTTER: Chief executive officer elect Mike Myburgh . . . his rescue plan will be codenamed Project Success

For hire <sup>(260)</sup>

oil storage

PART of SA's strategic oil storage capacity is for hire, reports the Amsterdam-based Shipping Research Bureau (SRB). The SRB says part of the stockpile has been sold to fund socio-economic projects. "The Government is apparently tempting oil majors to rent space in some of the dis-used mines, which were once used to store the strategic supply of oil. Two companies have already shown interest."

25/10/72  
SI Times (BUS)  
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SI Times (BUS)

# TPA looks to incorporate private land into reserves

*BIDAY 28/10/92*  
THE TPA was examining the viability of incorporating tracts of private land into provincial reserves, Transvaal Administrator Danie Hough said at the opening of the Wild Expo 92 in Pretoria yesterday.

Provincial conservation authorities already administered 11% of the Transvaal, of which 17% was under private management. There were 450 nature reserves, 1 600 game farms and seven conservancies already in private hands, he said.

Hough said that while it was important to harness the private sector's capital and expertise, tremendous economic and manpower restrictions demanded a new approach with the state as facilitator.

He saw ecotourism playing an increasingly important role in drawing overseas visitors to SA.

Overseas and local hunters paid more than R250m each year to shoot game, while other tourists brought in an additional R30m to see animals in their natural habitat.

Protection of natural resources against exploitation had to be guard-

*GAVIN DU VENAGE*

ed against, said Hough.

GERALD REILLY reports from Pretoria that more than R15bn was invested in SA's wildlife ranching industry, Agriculture Minister Kraai van Niekerk said yesterday.

Opening an international wildlife symposium at the CSIR, he said the industry earned more than R335m a year from hunting, live sales and tourism.

It served about 50 000 local hunters and included 400 professional hunting guides who looked after more than 4 000 foreign hunters a year.

The hunters were a vital tourism component, spending up to four times as much as the average tourist, who spent about R4 900 a visit excluding airfares.

Forex earnings exceeded R2,5bn and were on a par with agriculture's foreign earnings.

It also vied for fourth place after manufactured goods, gold and mining and contributed 2% towards GDP.

# New KLM flight to Cape Town

*269* STEPHANE BOTHMA

KLM Royal Dutch Airlines' plans to expand its market share of air travel and cargo to and from SA will be launched today with its inaugural flight to Cape Town.

Gulf Air will also start flying twice a week from Abu Dhabi to Johannesburg, beginning in December. *BIDAY 28/10/92*

For the first month of operations the airline would offer fares reduced by 50%, Gulf Air vice-president marketing Mohamed Al Shafie said at a news conference yesterday.

KLM was planning an additional weekly flight for 1994 and in the medium to long term expected to operate a daily service, KLM president Pieter Bouw said yesterday. *28/10/92*

Gulf Air expected to announce a third weekly flight by March next year, said Al Shafie.

At this stage, no reciprocal service would be operated by SAA, he said, adding that no joint venture existed between the two airlines.

# Angolan talks 'making good progress'

*BIDAY 28/10/92*  
LUANDA - Talks on arranging a reconciliation summit between Angolan President Jose Eduardo dos Santos and opposition leader Jonas Savimbi were making good progress, officials said yesterday.

Deputy Foreign Minister Venancio de Moura said that in four days of talks with senior officials of Savimbi's Unita movement, the two sides had overcome preliminary issues and were discussing substantive items.

Victorino OSSI, a Unita official at the talks, agreed.

Diplomats in Lisbon said Savimbi's negotiators were seeking a special statute to guarantee him a large slice

of power even if he lost the second round of the presidential election.

Unita lost UN-supervised presidential and parliamentary elections on September 29 and 30 that were supposed to set the seal on a peace agreement ending 16 years of civil war.

Diplomats say Savimbi is demanding guarantees of power in a government of national unity. The MPLA scored a clear win with 53,7% of the vote to Unita's 34,1%, but Dos Santos fell just short of the 50% required for a first-round victory.

Luanda police chief Gaspar da

Silva said since the elections the capital had been swept by a wave of politically motivated crime which his forces had been unable to control. Da Silva told journalists police had arrested 135 people during the last three weeks for carrying arms ranging from pistols to 81mm mortars. Even in normal times, the crackle of gunfire associated with banditry echoes through Luanda at night.

But Da Silva said that since the elections there had been a surge in violent crimes ranging from bombings and the killing of policemen and soldiers to kidnapping of civilians. — Sapa-Reuter.

### 'Progress' on train violence

(269) WILSON ZWANE

SUBSTANTIAL progress was made in Johannesburg yesterday at a meeting of two working groups set up last week to find solutions to train violence, sources said.

The sources said the working groups — on preventative and active measures of ending train violence — would meet again within days to continue deliberations.

Further meetings would have to be held, they said, before resolutions on how to combat train violence could be taken. BIDAY

They said it had been agreed a joint statement be issued only after the resolutions had been adopted.

The groups were set up in terms of the Train Agreement, which was signed in May by representatives of community and political organisations, police and the SA Rail Commuter Corporation. 28/10/92

Sapa reports that police said one man was killed and another seriously injured when they were attacked by a group of armed men on a train in Soweto early yesterday morning.

Fangelakha Cebakalu, 45, and Emmanuel Vilakazi, 31, were attacked on a train between Longdale and New Canada stations.

"They were stabbed with knives and thrown out of the train. Cebakalu died from wounds sustained and Vilakazi was taken to Baragwanath Hospital in a serious condition," the police report said.

# Singapore moves to form SA links

LLOYD COUTTS

THE 10-year decline in SA's economy could not be reversed within one or two years, Singapore senior minister Lee Kuan Yew said in Johannesburg yesterday

And in another development, the Singapore Trade Development Board announced yesterday that a trade delegation from Singapore was to visit SA next month to develop trade and investment links and to explore the possibility of using SA as a springboard for markets in Africa.

The board said the delegation of its senior executives and representatives of 11 Singapore companies would visit Durban and Cape Town

Speaking after a meeting with ANC president Nelson Mandela, Lee said SA's industries had become "protectionist, heavy and slothful" because competition had been discouraged

Lee said Mandela had told him the constitutional negotiations would probably lead to the institution of a transitional government acceptable to the majority of South Africans within a year. He had asked Mandela how long-term problems like unemployment would be resolved without capital development and manpower once "teething problems" like a transitional government had been resolved.

"SA will have to compete with many countries with large populations cry-

ing out for capital and expertise — like China and Vietnam — and it will have to compete against the rest of the world for capital," he added

Mandela said he had been impressed with Lee's knowledge of political and economic developments in SA and that he was keen to engage Lee as an economic and financial adviser.

Lee, a former Singapore prime minister and the man credited with engineering Singapore's "economic miracle", said his country would be able to offer training and technical assistance, and infrastructure management skills

He is on a 13-day official visit to SA and has already met Foreign Minister Pik Botha

The board statement said the Singapore delegation arriving on November 1 would represent business interests such as packaging and printing, civil engineering, construction, ship building and repair, computers and computer peripherals, consumer electronics, engineering equipment and trading.

Meanwhile, a small delegation of businessmen accompanying Lee met black businessmen in Johannesburg yesterday. How Par International chairman Hong Hai and Scott Holdings chairman A Jumabhoj met the businessmen to discuss potential assistance to the black business fraternity

BIDAY 28/10/92

SMITHSONIAN INSTITUTION - A COPY OF THIS REPORT WOULD BE MADE AVAILABLE BY THE FEBRUARY



# Airlines are flocking to Africa's new gateway

269

ANC 28/10/92

**JOSEPH ARANES**  
Staff Reporter

CAPE Town becomes the gateway to Africa this week when several foreign airlines begin flying between Europe and the city.

The French airline UTA starts a weekly service between Paris and Cape Town, via Johannesburg, tomorrow.

Western Cape manager Rodney Branson said UTA was looking forward to the support of Cape Town people as the airline had fought for a long time for rights to fly here.

The Dutch airline KLM and the German carrier Lufthansa will operate two flights a week to and from Cape Town via Johannesburg, starting today.

British Airways inaugurates a non-stop direct service between London and Cape Town on Friday. The airline will fly southwards on Fridays and northwards on Saturdays.

Previously flights to and from Cape Town went via Johannesburg.

According to British Airways manager in South Africa Malcolm Freeman, a second weekly non-stop Cape Town-London-Cape Town service is being considered from April.

South African Airways public relations officer, Ms Jamie van Vuuren said SAA welcomed more services by foreign carriers on the Cape Town route as they believed they would stimulate the tourism market.

"The competition has caused a culture change within SAA and as we are moving into a more competitive business environment, our staff are increasingly more service oriented, more dedicated and generally we are more pro-active and reacting quicker," she said.

Spokesmen for the foreign airlines said they felt facilities at D F Malan Airport were adequate to handle the extra traffic.

Mr Filvio Beretta, manager of the Brazilian airline Varig, which has operated flights through Cape Town for the past 16 years, said the company had never experienced problems at D F Malan.

"For many of those years we had the airport to ourselves for our weekly flight to Rio and the operation was efficient. I am sure with the introduction of more flights, the facilities will increase," he said

Captour chief executive Mr Gordon Oliver said the new services were good news for tourism.

"They are a show of confidence in the Cape as a tourist destination"

Mr Oliver's only concern was whether the customs and immigration officials at the airport could cope with the influx of passengers and process them speedily.

He was not as confident as the civil aviation authorities that facilities would cope with the increase in traffic and said he would like to see the airport become market oriented and consumer friendly.

Chamber of Commerce president Herbert Hirsch agreed and said although it could cope now, it would not take long for it to become inadequate.

"The additional flights will open up new developments in industry and create employment. The airport can cope now, but for how long? We must plan ahead and start working on the problems now," he said.

Travel agent Eric Thorne said the duty free shops were another area of concern.

"The prices in these shops are so high that their duty free advantage is often meaningless.

"The travel industry is going to great lengths to market the country to overseas visitors, but the private sector needs government's full support. We need an infrastructure of well-trained, friendly and efficient officials to act as goodwill ambassadors if we are to promote the country successfully.

"Overseas visitors are a source of income generating direct and indirect employment as well as considerable sums in foreign exchange," Mr Thorne said.

According to the Department of Transport, the government's commercialisation of airports, to be implemented next year, is a serious attempt to address problems of lack of facilities.

The plan is to set up two commercial companies, one to run airports, and the other, air traffic and navigation services.

Users will pay for the services and revenue generated will be used to provide and improve services, relieving the government of the burden of providing and subsidising them.

Now, coming  
to the city,  
some of them  
**DIRECT...**

**BRITISH AIRWAYS**

... from the United Kingdom

**GROUPE AIR FRANCE**

**UTA**

... from France



... from Holland

**Lufthansa**



... from Germany



State President FW de Klerk

# Goldstone report handed over to FW

**Lack of control at stations seen as main problem:**

THE Goldstone Commission found that the lack of control - and where it existed, its location on platforms - were two of the major factors inhibiting proper policing on trains

A 21 page report, prepared by a special subcommittee comprising of Mr G Steyn as chairman, Mr BM Ngoepe and Mr S Moshudi, was presented to the State President, Mr FW de Klerk, for implementation

The commission investigated violence committed on trains in the Southern Transvaal, which has led to the death of 138 people and the injury of 261 others between July 1 last year and April 27 this year

It found that policing of stations was rendered useless by the absence of any control at all on some stations, where those bent on fomenting violence could easily get on trains with weapons without being detected

It identified the control of stations, and the inability, by law of police to conduct searches on stations, as the major factors contributing to the seeming inability to curb train violence

It found that security and policing facilities at stations had deteriorated after the integration of the railway Police into the SAP in 1986

Facilities at stations for the police were found wanting, with telephone lines between some stations out of order when the commission went on its investigations

The commission found that the SAP had brought 'very few cases' to the

courts, and those they had rarely resulted in convictions. It also found that police "routine(ly) destroyed" records, making the compilation of statistics difficult

The commission said it had failed to find evidence of who was responsible for the train killings. They have however found that hostel residents launched attacks in groups

The analysis of victims showed no specific pattern. Overcrowding on trains and the absence of interleading doors between coaches were other factors

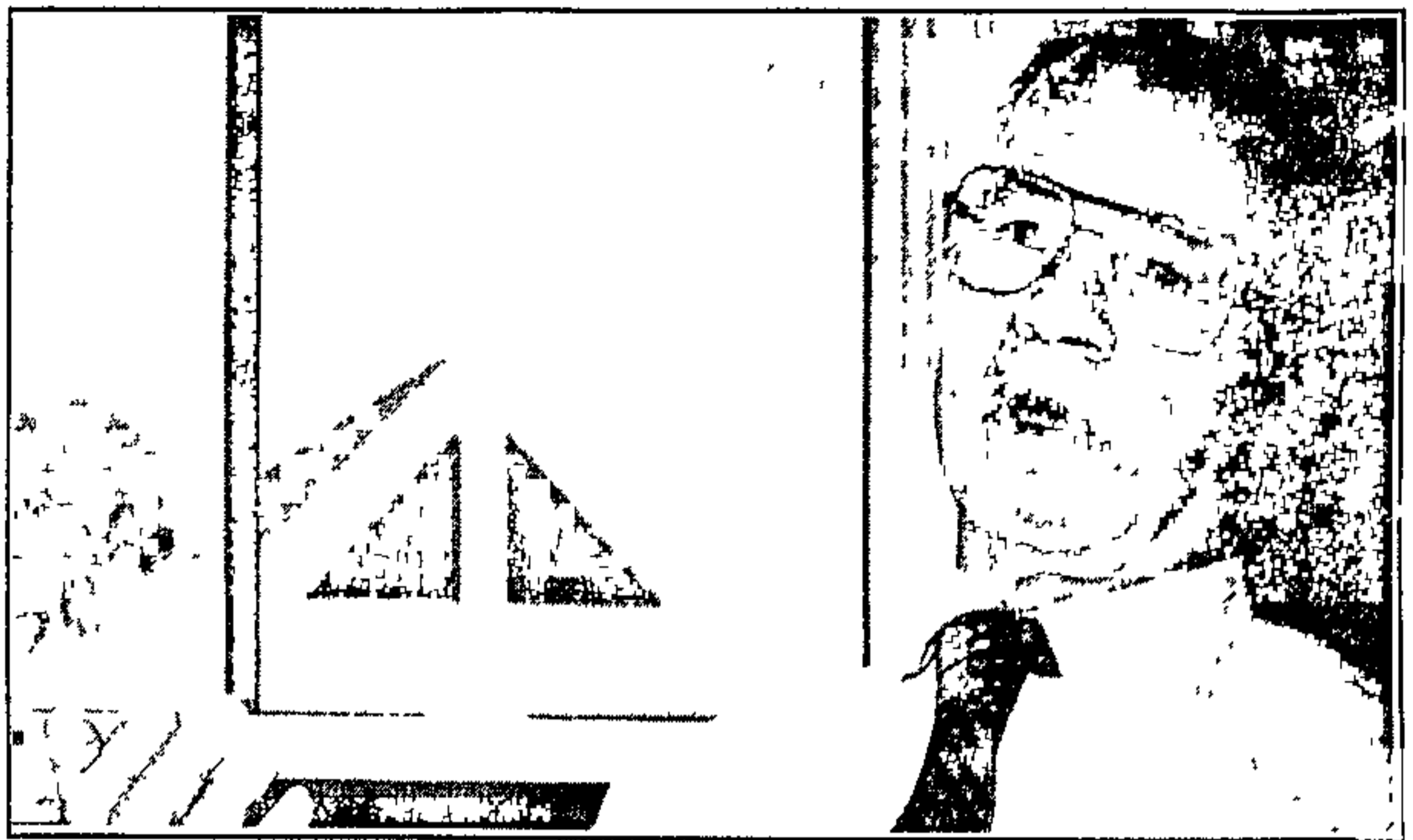
With the South African Railway Commuter Corporation (SARCC) running at a loss, the commission has recommended an increase in state subsidy to facilitate the creation of control mechanisms at stations

The commission also called for a community based guards corps, employed by the SARCC, who would wear a distinctive uniform to police stations and trains

The Government, in its reaction to the report, announced that the upgrading of the system suggested was accepted and would be implemented in phases due to financial constraints

Transport Minister Dr Piet Welgemoed said the entire system would need R200 million every year which the Government did not have

An amount of R250 million would however be spent this year on upgrading control points, which would result in checkpoints being moved outside the stations



Meyer ... We are doing our best

# Making trains safe a huge task

By Mathatha Tsedu

SARCC official outlines plans for

'user friendly' trains and stations:

THE South African Rail Commuters Corporation (SARCC), responsible for the running and policing of stations and trains, is doing its best to create conditions of safety on trains

"Who does not want to make train rides the joy they used to be, when people used to play cards and read on the trains. We want to recreate that spirit"

SARCC senior general manager for Metro Services Dr Koos Meyer tries very hard to convince

It is a mammoth task. To explain how and why people continue to die on his trains

He admits it is a difficult task, more so because no one seems to know who is doing the killings

He admits further to serious shortcomings in the way stations are built and their policing

But he emphasises the stations were built 40 years ago and were not designed to deal with the problems of the nineties

He says due to a realisation that the survival of the SARCC depends on how it markets itself to its customers, an aggressive campaign to make stations and trains "user friendly" has been embarked on

This will entail installing security measures such as fences where these no longer exist

It will also include moving ticket examiner cubicles

from the platforms where they are now to outside stations where all searches and control of access will take place

Installation of closed circuit television cameras on trains. These will be monitored from control rooms all over the affected areas

Installation of panic buttons that are "play proof" for use in coaches to raise the alarm in case of disturbances. The button will be linked to the train conductor, driver and control room where police officers will be able to respond immediately

Hiring a community guard corps of about 4 500 people to maintain security on trains and stations

Building secure accommodation for police at stations and improving communication by installing telephones and radio links with main police stations in the area

Improving communication between train drivers, conductors and the control rooms that are manned for 24 hours by SARCC personnel and police officers

Creating clean and accessible selling points for hawkers and

Building bridges for pedestrians who are crossing the railway line at stations at points that will not be affected by the new measures

Meyer says the SARCC is trying, with the limited resources at its dis-

posal, to implement the recommendations of the Goldstone Commission

The sealing of train doors that stop movement across the coaches has been stopped following the realisation that many casualties were a result of the sealing off of the coaches

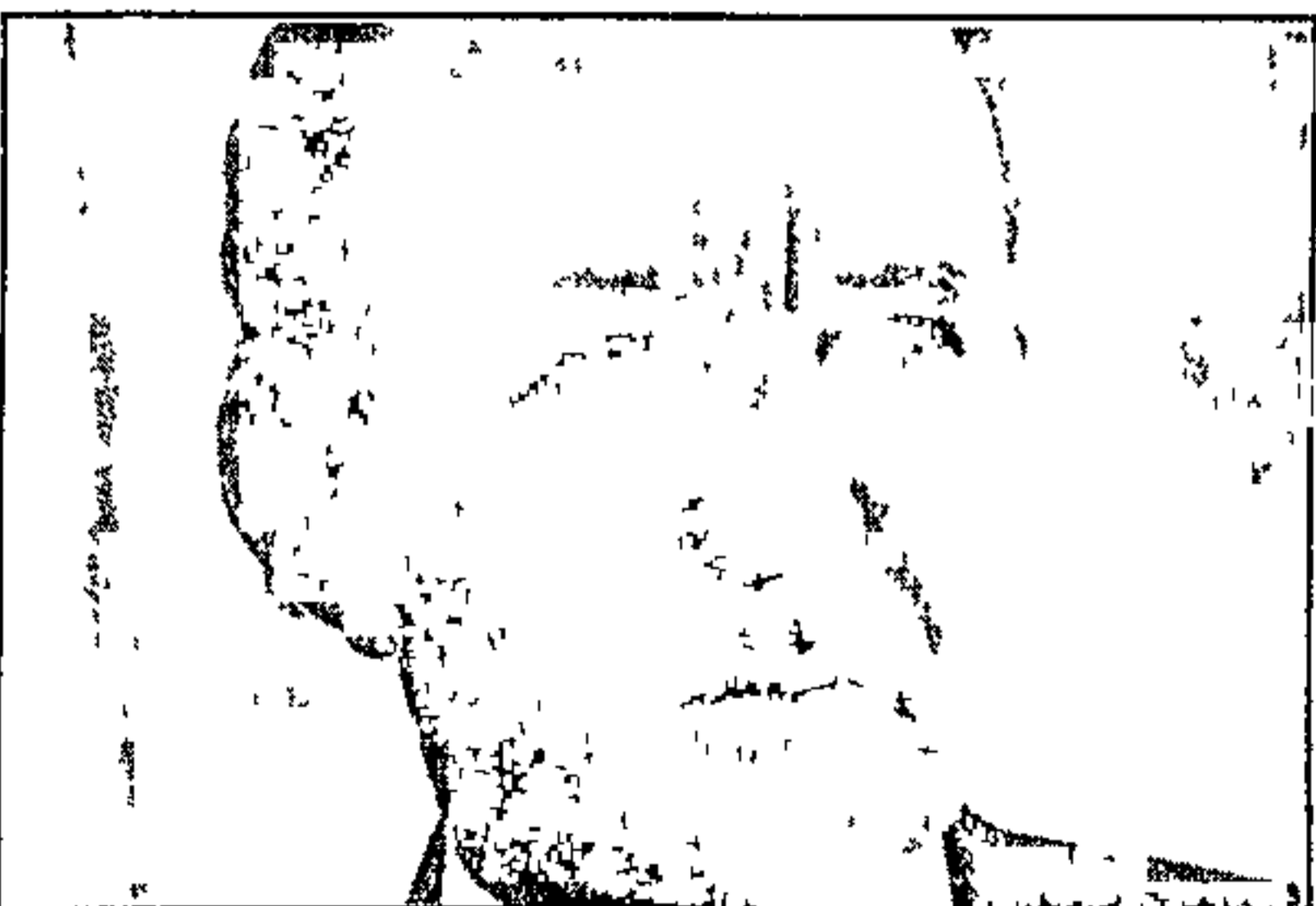
Meyer is, however at a loss to explain why first class coaches on the Randfontein-Springs lines, the occupants of which are 90 percent white, were not sealed

He insists that racism was not the cause as the trains were now desegregated

Following the outcry that the sealing created "moving coffins" in the event of attacks, the SARCC had decided to reopen the doors. A pilot scheme would be unveiled in a month's time where the coach links would be covered as in mainline trains

But will all this help stop the carnage that continues to dog the rail system and claim the lives of many? Or will this be just money down the drain as more and more commuters move to taxis and leave the trains running half empty?

Meyer told us he wished he knew. He could only hope that this would work. However, whatever system was installed could not stop the violence unless the people perpetrating it stopped doing so themselves



Mr Justice Richard Goldstone.

A COSTLY RIDE WITH SPOORNET	
Number of stations country wide	4084
Money needed for building and upgrading police facilities on all stations	R25 million
Money for Southern Transvaal stations only this year	R3 million at nine stations
Number of stations in Southern Transvaal	158
Number of people killed in genuine train accidents 90/91	Three
Amount to be spent between now and April 1 1993 on platform communication	R7 million
Number of cross bridges to be built this year in Soweto	Four (this will cost R8 million)
Cost of removing control points from platforms in S.TvI	R100 million
Amount to be spent on control points before April 1 for 10 stations in Soweto	R9 million
Cost of rebuilding broken down services country wide	R250 million
Cost of research for this year on closed circuit TV on trains	R7 million
Number of guard corps members to be employed nationally	4 500

*Sowetan 29/10/92*



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PATH TO PEACE ANC contends police have not tried hard enough to stop train killings

# Rolling coffins

**PATH TO PEACE**

**How YOU get a chance to say your peace...**

SOWETAN invites its readers to use our columns to talk peace, to suggest solutions and to celebrate peace efforts across the land. Write to the editor and talk peace. Our blood-soaked land needs your voice and your effort.

**■ SURROGATE FORCES Train** (26A)

violence continues despite agreement: (28)

By Ruth Bhengu

**F**IVI months ago community leaders extracted a commitment from the authorities to stop the ongoing train violence that has claimed many lives in the Transvaal

The South African Rail Commuter Corporation signed an agreement on May 14 after a week's boycott of trains by commuters. The boycott was called by the African National Congress and its allies.

Signatories to the agreement were the SARCC, Spoornet, the Ministry of Law and Order, the Institution of Contextual Theology (ICT) Civic Associations of Transvaal (Cast) Cosatu, SACP and the South African Railway and Harbour Workers Union (Sarlhuw). The SARCC undertook to implement certain measures to put an end to the violence and ensure the safety of commuters.

But the ANC's Ronnie Mamoepa says the police have failed to combat train violence. In fact he has doubts if they ever tried hard enough.

"The police have no strategy to deal with the train violence," he says. "The train violence is part and parcel of the low-intensity conflict perpetuated by the State against the people."

"The State uses surrogate forces so that ultimately the blame does not lie with the security forces or the police but with some unknown forces."

Mamoepa also said there was a definite trend to train attacks.

- They occurred at certain stations regularly and almost simultaneously

- They took place between 6 and 7am and 5 and 7pm and

- They occurred near certain hostels

"These trends indicate that somewhere there are people planning the attacks," Mamoepa pointed out.

**Pattern of violence**

After the train boycott in May the violence shifted to the taxis and then later back to Natal before it resurged on the trains in the PWV in September.

Mamoepa described the pattern of violence as "random." He said it sometimes coincided with major political events but not always.

Citing the police as the weakest link



Another attack, another death. How long will this carry on?

*Sowetan 29/10/92*  
in the strategy to eradicate violence on the trains, Mamoepa said he and some ANC monitors had visited stations and found the security "pathetic."

"We have visited some train stations on several occasions and found the deployment of police negligible."

"We were not searched and we got onto the train without tickets. One factor that inhibits the patrol is that it is not possible to move between compartments."

"The redeployment of police which

was agreed upon has not happened. The only time there is a visible presence of police and any searching for weapons takes place is after attacks when the Railway Corporation does a propaganda stunt," he said.

Working groups, set up as part of the agreement reached between community leaders and the authorities to make the trains safe, met this week for the first time.

This meeting was a last ditch attempt by the parties concerned to find a way of

completely wiping out the interminable violence on the trains that has taken so many lives.

Whereas the task of the working groups is to work out the finer details of the overall strategy of the South African Rail Commuter Corporation, it seems they have been thrust into the frontline according to Mamoepa.

The working groups will work out preventative and pro-active measures to deal with the violence. Their report will be released soon, said Mamoepa.

## Police mum on violence

By Mathatha Tsedu

Colonel Dave Bruce says he will only give details of train killings at a Press conference scheduled for today:

IN THE compilation of this series we approached the police unit dealing with train violence for comment and statistics about the occurrences.

The police have regularly come under fire for their handling of investigations into the train killings, with the Goldstone Commission, among others, castigating them for sloppy investigations and not keeping records.

Several meetings between the police and community structures dealing with the train violence have failed to go on because the police have failed to provide much needed statistics on arrests, prosecutions and attacks generally.

*Sowetan* approached a Colonel Marx at the Witwatersrand control unit of the stability section, which deals with train violence.

He said while he had the information needed, he could not release it without the authority of Colonel Dave Bruce, who is in charge of media liaison.

Bruce told us he could not release the

information as he would be holding a Press conference today. Despite repeated efforts to get him to release the information, he refused.

After further persuasion, he relented and said we should send a fax with our questions and he would respond. This was done on Monday afternoon.

Bruce failed to respond to telephone

inquiries for the whole of Tuesday despite requests through his office and the paper to call back.

Yesterday morning, Bruce finally told us he would not respond to any of our questions because that will destroy the whole purpose of the Press conference."

### These questions need answers

- When did train killings start and where?
- How many people killed?
- How many people injured?
- How many arrested?
- How many convicted?
- What stations are the favoured targets?
- What trains are the major targets?
- How many police officers are

- on train duty on the Reef?
- What are the problems encountered by police in investigations?
- What are the causes, from your side, of the train killings?
- How successful has the Train Accord been in curbing violence?
- Where are the metal detectors and helicopters that were to help in policing the stations and lines?
- What is the way forward?



Metal detectors have been introduced but the attacks still continue

# Challenges in travel industry

## Blacks want a share of the cake in the field of tourism:

THE changing face of South Africa's socio-political scene presented various challenges for the travel and tourism industry

Crumbling sanctions and the country's gradual acceptance into the international fold would change the face of the travel business

The inclusion of blacks as key players in this industry would become a necessity.

This scenario emerged at a training workshop held by British Airways (BA) in Johannesburg for members of African Tour (Afri-Tour), an organisation representing black South African travel agents

BA's training manager for South Africa, Mrs Manuel de Carvalho, said the two-day workshop was held after a request from Afri-Tour for training assistance

Afri-Tour wants to create an awareness of tourism among the underprivileged population groups. The association also

plays an education role both among its members and within the community

De Carvalho said the course aimed to provide an overview of the industry for those who had not previously had the opportunity for such exposure

Subjects covered ranged from sales techniques, after sales services, fares and ticketing, airline geography and running a profitable business

Chairman of Afri-Tour Mrs Busi Radebe said up to 90 percent of the South African travel business was controlled by whites

Radebe, who is also managing director of Red Rose Travel and Tours Operators, said it was against that background that they want to redress the imbalances in the industry

"We believe that we have an ingrained understanding of the travel needs of the black population. We plan to stimulate demand in this market in the future," she said.

## Mahanyeela optimistic

### Hopes new beer plant will win them 20 percent of market:

THE new beer plant will give the National Sorghum Brewery a 20 percent share of the market, chief executive of the company Professor Mohale Mahanyale said this week

Talking after the sod-turning ceremony, Mahanyale said the plant near Pretoria, which cost more than R1,2 billion, would create at least 2 000 jobs

An additional 100 000 jobs would be created through the distribution chain

The company would export beer to various African countries including Namibia, Swaziland, Lesotho, Botswana, Kenya, Ivory Coast and Zaire

"We had fruitful discussion with Pro-

fessor Johnny Kalonji, president of Zairean Chamber of Commerce, regarding the business deal

"We are confident we will be exporting to his country," Mahanyele said

He said they would cover the PWV areas with ease as it was centrally situated

They would capture a sizeable share of the market "because tests have revealed that the market wants the type of beer we are going to produce"

The NSB, which increased its earnings by 23 percent in the year ended June, realised a turnover of R500 million

About 90 percent of the 10 000 shareholders were blacks

SA AIRWAYS

FM 30/10/92

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# Reaching for strong medicine

**SA Airways'** empire, propped up by a monopoly of the major domestic routes and the right to fix prices on international routes, has crumbled. The man who precipitated the fall was Transport Minister Piet Welgemoed

He opened the domestic skies to all who could operate an airline safely and he removed the legislation that fostered the cosy cartels SAA had established with its pool partners on international routes. That helped increase the number of airlines flying here from 15 two years ago, to more than 30 now.

Welgemoed also allowed airlines to set their own fares. That has exposed SAA to the real world, where business acumen and competence count, not government support.

One result can be seen on the Far East routes — where SAA's market share has eroded from 100% two years ago to 30% now and heading towards 27%, says CE Gert van der Veer. It now has to compete with Singapore Airlines, Cathay Pacific, China Air and new-comer Malaysia Airlines, which started service this week and is regarded as "the best price-cutter in the business."

Another result is the complete reversal of its financial fortunes. It made R132,6m in the 1989 fiscal year and R62,7m in 1990, making it one of the few profitable airlines in the world. Since then the airline's losses are estimated at a staggering R300m.

The red ink started slowly — just R60m in the 1991 fiscal year — but quickly accelerated. After losing R71m in the June quarter, the airline's losses in the September quarter are believed to be more than R1m a day, says Pieter van Hoven, MD of Comair, which operates budget flights between Johannesburg and Cape Town with an aircraft and crew leased from SAA.

CE-designate Mike Myburgh has the task of turning SAA's fortunes around. He did something similar when he took over SA Harbours, now Portnet, in the late Eighties. Harbours was not losing money, as SAA is. But it was a bureaucratic nightmare with few satisfied customers. Myburgh made the customers happy and increased profits.

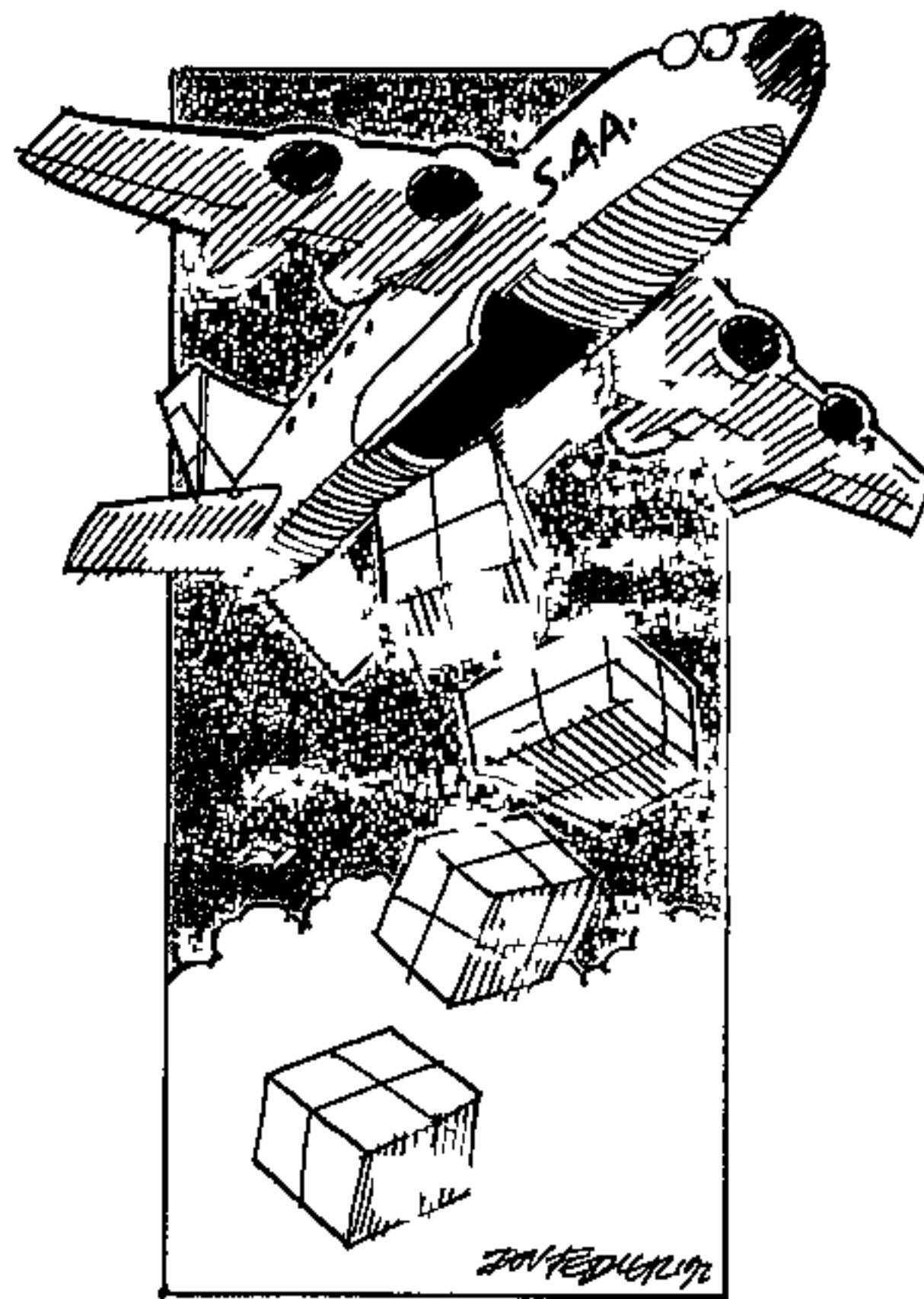
He knows he will have to wield a big scalpel if he is to bring SAA back into profit and he vows he will do it in a year. He says he has a business plan that has trade union support. Using a tactic that worked well at Harbours, he will call a "public forum of our clients to tell us how they would like us to change, their wishes will have to be taken into account when we sort out SAA's financial problems."

He plans to discuss his proposals with Public Enterprises Minister Dawie de Villiers before making them public. But they include retrenching staff, avoiding salary increases, grounding aircraft that cannot be

operated profitably, closing some foreign offices, and possibly dropping unprofitable international routes.

Flights to Bangkok, Australia and several cities in Europe are hanging on a thin thread. Portugal is on the short list. Central Statistical Services figures for the first half of this year show that of the 2 613 people who flew into SA from Portugal, only 1 052 flew SAA.

Myburgh intends reducing the salary bill, now around R700m/year, by 30%. This obviously means that its 11 000-employee workforce faces layoffs. Cathay Pacific, which showed a profit of R350m in its last financial year and is the second most profitable airline in the world, after Singapore Airlines, employs only 12 500 people. Its turnover is twice SAA's.



"We are very tight as far as the numbers we employ," says Angus Robson, the airline's manager for southern Africa and the Indian Ocean. "SAA is being forced to fight with one hand tied behind its back by a government that refuses to allow it to be privatised. One thing it could do is lease aircraft at favourable terms. So many are available."

There's no doubt that SAA's load factors are low. It could carry the same number of passengers with fewer aircraft, except in peak periods such as Christmas and Easter. This would allow it to lease out its surplus aircraft. Comair's Van Hoven says Flitestar has taken 25% of SAA's market share on the routes both share, "so SAA should have reduced its capacity on those routes by that much, but there is no evidence that it did."

Jan Blake, MD of the year-old Flitestar,

SAA's biggest domestic competitor, is concerned that Myburgh's programme may be designed "more to keep everyone at bay than to solve its problems."

He adds "We would like them to come up with a plan that will convince their shareholder, Transnet, and, ultimately, the taxpayer, that they will be breaking even in six months. In terms of the deregulation policy, SAA should be economically viable, covering costs on normal accounting principles, taking into account the proper market value of its equipment."

He accuses SAA of keeping its domestic fares artificially low to force its competitors to reduce their fares to less than economic levels and, hopefully, out of the market. This is being investigated by the Competition Board, which is expected to make a recommendation to government before the end of the year.

There is grist for the mill. SAA used to take an average 12% domestic fare increase every year, but it has not taken a meaningful increase in the past two years, meaning a big drop in real terms.

Bob Williams, MD of travel agents Wilhamsworld, is impressed with the way Myburgh is tackling his task, but, he says: "If, at the end of the day, SAA lacks the ability and financial muscle to compete, it must close down. It's competing with airlines that have that ability and can undercut it." ■

# ANC threatens to prosecute SARCC for train violence

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Soweto 30/10/92

■ **Angry after other attacks this week and lack of security:**

THE AFRICAN National Congress PWV region is to consider bringing civil claims for compensation of victims of train violence against the South African Rail Commuter Corporation.

In a statement on Wednesday, the ANC said it would instruct its attorneys to look into the possibility of bringing the claims following two attacks between the New Canada and Longdale stations in Soweto over the last two days.

It said the attacks could have been avoided if there had been adequate security measures

A man was seriously injured when he was thrown from a moving train between the stations on Wednesday morning

On Tuesday, a man was killed and another seriously wounded when they were attacked by armed men on a commuter train on the same line, police said

According to the statement "None of

**As far as we are concerned, the SARCC has a duty to afford reasonable security to every passenger**

those injured or those who lost their loved ones have been compensated by the SARCC. In our agreement signed on May 14, 1992, SARCC flatly refused to entertain the idea of compensation

"As far as we are concerned, the SARCC has a duty to afford reasonable security to every passenger who goes on its property or trains"

Nearly 350 people have died in train attacks between 1990 and 1992, the ANC PWV region quoted the Human Rights Commission as reporting - *Sapa*

# Flights to Tokyo on the cards

SCHEDULED flights between Johannesburg and Tokyo are likely with the start of long-awaited civil aviation negotiations between SA and Japan this week. *S/DIM 3/11/92*

Members of SA's Directorate of Civil Aviation (DCA) arrived in Tokyo yesterday for talks aimed at paving the way for the conclusion of a bilateral air services agreement between the two countries, DCA chief director Japie Smit confirmed.

The talks start tomorrow with demand and routes for flights expected to be on the agenda

SAA, which has been interested in operating the lucrative business and

**STEPHANE BOTHMA**

tourism route for the past year, was invited by the DCA as observers to the talks, Smit said. *(269)*

The preliminary talks come after President F W de Klerk's visit to Japan in June this year when he reached an agreement with Japan's Transport Minister Keiwa Okuda to discuss an SA airline flying to the new Kansai international airport.

□ Another DCA delegation is presently in the United Arab Emirates to discuss a civil aviation accord which could open regular flight services between Bahrain and Johannesburg.

# Police fail to act as train gunmen kill 5

RAY HARTLEY

SEVEN commuters died in two separate incidents of train violence yesterday, just days after police spokesman Col David Bruce said certain officers showed a "lack of commitment" to ending train violence.

In the worst incident, a train carrying attackers passed through four East Rand stations, with gunmen killing five commuters and wounding two more as they fired on three crowded station platforms.

The bodies of two more people, who had been stabbed to death in a separate attack, were found yesterday next to the Johannesburg-Soweto line.

The failure of police to stop the 90-minute killing spree has been criticised by the ANC, who said police telephones were not answered as commuters tried to call them to the scene of the killings.

Police, who were meant to have positioned officers at all stations in terms of agreements reached with the ANC and SA Rail and Commuter Corporation, failed to arrest the killers at the East Rand train's four stops.

Police spokesman Sgt Francois du Plessis said an urgent meeting was called yesterday to analyse what went wrong with the policing operations at the four stations, allowing the killers to escape.

It had been established, he said, that police on the train had been unable to move to the carriage where the violence was taking place because interleading doors had been locked.

The attackers boarded the train at Kwe-sini station at 5.30am. They were carrying Makharov pistols.

The first three victims were shot dead on the platform of Pilot station, with a

further two killed on the Lindela station platform and another two injured at Katilehong station at 7.10am.

ANC PWV spokesman Ronnie Mamoepa said at a news briefing the fact that the train was not stopped after the first attack was "mind boggling".

He said three policemen arrived on the scene of the first killing at 8.30am — about three hours after the event — and did not take statements from witnesses.

Mamoepa said despite the fact that three people were shot dead at Pilot station, the train left for the next stop with the killers on board, as if nothing had happened.

One of the witnesses immediately phoned Katilehong police station, but the phones there were just left ringing. He then realised the train had left and ran towards Lindela station.

"As he ran towards the station, he heard shots being fired from the direction of Lindela station. On arrival there he found two people dead and several injured.

"Again he tried to contact the police and ambulance service, but there was no response," Mamoepa said.

Du Plessis said witnesses were assisting police in compiling an identikit of one of the attackers and investigations into the killings were being stepped up.

He confirmed no arrests had been made.

An SARCC source said a team of ANC, SARCC and police representatives would tour Soweto stations this morning to inspect new security measures being implemented there.

## ANC gunman 'targeted police'

WILSON ZWANE

ANC PWV executive committee member Bavumile Vilakazi said yesterday he would not press charges against an ANC member who shot him with an AK-47 rifle after mistaking him for a policeman.

But ANC PWV chairman Tokyo Sexwale said the organisation would take appropriate steps against the culprit.

Sexwale told a news conference in Johannesburg yesterday that the ANC's investigations into the incident on September 17 in Sebokeng found that a member of a self-defence unit had shot Vilakazi after mistaking him for a policeman.

Sexwale said while it was understandable for self-defence units to defend their communities, "indiscriminate" attacks on policemen were deplorable.

He said the ANC and its allies — Cosatu and the SACP — were trying to restore peace to the conflict-ridden Vaal Triangle and efforts to normalise the situation included bringing policemen back into the area.

The Vilakazi shooting was hampering such efforts, Sexwale said, and he called on the people of the Vaal Triangle to "distance themselves from such an incident".

He refused to elaborate on the steps his organisation intended taking against the Vilakazi's attacker.

Vilakazi, who was discharged from Johannesburg's Garden City Clinic yesterday, said he bore his assailant no grudges.



# Ciskei considers murder charges against Kasrils

CISKEI's government is considering charging ANC official Ronnie Kasrils with murder for his part in the events leading to the Bisho massacre, a senior Ciskei source says

Ciskei Attorney-general Uri Jurgens yesterday would not comment on the claim that an investigation was being conducted into charges against Kasrils.

Kasrils led a breakaway group of protesters beyond limits set by a Ciskei magistrate during the September 7. Ciskei soldiers fired on the group, killing 28 people.

While the Goldstone commission's inquiry into the massacre blamed Ciskei soldiers for the killing, the Pickard Commission — investigating at the request of Ciskei — found that soldiers who fired on the Kasrils group might have been justified in doing so.

Kasrils said yesterday he was not aware of the investigation. He would not voluntarily appear in a Ciskei court as he regarded the homeland as "illegitimate", he said. "The Ciskei government is the killer."

RAY HARTLEY

It's just simply outrageous for it to be contemplating anything of that kind

"It would have to charge the entire Border regional executive plus the national leadership who sanctioned the march. This is another reflection of its addled brains," he said.

The ANC refused to repudiate Kasrils for his actions at the march, saying the decision to lead the breakaway section had been taken collectively.

Jurgens said progress was being made with investigations into murder charges against soldiers responsible, and significant progress would have been made by the end of the year.

He said statements, affidavits and ballistics tests were still being collected.

The source said investigators were having difficulty establishing direct links between individual soldiers and victims of the shooting.

## Airfare increase expected as fees rise

AN INCREASE in airfares is expected soon, following a government announcement that aircraft landing and parking fees have been increased by 15% from November 1, with passenger departure tax to be increased by up to 50% from January.

Transport Minister Piet Welgemoed announced the increases in the Government Gazette after a meeting in August this year between the Directorate of Civil Aviation (DCA) and the Board of Airline Representatives.

At the meeting, the board proposed an increase of 100% in passenger departure tax, which was not accepted by the DCA.

Passenger levies, introduced in 1990 partly to fund

STEPHANE BOTHMA

improvements at Jan Smuts airport, have to date been built into the price of air tickets.

However, airlines have indicated they are not prepared to continue this practice; the levy will be shown on the ticket as a separate charge.

SAA spokesman Leon Els last night said the airline was evaluating the increases announced by the Minister and that an announcement in this regard would be made soon.

Industry sources believed the increased levies would have an almost instant affect on airfares.

Landing charges at SA's nine state airports had increased 15% to R135,70 for aircraft with a mass of

10 000 with an additional R20,50 for every additional 2 000kg or part thereof.

Parking charges for a period of 24 hours or part thereof had been increased to R414,30 for aircraft with a weight of 400 000kg, with an extra R63,70 for every additional 100 000kg or part thereof. (269)

Departing domestic passengers will pay R5 service charges — increased from R3 — while international passengers will pay R15 instead of R10 from January 1.

It was expected that the increased levy would be shown on air tickets as a tax imposed by government and not the airlines.

During 1991/92, R23,3m had been raised from passenger levies.

**W**HEN you need them they are never there, and when they are there, they do something crazy. This is what commuters must be thinking of police efforts to combat train violence this week.

On Tuesday five commuters were killed during a 90-minute nightmare train ride from Kwesini to Katlehong stations near Germiston, with little or no police effort to intervene. And on Wednesday police efforts to act against a suspect at Johannesburg station left a policeman dead, another wounded and three bystanders injured.

Recent agreements reached between police, ANC-aligned organisations and the SA Rail and Commuter Corporation (SARCC) stated police should have been posted at the four stations on the Katlehong line where Tuesday's incidents happened.

But despite reassurances by a police spokesman that this was the case, witnesses have said police arrived on the scene about three hours after the incident — and then left without taking statements. A second group of police arrived to take statements two hours later — long after many key witnesses had left the scene.

In Wednesday's incident, an undercover policeman panicked and opened fire on a crowd, hitting two fellow policemen and three civilians. One of the policemen subsequently died and a Const J Mkize has been arrested and charged with murder for the incident.

The details of Tuesday's incident clearly expose the inadequacies of policing efforts aimed at protecting commuters. The following description of events on the Katlehong line has been pieced together from police, ANC and witness accounts of what happened.

5.30am: An unknown number of attackers board a commuter train at Kwesini Station. The attackers are armed with Makharov pistols, but pass through the station's security system — guards who should check for weapons — undetected;

# It's back to the drawing board on train massacres

RAY HARTLEY

6/11/92

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lence and that there was growing agreement on the ways in which to tackle the problem. Spokesmen said the violence seemed to be confined to the Katlehong/Germiston and Johannesburg/Soweto lines and that there was an unspecified connection with certain hostels.

Unfortunately, that goodwill and co-operation has now given way to even greater animosity, with the ANC citing this week's incidents of violence as evidence of police unwillingness to follow agreements reached in the joint meetings.

And police have once again hunted commuters were not co-operating with their efforts and have claimed that efforts by passengers to protect a train killer led to the disastrous and apparently random shooting at Johannesburg station.

What is clear is that any hopes that advances had been made in ending the violence were premature. The parties have retreated to their comfort zones — blaming each other.

Train killings arguably will be contained and eventually stopped only if all parties jointly share responsibility for a strategy to end the violence. Police need to show a willingness to accept that their present strategy is not paying dividends, as illustrated in this week's events.

**B**ut instead of just blaming the police, ANC-aligned groups also need to work harder on practically helping police to develop solutions to the crisis. With this will come a sharing of responsibility and, ultimately, less blaming.

This can happen only if police open themselves to community involvement in their strategising, for this is the only way they can rebuild their shattered credibility. Instead of trying to deflect blame, they should be saying to the community "tell us what went wrong" and "what would you have done differently with the same resources?"

Meanwhile, whoever is behind the violence must be laughing to themselves about the way joint initiatives to stop the killing fall into factional disarray at the first sign of failure.

wrong. The community appears justified in asking "where were the police?" There appear to have been no officers at either of the two stations where commuters were killed.

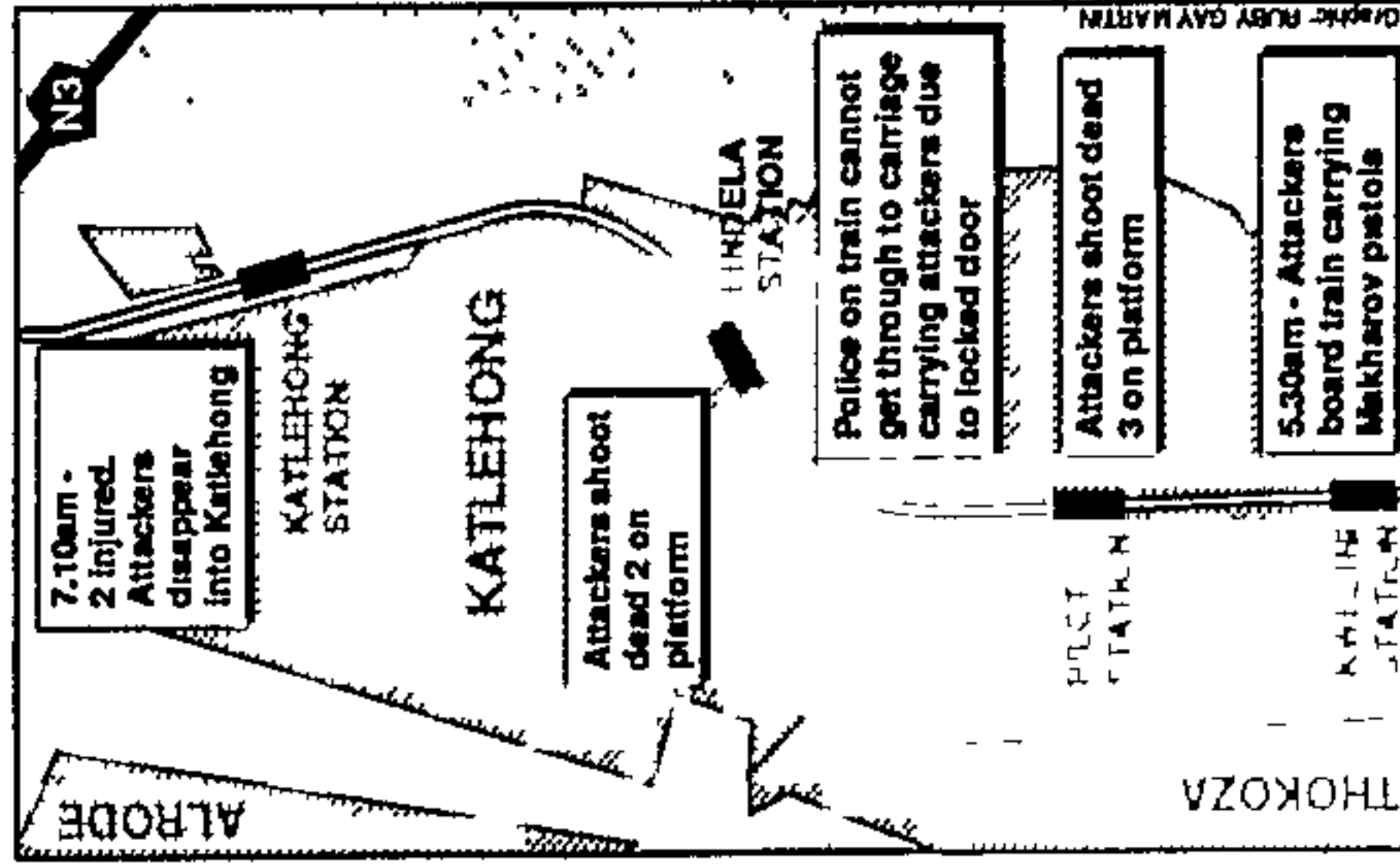
The incident contrasted strongly with Wednesday's events where the police were at the right place to arrest train violence suspects, but ended up shooting their own officers and members of the public.

The absence of a coherent strategy to end the killings has been repeatedly criticised by ANC-aligned organisations involved in negotiations on the train killings.

Police have, in turn, accused the ANC of creating a climate in which the community is reluctant to co-operate with their investigations into the murders by suggesting police complicity in the violence.

This atmosphere of mutual animosity gave way to a brief spell of co-operation in September and the police, ANC and SARCC announced a breakthrough had been achieved. Two working groups were established to jointly investigate "preventative" and "proactive" measures to end the killings.

At a media briefing after this meeting, it was announced that a pattern had been detected in the vio-



Later (exact time unknown): The train pulls into Pilot Station and the gunmen fire at passengers waiting on the platform, killing three people. A commuter calls the Katlehong police station, but the phone is not answered. The train pulls out of the station with the attackers on board. Police on board the train cannot get through to the carriage carrying the attackers because interlocking coach doors are locked.

Later (exact time unknown): The train stops at Lindela Station and the same gunmen again fire on waiting train passengers, killing two. Commuters again try telephonically to contact police and ambulance services, but are unsuccessful. The train leaves the station with the attackers on board.

7.10am: The train pulls into Katlehong Station and the attackers fire on people waiting on the platform, injuring two. The attackers disappear into Katlehong. Subsequent reports conflict over whether this was the same train and the same attackers, as police reports said at the time.

8.30am: Three policemen arrive on the scene of the first killing, but do not take statements or remove bodies. After a brief inspection, they leave; and

10.20am: More police arrive and take statements. The bodies are removed. Police say a witness is helping them draw up an identikit. A police meeting is called to discuss the incidents and analyse what went

# Public transport is

# the heart of a city

*'Cape Town is a city designed for cars'*  
South 7/11-11/11/92.

OOD public transport is vital to keeping cities ticking over — getting people to work on time and home again.

People also need to get to shops, schools, churches, hospitals and recreational facilities.

Because of this, most local authorities place the provision of a good public transport system at the top of their priority list, with a fair chunk of ratepayers' taxes being used to support the system.

The local authorities making up greater Cape Town, are unique in that they have never been involved in providing public transport. The suburban train services are run by a parastatal, and the unscheduled and largely unregulated mini-bus taxis are run by the informal sector. All the scheduled bus services are provided by the same operator whose direct predecessors ran the first horse-drawn trams in the country in 1861, long before the first trams.

In other words, for more than 130 years, the company known today as Golden Arrow Bus Services has been at the forefront of providing public transport to the people of greater Cape Town. However, unlike in most other centres where the municipalities own and operate the scheduled bus systems, Golden Arrow has very little say in planning or controlling the roads the buses and taxis use.

The planning of the transport infrastructure of greater Cape Town is in the hands of the Metropolitan Transportation Advisory Board (MTAB)

This is a joint forum of provincial and local authorities as well as representatives of the private sector and public transport operators

Although the MTAB meets regularly to consider the planning recommendations of its various sub-committees, the practical work is done by a special metropolitan transport planning division of the Cape Town municipality.

In common with municipal planners in most other centres, their approach is, as Professor Wynand Pretorius of the Rand Afrikaans University has put it, undoubtedly "elitist".

He told a recent conference of the Institute of Transport in Southern Africa in Johannesburg that the result of poor planning has been over-spending on infrastructure for private cars and under-spending on public transport.

The consequences of this are clear in Cape Town. It is a city designed for cars. Its roads are clogged with traffic every morning and evening, with few special lanes for buses and taxis to help get people to work quickly. There is no easy access to the workplace for the vast majority of commuters who cannot afford cars. And workplaces, shopping centres and hospitals are far from where people live.

This has serious implications for the growth of the city. According to Wesgro, the

metropolitan labour force of 1,1 million is expected to grow by about 40 000 a year over the next 18 years — provided jobs can be found for all. This means that by 2010 there will be another 750 000 commuters using the roads every morning and evening.

To cater for the influx, the government has approved the use of land in mainly the Malmerton and West Coast areas for low-cost housing. Somehow, public transport will have to be provided for those who will live there.

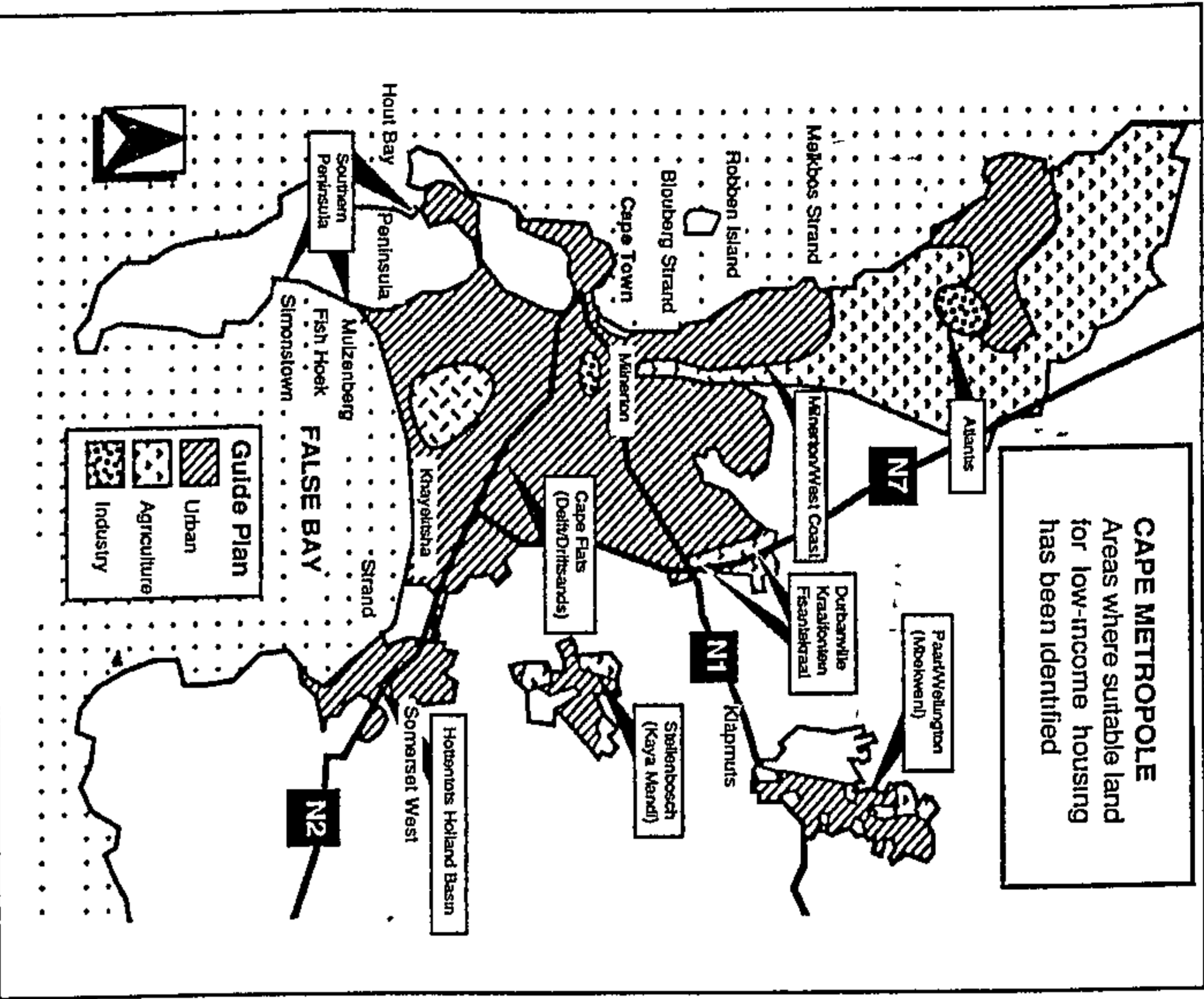
Other areas identified are south of Kraaifontein, the Cape Flats, Hout Bay, Noordhoek, Fish Hoek, Simonstown, the Hottentots Holland Basin, Kayamandi in Stellenbosch, and Mbekweni and Klipmuts in the Paarl/Atlantis area.

Of those people streaming into the Cape Town area, between 7 000 and 10 000 a month end up as squatters, who are likely to remain too poor to be able to get around the city on their own steam and need public transport.

If they cannot get where they need to be safely, cheaply and reliably, they will squat as close as they can to those places.

The bus has always played a leading role in providing the public transport services the people need, says Golden Arrow's manager of public affairs, Mr Bob Krause.

"Whenever a new residential area opens up, the buses move in almost as soon as the people do. Only once the bus services has been established and significant numbers of people begin to make use of the buses, do the mini-buses move in."



**CAPE METROPOL**  
Areas where suitable land for low-income housing has been identified

**Guide Plan**  
Urban  
Agriculture  
Industry

**Metropolitan Passenger Transport Authority**  
Local authorities  
Train operators  
Bus operators

**Public utility**  
Rolling stock  
Transit interchanges

**Operational management:**  
Scheduling  
Rolling stock  
Traffic management  
Fleet management

**Executive:**  
Operating permits  
Traffic law enforcement  
Access licensing  
Local parking taxes  
Local fuel taxes  
Local sales taxes

**Administrative:**  
Overall policy  
Preferred mode policy  
Infrastructure planning  
Fares pricing  
Fares subsidy  
Route planning  
Schedule requirements  
Public awareness and promotion

**Structure and functional responsibilities of a Passenger Transport Authority**

IT IS NOT easy to attract or even retain investment in the bus business. Part of the problem is the government's lack of a comprehensive urban transport policy.

This has come under fire from several quarters, including the World Bank.

A recent urban sector mission to South Africa found that while the government's overall thrust is towards privatisation, deregulation and devolution in this sector, this actually compromises public transport efficiency by preventing coordination.

The mission said, "The complete deregulation of combi taxis opened up new opportunities for black businessmen, but in some respects the combi taxis have become victims of their own success with supply outpacing demand in many areas, resulting in 'wars' over routes."

Tight controls over fares by central government were also making the bus business less profitable and there has been a flight of capital out of the industry.

This nearly happened in Cape Town. Golden Arrow came into being as a result of the former City Tramways gaining control of the company in the face of a disinvestment decision by the previous owners, Tollgate Holdings.

Golden Arrow's manager of public affairs, Mr Bob Krause, admits that bus services are not what they should be, or what they used to be. He believes that this is due to a number of factors, all of which boil down to the planning logjam in the

# Govt action is inefficient — World Bank

metropolitan area.

The Metropolitan Transportation Advisory Board (MTAB) recognises the priority status of public transport but is trapped into a planning ethos which regards the number of vehicles using the available road space as more important than the number of people that can be transported.

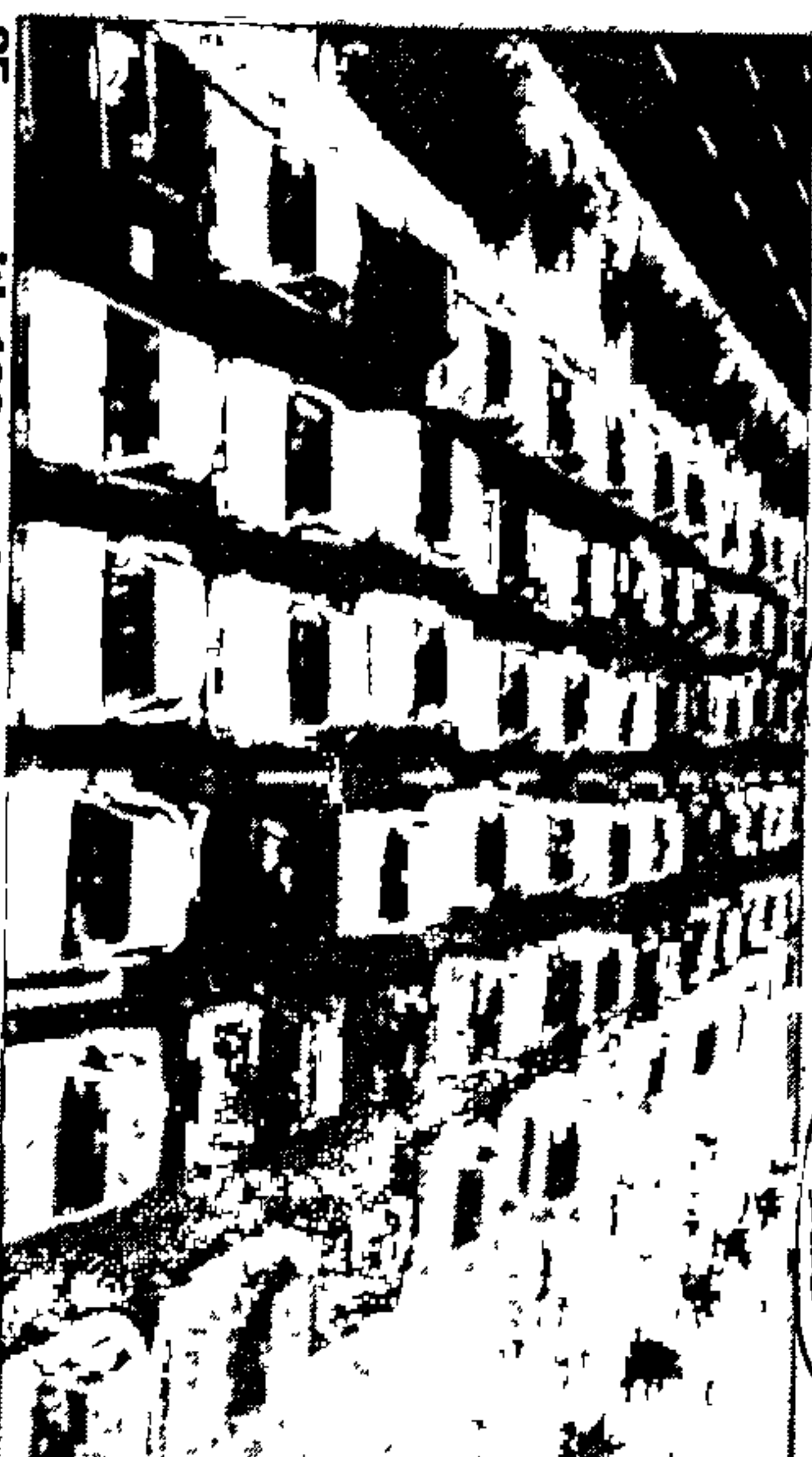
The company has successfully lobbied for a review of this approach, and managed to get the MTAB to give priority consideration to some short-term measures to make it easier to run buses and mini-bus taxis through the worst parts of Cape Town's morning and evening traffic congestion.

But the lack of funding ensures that little concrete is being done to turn these measures into reality.

Added to this is the fact that economics has forced the company to review its operations and, as the World Bank study points out, ensure that bus services are driven by demand rather than supply.

Krause says this means that the company can no longer afford to run services that do not pay their way. This has meant cutting back on certain services, though services in high demand areas are being stepped up. Golden Arrow is doing its best to ensure that no area is left completely unserved.

Careful rescheduling and restructuring of duty rosters are being applied in an attempt to ensure that



85 cars with 100 people



A standard 100-seater double decker bus

the transition to less frequent and less regular services is achieved with as little disruption and inconvenience as possible.

"That's not easy to do," says Krause, "especially as we have to

phase in a reduction in the overall number of buses.

"We apologise for any inconvenience caused and would like to thank everyone for their patience and understanding. The new schedules are now being finalised and we will soon be able to provide accurate timetables once again."

Bus travellers can obtain the latest timetable information from Golden Arrow's toll free number (080 1212 111) during business hours.

To provide an adequate public transport system for greater Cape Town, Krause says the different public transport authorities should join forces with local authorities to plan and fund the system.

"We have been pressing for some form of partnership with the local authorities since the late sixties, but there is little evidence of anyone in the Cape Town city council or the Regional Services Council (RSC) being seriously willing to take the decisions needed right now."

"Everyone hides behind the MTAB and the lack of funds, or behind the much vaunted Public Transport Study, phase one of which is already behind schedule."

"What we need is a Metropolitan Transport Authority consisting of representatives of local authorities, commuters, public transport operators and private motorists to take sensible and speedy urban development decisions on transport-related matters," Krause says.

for saving money



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## 'The sooner the better for affirmative action'

**THEO RAWANA**  
COMPANIES introducing affirmative action programmes now would be in an advantageous position if legislation enforcing the concept was introduced by a new government, RAV economist Roelof Botha said at the weekend.

Addressing an affirmative action workshop convened by the National Economic Initiative (NEI) in Johannesburg, Botha said companies needed to start identifying management potential among black employees and develop this into a force that would contribute to the overall growth of the economy.

The NEI is a two-year-old Durban-based organisation with 72 corporate and 100 small firm members which facilitates affirmative action.

Saying economic inequality was a serious threat to future stability and prosperity, Botha added: "The time has come when business leaders can no longer stand aloof from the aspirations of people who have been an integral part of business, but who have been subjected to an inferior status."

Affirmative action programmes were not limited to the workplace, but also covered areas such as housing and small business, he said.

NEI executive director Lionel Grewan said the initiative would assist companies in affirmative action programmes by co-ordinating and activating advancement programmes at the workplace.

Its business linkages committee would facilitate ties between big business and small entrepreneurs, in relationships that would be beneficial to both.

The housing committee would identify obstacles to creating a market for black home-owners and investigate policies with which these could be overcome.

# Regional Air decides to show its true colours

A ONCE "invisible" airline has been making its mark in the southern African region since it began operating under its own name in January.

Regional Air, which previously operated in the colours of airlines from Transkei, Ciskei and Botswana, as well as in other low-profile charter services, has now obtained rights to serve five destinations from Johannesburg. Two of the services will be international.

Regional Air MD Leigh Thompson said at the weekend scheduled flights to Pietersburg and Phalaborwa, in association with Letaba Airways, would start today.

The move follows the acquisition two months ago of a 50% share by Regional in Letaba Airways, which has served the Lowveld area for the past 20 years. A 28-seat DC3 airliner will be used on the route. Last week, Regional started flying the first direct route from Johannesburg to Kariba in Zimbabwe.

On December 1 it will introduce a direct flight to Livingstone in Zambia. Livingstone, 8km from the Victoria Falls, was an excellent tourist destination, said Thompson.

Thousands of people have flown on Regional Air planes without ever having heard of the airline.

"We never marked our aircraft, and had

STEPHANE BOTHMA

no identification in seat pockets or anywhere in the plane. We took on the identification of whoever we were flying for."

With the deregulation of SA's aviation policies, Regional decided it might as well assume a public identity, said Thompson. Keeping to the airline's policy of not going into direct competition with SAA, Regional Air was looking at expanding only on routes not serviced by the national carrier.

"We do not need wars. It is difficult enough to make a profit without national carriers cutting fares to eliminate competition," he said.

The only route being operating in direct competition with another airline was Johannesburg/Umtata, which is also served by Transkei Airways.

Thompson believed enough business existed domestically to accommodate all the airlines operating in SA.

Regional Air has five shareholders, but no big corporation to back the airline financially, he said.

However, the airline was financially sound and fully owned most of the aircraft it operated, Thompson said. "We are getting stronger daily, and are very careful in how we conduct our business."

# Transnet slides deep into the red

TRANSNET plunged into the red in the financial year ended March with a R600m turnaround in bottom-line fortunes, the company disclosed at the weekend.

Shrinking volumes resulted in Transnet reporting a net loss of R90m, against a profit of R515m the previous year.

Spoornet's freight volumes declined by 14%, while SAA carried 10,5% fewer domestic passengers than the previous year. Gross revenue for the year was up only 6% to R12,5bn.

Despite the poor performance, tariff increases — effective next January — have been kept below the inflation rate.

Transnet chairman Marius de Waal and MD Anton Moolman said in a statement that the low volumes reflected the general downturn in the economy.

"The decrease in traffic volumes, combined with the excessive competition in the

(269)

PETER DELMAR

transport market, brought about additional pressure on profit margins.

"The biggest portion of the group's expenditure is in fixed costs. It became apparent fairly early in the year that we would not achieve our projected income target. In order to contain expenditure levels, we implemented a management focus programme which has kept expenditure increases at 10%," Moolman said.

He said that with the economy still contracting, greater emphasis would have to be put on curbing expenditure. Salary increases had been pegged at 5% and employment had been reduced by 7 500 this year. Total employment is about 155 000.

Spoornet tariff increases will average 8% and those for Portnet 10%. The average adjustment is 8,6%.

SIDM 7/11/92

# Train-fare evaders nobbled

ET 11/11/92

(269)

Staff Reporter

ABOUT 60 train-fare evaders were arrested and more than 500 paid for their tickets yesterday morning, when police and the Metro Jump Team of ticket controllers carried out a surprise spot-check at Lakeside Station.

Metro spokeswoman Ms Yvette Olwage said yesterday Spoornet lost about R35m yearly to non-paying train commuters in the Western Cape alone.

She said the R40 000 recovered since the start of the spot-checks in June was "not even a drop in the bucket".

Ms Olwage said the team of 25 Jump Team members, assisted by about 30 police officers, began stopping trains from Cape Town to Simon's Town around 10am yesterday, and the ticket checks continued for about four hours.

Since the start of the ticket checks about 1 000 people had been arrested, and as many summonses to appear in court had been issued.

She said delays to trains during checks were "minimal" and Metro tried to ensure that paying customers were not inconvenienced.

Ms Olwage said the reported decrease in crime on trains and at stations since June was "encouraging".

She said that stricter measures may shortly be taken against people smoking in non-smoking carriages.

It was a punishable offence to smoke in non-smoking carriages, and offenders faced fines of up to R50, Ms Olwage said.

## SAA starts flights to Miami

BPM 12/11/92 LINDA ENSOR

(269)

CAPE TOWN — SAA is to start weekly, non-stop flights from Cape Town to Miami, Florida, on December 12.

The flights will leave Johannesburg on Saturday evenings, stopping in Cape Town before continuing to Miami. The flying will be 14 hours and 45 minutes. Return flights will leave Miami on Sunday evenings.

The return fares will be. Superpex R3 480 in low season, R3 999 in high season, first-class R14 813; business class R10 618, and economy class R6 986.



### Flights from Abidjan

WEST Africa's multinational airline Air Afrique began direct flights between Abidjan and Johannesburg yesterday. The twice-weekly flight would make one stop in Brazzaville or Kinshasa.

SPM 12/11/92 (269)  
THE Commonwealth Parliamentary Association will send a three-member team to SA to examine the feasibility of installing a special constitutional and parliamentary mission.

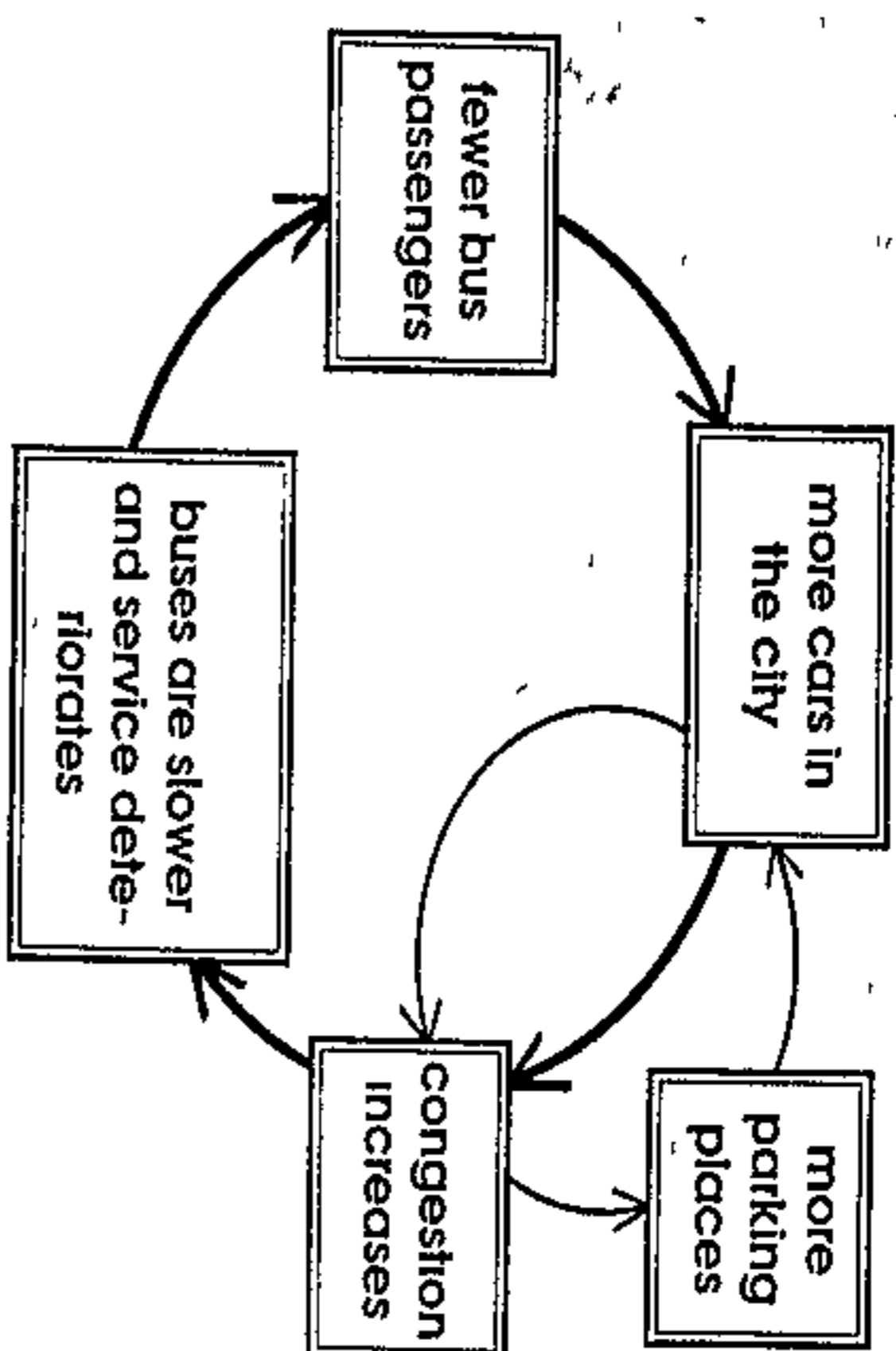
Executive committee member Clive Griffiths said in Nassau, Bahamas, the association wanted to station two constitutional and electoral law experts in SA.

REPORTS Business Day Reporter  
- Own Correspondents, Sapa-Reuter-AFP

# Regulation is vital for public transport

Source 14/11 - 18/11/92.

269



THE TAXI industry is a living example of how important it is to regulate public transport. Deregulation led to a boom in the multi-bus taxi business, but this market is now becoming over-traded and operators are fighting for the same business.

It has also, naturally, had an effect on the bus business. Ever-rising costs make it difficult for bus operators to meet the needs of all commuters — some routes are just not economically viable.

The taxi is ideally suited to doing short trips with a high turnover of passengers, while the bus is more suited to longer trips

and Golden Arrow would like to see co-operation, rather than competition, between taxis and buses.

“The secret of success in the public transport business is selling the same seat as many times as possible,” says Golden Arrow general manager Mr Frank Mayoss.

“What taxis should be doing is collecting people from their homes and taking them to the nearest terminus or railway station, or collecting people from their places of work — not everybody works in the CBD — and returning them to the nearest bus terminus or station.”

The result would be co-operation between different transport modes and a better service to the commuter

“This is where the proposed metropolitan transport authority comes in. Co-ordination is essential if the public transport system is to work to the benefit of the whole community. A metropolitan transport authority consisting of representatives of local authorities, commuters, public transport operators and private motorists would best be able to make sensible decisions on transport-related matters,” says Mayoss.

# Faster service means fewer cars on roads

Sou TH 14/11-18 11/92

269

THE CAPE Peninsula has a good road network compared with other centres in the country. But the roads are clogged with private cars, usually carrying only one person each. The bus, which carries up to 100 people at a time and which could be the quickest, easiest and cheapest means of transport, is held up in traffic jams. So is the mini-bus taxi, which carries up to 16 people.

Instead of moving at 60 km/h, the speed for which the roads were designed, buses and taxis travel at speeds as low as 16,5 km/h on some roads during peak hours.

The solution, says Golden Arrow general manager, Mr Frans Mayoss, is to give buses and taxis priority on the roads during peak hours so that they can move more people more quickly to and from work.

This can be done by providing special bus/taxi lanes on at least eight sections of road in the Peninsula.

Commuter travelling time will be cut by two-thirds, which means that many people will be able to get up later in the morning.

Golden Arrow Bus Services made detailed suggestions about special lanes some years ago, but for various reasons — mainly the lack of money — the authorities have responded very slowly.

Cape Town currently has only one bus lane — along a section of Klipfontein Road. Another scheme for a bus lane on Victoria Road/Main Road between Salt River Road and Station Road, Mowbray, is in the pipeline.

The latter is based on one of the company's proposals, but it has taken the authorities three years to respond — and even now this proposal, drawn up by a group of consulting engineers, is awaiting approval.

taxis

Between these peak hours, these streets would be used normally, causing the minimum interference with businesses along these roads and maximum traffic efficiency during peak hours. This suggestion could be implemented at very little cost.

The road sections identified as suitable for reversible one-way streets are

- Sir Lowry Road/Victoria Road between Russell Street and Salt River Road.
- Lansdowne Road between Wetton Circle and Turf Hall Road
- Voortrekker Road between Vanguard Drive and the Salt River Circle
- Durban Road between Rondebosch Common and the Mowbray Terraces.

● Salt River Road between the Salt River Circle and Victoria Road

This combination of bus lanes and reversible one-way streets would eliminate some of the worst traffic bottlenecks in the city complex.

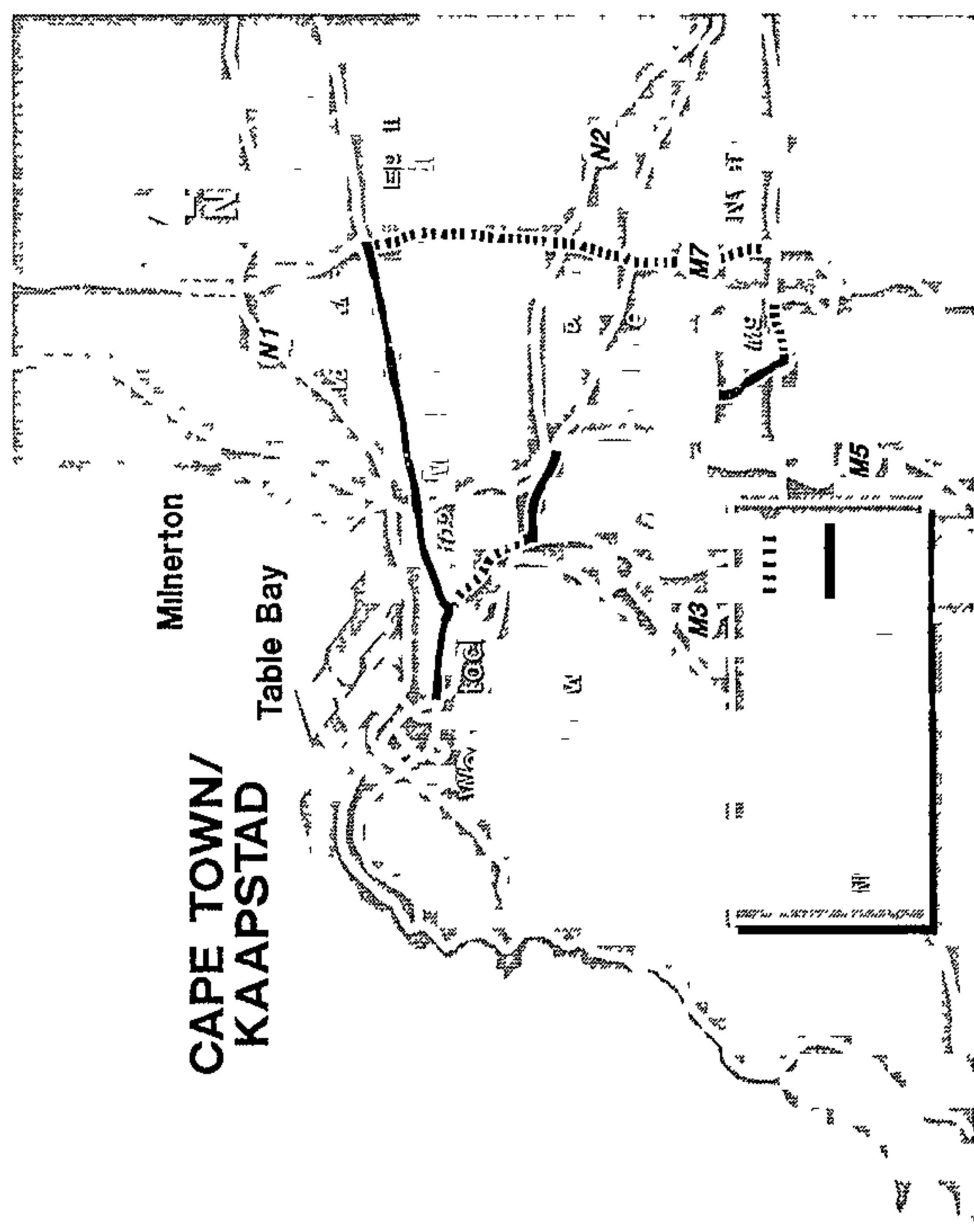
There are other traffic management measures that can be taken to speed up the flow of traffic

These include forbidding right-hand turns on main thoroughfares, the synchronisation of traffic lights and the right of way for buses pulling out of bus stops.

Consideration could also be given to staggered working hours and later starting times for schools.

As the majority of new cars on the roads are company cars, businesses can be encouraged to reconsider the perks they offer their staff — perhaps even a cash bonus for NOT using a car?

It is becoming a priority to make it possible for buses and taxis to get through the traffic if we do not want roads to become so clogged that it takes hours to travel a few kilometres



suggested that five sections of road should be made reversible one-way streets between 06h00 and 08h15 (before most shops open) and in the reverse direction between 16h00 and 18h00.

During these hours, on-street parking and the use of loading zones should be forbidden and these streets should be divided from kerb to kerb into traffic lanes, with the left hand one reserved for buses and

ported more quickly, but the bus as a means of transport would become more attractive to the passenger.

The result would be that as more passengers use buses rather than cars, traffic jams would be eased while increased passenger support would enable the bus operator to improve the service continuously.

Bus lanes are not the only way in which peak-hour traffic flow can be improved. Golden Arrow has also

Golden Arrow also proposed bus lanes on Lansdowne Road between Hanover Park Road and Wetton Circle and on Vanguard Drive between Lansdowne Road and Voortrekker Road. These are areas which are notoriously clogged at peak hours.

If the bus is given the priority to move quickly through congested roads says Mayoss, not only would large numbers of people be trans-

Special lanes for buses and taxis would get commuters to and from work more quickly — and perhaps encourage more Capetonians to use public transport instead of cars.

## Environment-friendly option

SOUTH 14/11-18/11/92

CAPE TOWN'S infamous "brown haze" (smog), seen when the Cape Doctor is not blowing, is caused mainly by exhaust fumes from petrol-powered cars, trucks and taxis. Diesel-powered buses and trucks are far less dangerous.

Petrol-powered vehicles produce nitric oxide and certain hydrocarbons. The ultraviolet rays of the sun act on these to form harmful secondary pollutants.

In fact, for every 1 000 km travelled, a petrol-powered car produces 9kg nitrous oxide, 0,138kg hydrocarbons, 72kg carbon monoxide and 529kg carbon dioxide. In contrast, a diesel-powered bus emits only 2,31kg nitrous oxide, 0,504kg hydrocarbons, 0,8kg carbon monoxide and 900kg carbon dioxide for every 1 000 km travelled.

Bearing in mind that a bus carries an average of 85 people during peak hours

and a car an average of 1,8, it becomes obvious that the bus is far less hostile to the atmosphere than the car. Trains, which operate on electricity, are even less hazardous to the atmosphere, but unfortunately it would take massive capital investment to expand the rail network.

Fewer cars on the road and better use of public transport would not only relieve road congestion, but would also mean less pollution of the atmosphere with less of a hazard to our health. Ensuring that there are fewer cars on the road requires active encouragement of the use of multi-passenger vehicles, like buses and taxis.

By controlling road traffic conditions through measures like special bus and taxi lanes, passenger transport can be shown to be the smarter, more community-spirited option.

# Transnet job axe in a R10 billion crisis

8/Times (Bus) 15/11/92

269

**TRANSNET** must earn an annual profit of R1,8-billion for the next 10 years — merely to cover the R10,4-billion shortfall in its pension fund. A purge by a new team of executives has begun and it is hoped that at least 20 000 jobs will be shed by July next year. Transnet has embarked on a major rationalisation programme.

SA Airways will slash its salary bill by 30%, truck operator Antonet will reduce its operations and Spoornet will close railway stations and uneconomic lines and sell thousands of rail trucks.

Transnet will also try to persuade employees to accept marginally lower initial pension benefits "coupled with a higher certainty of future increases".

Managing director Anton Moolman says that although Transnet faces a "vast problem", he believes it will survive and by the end of the century "things will be better".

"If we are unable to reduce job numbers by 20 000 by July, we will be forced to re-trench. But we will do everything to avoid it," says Dr Moolman.

Transnet had a staff complement of 280 000 in 1982. By last year the number had been slashed to 153 000. The retrenchments and loss of other staff through attrition — 127 000 — meant that the ratio of contributors to the pension was only 1,5 for every pensioner.

When Transnet was SA Transport Services (Sats), the ratio was three contributors for every pensioner.

Normal attrition accounts for about 5 000 jobs a year. To date 2 500 have accepted voluntary retirement. Salaries and wages account for about 50% of total costs.

## By DON ROBERTSON

fall away when fully met. The latest actuarial valuation shows there are adequate funds to pay current pensions plus a miserly increase of 2% a year. It has been company policy, however, to increase pensions by 8,5% and this has caused the shortfall.

Dr Moolman is confident that Transnet will be able to make up the shortfall within 10 years.

He says, however, that a loss in the current year of between R400-million and R500-million can be expected, largely because of the downturn in the economy.

This would suggest an operating profit of R1,3-billion before extraordinary items. He believes a real profit will be earned in 1994, helped by an improved economy.

Dr Moolman says: "When Sats became Transnet we knew we had a problem. But we, unlike British Airways, for instance, where the Government bailed them out, had no help from the SA Government."

Voluntary retirement has been offered to all employees in terms of its agreement with trade unions, a moratorium on retrenchments is in effect until July 1992.

The pension fund has been restructured and more money will be invested in growth assets, such as shares and property.

But Dr Moolman says Transnet has more money at its disposal than the JSE could handle.

Transnet will also increase its contribution to the pension fund. Last year it was 13,5% and will rise to 14,5% this year. Members contribute 7,5%.

SAA will slash its salary bill by 30%, probably by chopping staff numbers by 20% and pegging pay increases.

Antonet, under new head Jan Venter, is to reduce its head-office staff, withdraw from the ad hoc and abnormal-load business and sell trucks and equipment.

Dr Moolman says cross-subsidisation of the business units continues.



ANTON MOOLMAN It's a vast problem for us, but by the end of the century things will be better

## Loan

The need to provide for the pension fund shortfall had a drastic effect on results for the year to March. Although operating income was down 18,6% from R1,5-billion to R1,2-billion, a loss of R90-million was incurred for the year after the provision of R173-million for the pension fund shortfall. This compares with a profit of R515-million in the previous year.

The report shows that the pension fund has an actuarial shortfall of R10,47-billion. This is made up of liabilities of about R29-billion and assets of R18-billion.

When Transnet took over the pension fund from Sats in April 1990, the actual shortfall was R17,2-billion. Of this, R10,4-billion was provided for and subsequently funded by the issue of loan stock to the pension fund by Transnet.

To finance the interest on the loan stock and for additional funding of the medical and scheme alone, Transnet must make a profit of R1,8-billion a year.

The actuarial shortfall is guaranteed by the Government, plus interest of at least 12% a year. This obligation will be reduced as Transnet funds the shortfall and will

# Action on fare evaders 'unfair'

Staff Reporter

SPOORNET was targeting only passengers in third-class compartments in its clampdown on fare evasion, a Lakeside train commuter said yesterday (269)

Mr. Hugh Knight said that using armed guards to collect fares was "uncivilised" and made a bad impression on visitors.

"Why do they need armed cops. surely SpoorNet could have thought of a better way." Mr Knight said passengers in third-class coaches were made to get off the train before being fined while passengers in first class were allowed to pay on the train.

ET 17/11/92  
Option

Mrs Yvette Olwage, a Metro spokesman, denied that first-class ticket holders received preferential treatment

People trying to catch free rides on trains were given the option of paying R5 admission of guilt fines or being handed over to police and taken to court, she said

She defended the crackdown, saying fare evaders cost Metro R35 million, a year which the taxpayer had to pay for

The operation, which began in June, had led to a steady decrease in crime, she said

# Massive bills: Help at last

269

cf 17/10/92

AN "ombudsman mechanism" to investigate serious complaints over Telkom's service will come into effect on December 1 following thousands of complaints from the public about astronomical phone bills.

The move comes after telephone subscribers countrywide reported up to tenfold increases in their bills after Telkom took over the telephone service from the post office on October 1 last year.

Posts and Telecommunications Minister Dr Piet Welgemoed yesterday announced the decision to appoint a special investigation team in the office of the Post Master General (PMG), Mr R Raath, saying this followed "serious concern about continued complaints by the public regarding high telephone bills".

Telkom was handling 33 000 account queries a month before they closed some of the 087 lines.

## Telkom moans to be investigated

The figure is now down to 22 000 queries.

By comparison, the post office used to handle 8 000 to 10 000 queries a month.

In Johannesburg a group was formed to protest against what it claimed was Telkom's "legalised theft".

Dr Welgemoed said personnel placed in Mr Raath's office would investigate serious and continued problems after attempts at solving them through existing Telkom channels had failed.

In the light of the team's findings Mr Raath would be able to

act as mediator between Telkom and its clients. The step had been taken in consultation with Telkom, said Dr Welgemoed. Contact numbers and addresses would soon be announced.

Telkom managing director Mr Danie du Toit yesterday welcomed the establishment of the special investigation team, saying it would be in the best interests of the company's clients.

Telkom's suggestions to Dr Welgemoed were aimed at having the investigation team mediate in disputes about telephone bills, he said.

He voiced Telkom's "extreme concern" about the number of inquiries about telephone bills it currently received.

"Although some 33 000 inquiries per month represent a very small percentage of Telkom's 3,5-million clients, the figure is still alarmingly high."

Mr Du Toit said the metering and accounts system used by Telkom had been found by an auditing firm to be of an international standard — Sapa

# Holiday demand sees increase in train services

Staff Reporter

269 AUG 18/11/92

A DEMAND for long-distance trains in the December/January holiday period has led to a total of 289 extra trains being placed on popular routes by Interpax mainline services of Spoornet.

Additional services will be provided from December 1.

A spokesman said the step also allowed for advance bookings by third-class passengers for the holiday period. Normally, third-class passengers are only allowed to buy tickets on the departure days of trains.

In the Western Cape, 57 extra trains have been arranged on routes from Cape Town — consisting of 24 trains to Johannesburg, including 13 with third-class passengers, eight trains to Durban (all classes), eight to Port Elizabeth (all classes) and four to East London (only third class).

Children under the age of seven, accompanied by their parents, will travel free of charge and children between seven and 12 will pay half the adult fare.

Departure dates of the special trains and other trains are available at Interpax reservation offices and appointed travel agents.



# US bank gives Transnet R100m loan guarantee

B/D/M 19/11/92 (269)

TRANSNET has secured a loan guarantee for almost R100m from the Export-Import Bank (Eximbank) in what has been hailed as a breakthrough in normalising financial relations with the US

The R92,3m guarantee is for the purchase by SAA of a Boeing 747-400.

It is expected to be followed by other similar guarantees in the near future.

SA's access to the US government-controlled Eximbank was only officially reinstated in February this year after US president George Bush signalled that sufficient progress had been made in dismantling apartheid and that the Evans Amendment prohibiting Eximbank involvement in SA was revoked.

A US embassy spokesman said the guarantee was the second to be granted for exports to SA.

Recently a small loan was guaranteed for the supply of mining equipment to an SA company.

PETER DELMAR

However, it was the first involving an SA parastatal and by far the largest.

Several other smaller applications were already "in the pipeline", the spokesman said

The granting of access to Eximbank for exports to SA made these exports much more attractive, he said.

The aircraft — the Kempton Park — is capable of flying non-stop between New York and SA.

The guarantee is for 85% of the cost of the aircraft (excluding its four engines)

The Kempton Park, which is already in SA, is equipped with Rolls Royce engines which were financed separately by an export credit agency of the British government.

The 10-year loan was financed by Hill Samuel Bank Ltd of London.

# Second bus lane for city?

(269)

SOUTH

21/11-25/11/92

MORE THAN three years after Golden Arrow started lobbying for the introduction of bus lanes to speed up public transport, the city council is at last considering taking action

At the moment, the only bus lane is on the Klipfontein Road, despite the fact that there are many other routes with severe peak hour traffic congestion

City council traffic manager Mr Wouter Smit and chief transport engineer Mr Steve Enticott confirmed that a consultant has reported on the feasibility of introducing a bus lane along Mam Road between Mowbray and the city. This could be introduced early next year

During peak hours, no kerbside parking would be allowed and one lane would be reserved for buses and taxis. Depending on how this worked, consideration would be given to other bus lanes on major roads and, possibly, the introduction of permanent lanes for buses, taxis and private cars carrying four or more passengers

Enticott said it had taken so long to reach a decision on another bus lane because, unlike Klipfontein Road which was built to accommodate a bus lane, the existing road network would have to be used.

"This could have implications for other road users. Unless congestion has deteriorated to such a level that it is acceptable to put in a bus lane, people will complain and resist any change"

Smit described the public versus private transport issue as a classic "chicken or egg" situation. He said experience the world over had shown that no matter how much public transport may be promoted, individuals still prefer to use their own cars because it makes getting around easier and quicker — even if they end up sitting in traffic jams for long periods each day.

Bus operators can afford to provide better services only if the demand for their services increases. But that increase will only happen if there are better services and so it goes on.

To break this cycle, local authorities are considering several measures. For example, in today's economic climate, it was unlikely that more roads would be built to cater for the ever-increasing number of cars. This would increase congestion and encourage more people to use public transport, especially if the flow of this was speeded up by introducing bus lanes.

The city has already acted to discourage people from bringing their cars into the city centre by providing only short-term parking.

But, said Enticott, the dominance of the car is likely to be with us for some time yet.

"Levels of congestion have, in the international context, not yet reached critical levels in Cape Town — and many people still simply prefer to use their cars"

He agrees that one solution would be to establish a metropolitan transport authority. This would require legislative backing from the government so that it could include representatives of transport users and have ultimate power to make decisions on important transport issues.

# Clipcards cut down on fare commuters have to pay

SATI+ 2111-2511192

269

**M**ANY people seem to believe that bus companies receive fat subsidies from the government and that each time they put up fares, they only increase their profits further.

"Nothing could be further from the truth," reports Golden Arrow executive director Mr Barry Gie.

"It is the passenger who is subsidised, not the company. The original reason for introducing subsidies was to compensate the poor for moving them away from where they had been living, in order to comply with apartheid policies," he said.

The subsidy paid to bus companies is managed in the form of 10-ride clipcards. These are sold to commuters at a price lower than the approved fare, or what it costs to operate the service, as approved by the National Transport Commission within certain statutory provisions.

The Department of Transport afterwards pays the rest to the bus company, depending on the distance travelled. To recover the discount from the department, the bus company has to provide proof of the number of clipcards sold.

"Increasing urbanisation has seen a massive influx of poor people into the Cape Town metropolitan area, with many settling long distances from where they work or where job opportunities are," said Gie.

"This has meant mounting pressure on the passenger subsidies government is expected to pay when there is less and less money available to allocate to subsidies. In real

## EXAMPLES OF HOW PASSENGERS CAN SAVE BY USING SUBSIDISED 10-RIDE CLIPCARDS

	Cash Fare	Clipcard Fare
Claremont to Cape Town ...	R1,65	R1,26
Killarney to Cape Town ...	2,40	1,58
Bellville to Cape Town * ...	3,05	1,81
Belhar to Tygerberg Hospital**	1,85	1,63
Nyanga to Claremont ...	2,15	1,32
Nyanga to Parow Industria ...	1,80	1,19
Mitchells Plain to Cape Town+	4,75	2,75
Heideveld to Cape Town ...	2,50	2,07
Mowbray to Cape Town ...	1,10	0,85
Khayelutsha to Claremont ...	3,80	1,37
* via Voortrekker Road		
** via Parow Industria		
+ via Freeway		

terms, the amount of passenger subsidy government has been able to allocate over recent years has diminished. It has also meant that not all routes are subsidised any longer.

"Routes shorter than 10km are not subsidised and the subsidy on routes between 10km and 20km long has been frozen for two years, meaning that passengers on these routes are having to pay more of the economic tariff than before. In fact, it is known that government would like to phase out passenger subsidies altogether," Gie said.

The existing system is not perfect and poses a number of problems for bus operators. Because the subsidy is based on the actual number of

passengers carried, any reduction in passenger numbers, for example, as a result of retrenchments in times of recession, causes problems for the operators. When they carry fewer passengers, they lose the total economic tariff, not just the part paid by the passenger.

By law, fares cannot be increased willy-nilly. The operator has to provide justifications for increases in a formal application to the government. Then there have to be public hearings, and it can take up to nine months before a decision is reached.

"Given the rapid rate at which people are moving to the metropolitan areas, the pressure on government for transport subsidies is likely to increase since most of the people flocking to the cities are too poor to pay the economic tariff," says Gie.

"Government does not have the funds available to increase transport subsidies. What Golden Arrow would like to see is some form of metropolitan transport authority that will be empowered to make all decisions affecting the running of all modes of public transport."

Such an authority should consist of representatives of bus operators, local authorities and government, and should be the body that decides on questions such as subsidy, the setting of fares and the provision of infrastructure such as bus lanes and services such as traffic control.

"This kind of body is essential to ensure that planning decisions are cost effective," said Gie.

"For instance, it might be decided that, instead of funding additional fare subsidies, it would be more sensible to apply the funds to promoting reserved bus lanes on major feeder routes.

"Improvements like these would enable buses to move more quickly than private cars and would enhance the overall attractiveness of the bus service. Thus, in turn, would result in more passengers using the buses, and the increase in revenue enjoyed by the bus operator would enable the operator to keep fares more stable.

Indeed, anything which can make it easier for buses to move through traffic would attract more people to use them. Many measures could be put in place at very little cost. Such measures, proposed by Golden Arrow in 1989, are only now being considered by the Metropolitan Transport Advisory Board. Planning and implementation tend to take very long and, in some instances, proposals are arbitrarily rejected because they are unpopular

# Inter-city bus firms merge

■ Customers will benefit from lower bus fares on all routes:

Sowetan Reporter

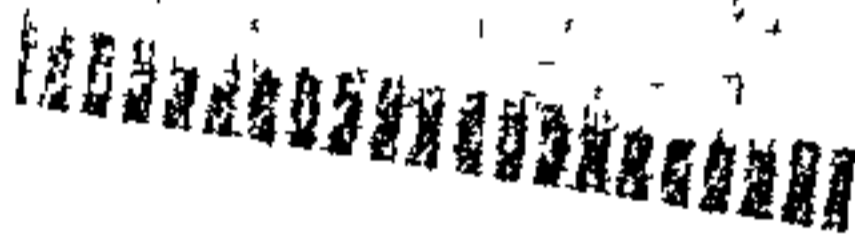
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TRANSLUX and Trancity bus services have combined to form one inter-city service to be known as Translux Express.

"The biggest advantage to passengers of this reorganisation is that new fares, which are even lower than before, can be offered," said public relations manager Ms Elmarie Botha.

"This will now become the most affordable way to travel to more than 100 destinations. These fares will be applicable to all seats on the coach and have been made possible by the fact that costs have been cut drastically."

The new Translux Express inter-city service will operate on most of the routes previously serviced by Translux and Trancity, with about the same number of arrivals and departures.



# Warning

THE simple amalgamation of Johannesburg and Soweto would threaten Johannesburg's economic viability, management committee chairman Ian Davidson said at the weekend.

A "quick-fix approach" to amalgamation would lead to punitive rates and

tariffs increases, forcing commerce and industry to relocate, he said.

"It is imperative that the Witwatersrand region continues to be financially viable if SA is to attain its economic and social goals in an era of reconstruction

# Jo'burg cost to Soweto's

and nation-building, Davidson said.

In Johannesburg's audited financial report for 1991/92, Davidson called for a "fair and realistic" tax base on the Witwatersrand together with financial aid from government.

City treasurer Willie Siebert said the council is "hard pressed to balance (its) budget without passing on untenable rates and tariff increases to our residents. It is therefore unthinkable that we should have to shoulder the burden of additional expenditure in neighbouring authorities without some financial commitment from provincial or central government."

On Friday the council informed the workers that it had managed to raise funds from sources such as Eskom and the TPA and would pay the bonuses on December 7.

**More police for trains**  
MORE than 500 additional policemen were deployed on trains on the Reef from Friday as part of a new strategy to protect commuters.

Since 1990, more than 300 people have been killed in train violence and several hundred more injured.

Soweto police liaison officer Col Tienie Halgryn said on Friday the SAP, the SADF, the SA Rail Commuter Corporation and Spoornet would participate in an effort to curb violence on trains.

Main points of the strategy were, the redeployment of police, increased police visibility on trains and platforms, the searching of commuters entering and leaving stations and trains and the stopping and searching of trains at random.

Video cameras would also be installed at stations to monitor troublemakers, Halgryn said.

The strategy, which would continue after the festive season, was met with cautious approval by the ANC.

"The ANC PWV Region and its allies are in a process of studying the proposals in preparation for a meeting with the corporation and police on November 27," the ANC said in a statement.

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an internal investigation, the David Webster inquest was told on Friday.

Testifying behind closed doors at the Rand Supreme Court, Verster said now retired Military Intelligence chief Badenhorst hit him after he (Verster) refused to leave his own office at the CCB's secret headquarters in early 1990.

Sunday newspapers reported that Verster said shortly after Badenhorst had been appointed to lead an internal investigation into the CCB, he told him "General, I don't trust you and you must know that."

The hearing on Friday was held in camera and journalists were not allowed in. "Because I did not want to play along, Badenhorst tried to chase me out of my own office. I said that it was my office and I stayed seated."

"He then got up and, in front of (SAP Brigadier) Krappies Engelbrecht and (CCB administration officer) Christo Brits, assaulted me," Verster said.

He further told Judge Michael Stegmann that the then SADF chief Gen Jannie Geldenhuys had said in January 1990 that President F W de Klerk had given an assurance that there would be no "witch-hunt" over the operations of the CCB.

The then Defence Minister Magnus Malan had been told that the CCB had information about the gunning-down of Wits

ster told the inquest

Both Badenhorst and Engelbrecht had been told about Barnard's alleged involvement in the Webster murder, Verster reportedly said.

Verster was the third witness at the inquest this week who claimed that Badenhorst had been told that Barnard had confessed to the killing of Webster.

CCB information officer Derrick Louw and Barnard's handler, Lafras Luitingh, both told the court about the alleged confession.

SUSAN RUSSELL reports that Verster's appearance followed a warrant for his arrest issued almost three weeks ago after he defied a subpoena to be in court to testify on November 2 and went abroad instead.

Stegmann had earlier granted a request by Verster's counsel, Jurie Wessels, to allow his client to testify in camera in order to protect his identity.

Wessels submitted a statement by Verster on November 2 in which he apologised for his non-appearance, but said he was forced to keep appointments overseas to wind up various CCB matters.

Lawyers said the judge had indicated on Friday that he would wait until he had made a finding in the inquiry before deciding what action to take over Verster's non-appearance earlier this month.

# Call to act now on education

WILSON ZWANE

national loan scheme which would encourage students to follow technical and scientific routes rather than pursue academia.

The institute also advocates greater interaction between universities, technicians, technical colleges and correspondence colleges. "A single-stream system should be introduced to allow students to move horizontally... this will enable a technical college student to further his education at technician or university level without being penalised for the years already spent in another educational institution."

A national accreditation board would have to be established to set minimum standards and monitor implementation of the single-stream system.

THE Institute of Personnel Management says a national education forum should be established as soon as possible.

In its report, A National Human Resources Strategy, the institute says SA should not wait for a new political dispensation before it reforms its education system. To get reform going, a national education forum — including representatives of business, education, labour, employers, professional and civic associations — should be formed.

Such a forum would give birth to a multiparty national education and development council, which would pinpoint skills required for future economic growth.

The institute proposes that subsidisation of educational institutions be replaced by a

# Train security tightened

*Soweto 23/11/92 (269)*  
■ ANC voices cautious approval of new police measures to stop violence:

THE ANC has offered cautious approval of new police measures to curb violence on commuter trains

Security on commuter trains was tightened early on Friday when about 500 additional policemen were deployed on Reef railway stations

An ANC statement said "While we welcome any steps by both the SA Rail and Commuter Corporation and Police to curb train violence, in the context of the Train Agreement signed on May 14

1992, the measures announced today are still a subject of discussions with community organisations

"In this regard, the ANC PWV Region and its allies are in the process of studying the proposals in preparation for a meeting with the SARCC and police on November 27

Soweto police spokesman Colonel Tienie Halgryn on Friday outlined the main points of the new strategy as follows

- The redeployment of policemen,
  - Increased police visibility on trains and platforms,
  - Bodysearches of commuters entering or leaving railway stations and trains,
  - Trains to be stopped and searched at random, and,
  - The installation of video cameras at stations to monitor troublemakers
- Halgryn said the strategy would continue even after the festive season

# New plan to derail train violence

THE SA Rail Commuter Corporation (SARCC) yesterday unveiled two experimental railway coaches designed to eliminate violence on commuter trains

The ANC, Cosatu and police gave their backing to the initiative

Recently released Magoo's Bar bomber Robert McBride, an ANC adviser on train violence, attended the launch and endorsed the new coaches *B/DOM*

The first train using the new coaches, which are equipped with a vandal-proof concealed camera system and unbreakable polycarbonate windows, would enter service in December, SARCC MD Wynand Burger said. *24/11/92*

He said the new coaches conformed with recommendations of the Goldstone commission on train security.

The SARCC would spend R100m on upgrading trains on the Soweto line, with each "train set" of 14 coaches costing about R2,5m to upgrade. A 4 000-strong rail

(269)  
RAY HARTLEY *(12/16)*

guard unit would also be phased in over two years from January

So far, 103 of the 158 stations in the southern Transvaal had been fenced to improve access control at stations; the remainder would be secured by March

ANC spokesman Ronnie Mamoepa said the new coach designs represented a welcome move towards implementing agreements reached with the SARCC and police.

The windows and doors of the new coaches have been designed to reduce the possibility of passengers being thrown off trains. Interleaving doors have been installed to enable commuters to flee coaches where violence flares

The video surveillance systems allow security officers on board to monitor all coaches, and alarm buttons to alert guards have been installed.

● Picture. Page 2

# Train fare evaders caught in spot blitz

Staff Reporter

ABOUT 70 commuters were arrested and 500 more forced to buy tickets at Lakeside station yesterday after Spoornet's jump team, police and a private security firm stopped 11 trains in a late afternoon ticket blitz

The Lakeside station's ticket office could not cope with the flood of fare evaders forced to buy tickets or pay spot fines of R5, and a Spoornet minibus was used as a makeshift office.

Several men who tried to flee across a field near the station entrance were caught and forced to buy tickets.

The 2½-hour blitz netted more than R2 000 in ticket fees, Spoornet spokeswoman Mrs Yvette Olwage said

She said the action was a crackdown on non-paying passengers, as well as an education campaign to discourage commuters from catching free rides on trains.

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# 30 hurt in raid on station

THE assault on commuters at Soweto's Mlamlankunzi station yesterday bore all the marks of a carefully strategised and well-organised attack, said Soweto police spokesman Col Tienie Halgryn.

At least 30 people were injured — six of them critically — when 12 men armed with machine guns and pangas attacked commuters as they disembarked from a train, he said. The attackers fled in a minibus.

Halgryn said that since police began random searches of commuter trains this week, attacks had shifted from train coaches to small, poorly guarded stations where security forces were not present.

Inkatha and ANC statements after the attack quoted witnesses as saying guards from a private security firm hired to protect SA Rail Commuter Corporation (SARCC) property also fired shots at com-

muters.

Most of those injured in the attack were Inkatha supporters, ANC spokesman Ronnie Mamoepa said. "Witnesses told us that as they were fleeing from the coaches, security guards fired on them," he said. "It is not material whether they were ANC or Inkatha members. The police and the SARCC have got to stop this."

Inkatha said the violence was being caused by the disarming of its members. "It is a fact that each time our members carry anything to defend the commuters, the police disarm them. It is a fact that the SARCC has forbidden the carrying of so-called dangerous weapons in their trains."

Halgryn said about 200 000 commuters

□ To Page 2

## Attack

had been searched during random searches of 30 Soweto trains this week, leading to a decline in incidents on board trains.

The only weapons found had been about 10 "sharpened instruments" abandoned on coach floors.

He said that by yesterday afternoon, a 500-strong force had deployed around vulnerable stations not yet sealed off with new access control systems.

Sapa reports that a passenger, 32-year-

old Johannes Madlala, told reporters he had escaped injury during the attack but he had witnessed several of his fellow commuters being attacked.

"When the train doors did not want to open the attackers on the platform fired shots through the open windows," he said. "We could not get out and all fell down on the floor to escape injury."

By the time the train started moving the platform was strewn with victims, Madlala said.

From Page 1

# Gunmen injure 38 in station attack

(269)  
By Charmeela Bhagawat  
and Abdul Milani

At least 38 people were injured — six seriously — when gunmen opened fire on commuters at the Mlamlankunzi Railway Station in Soweto early yesterday morning. 26/11/92

The dawn attack, which resulted in a number of conflicting reports from police and political organisations, came in the midst of a concerted police campaign to increase security on Reef trains.

Police earlier reported that one person was killed in the attack but the death could not be confirmed. Later in the day, the ANC said one person was alleged to have died in the attack and the IFP claimed that three people were killed.

The ANC and IFP said a number of commuters claimed three Springbok Patrol security guards, wearing blue uniforms, attacked them as they were trying to flee the scene.

Springbok Patrol managing

STAR 26/11/92.  
director Mick Bartmann confirmed that three of their guards were at the station, but denied they were involved in the attack.

The ANC and IFP also criticised the SAP and South African Railway Commuter Corporation (SARCC) for insufficient security measures, saying a number of people who were armed with various weapons were seen on the platform just before the attack.

A Baragwanath Hospital spokesman said the critically wounded victims had to undergo surgery.

While police said soon after the 5.30 am attack that gunmen had opened fire from a minibus parked outside the station, a number of victims told The Star that men on the platform, pretending to be passengers, shot at them and assaulted them with knives and stones.

One of the victims, Ruphus Gwebu (21) — who was on the train when the shooting started — said he saw a group of people standing on the platform waiting to board the train

"Suddenly I heard gunshots

and I ducked under the seat. I stayed there for almost half a minute but I was shot in the leg," said Gwebu.

SAP spokesman Major Herman Oosthuysen last night confirmed the victims' version of events. He said the attackers were waiting on the platform and shot at commuters when the train stopped.

He said the attackers seemed to have fled in a minibus that was parked outside the station.

The Mlamlankunzi Station attack occurred while about 100 SADF and SAP members searched trains at the Kattlehong Station on the East Rand. No arrests were made.

United Nations (UN), European Community, and National Peace Secretariat (NPS) observers were at the station monitoring police activity.

Police said last week the campaign would continue for at least another month or until train violence was curbed.

According to the Human Rights Commission (HRC), 257 people have been killed in train violence between January and October this year.

# '1 000 jobs go' as 087 lines axed

Own Correspondent

DURBAN — Nearly 1 000 people have been retrenched and another 500 positions hang in the balance because of Telkom's decision to stop 087 premium lines, the Premium Rate Association of South Africa (Prasa) said yesterday.

Prasa vice-chairman Mr Robert Russell estimated that about 60% of people directly or indirectly em-

ployed by premium line companies had lost their jobs already

Another 500 jobs were threatened if the industry — which had invested between R50 million and R100m — was unable to continue in another form when Telkom pulled the plug on all 087 lines on December 31.

However, he said companies were nervous about entering into new business contracts for fear that Telkom

would again "pull the rug from under our feet"

He said Telkom had been "off-handed" or unwilling to provide any undertakings about toll-free lines for business-to-business communication.

● Telkom managing director Mr Danie du Toit said customers would be refunded if they had paid R20 to bar 087 numbers. He also said service providers were aware that the 087 service was "a trial phase"

(269) ct 27/11/92

# Railways chief condemns attack

RAY HARTLEY

AN URGENT investigation into Wednesday's machine-gunning of 36 commuters at Soweto's Mlamlankunzi station has been ordered by SA Rail Commuter Corporation (SARCC) MD Wynand Burger.

Police said 12 attackers fired on commuters as they disembarked at the station. Most of those wounded were Inkatha supporters, according to eyewitness accounts.

Burger said yesterday that there appeared to be a link between the timing of advances in train security and attacks on passengers.

The latest attack came as the ANC and Inkatha agreed to meet in an effort to defuse violence and days after the SARCC unveiled new high security train coaches, he said.

"I am deeply concerned at Wednesday's attack and horrified at the brutality of the cowardly thugs who continue to prey on innocent commuters," he said.

Meanwhile, Springbok Patrols MD Mick Bartmann yesterday denied guards from

his company fired on commuters during the attack

He said three guards positioned at the station in terms of a contract with the SARCC had fired warning shots into the air, dispersing the attackers.

One of the guards — who were armed with shotguns loaded with birdshot — then fired in the direction of one of the fleeing attackers, he said.

"The train had been inspected and no traces of birdshot had been found, confirming that the guards had not fired at commuters, he said.

Burger said more than R100m had been spent on new security measures in the Transvaal in the past eight months.

"We are going to continue full speed with both our anti-violence measures, as agreed with the Train Accord Group, and with implementation of recommendations that may come from the Goldstone commission," he said.

## Sanco, SA Perm edge closer to agreement

WILSON ZWANE

THE SA National Civics Organisation (Sanco) and the SA Perm are edging closer to signing an agreement which will significantly change the building society's operations in townships.

Sources say a key feature of the agreement will be a banking code of conduct which will regulate the financial institution's lending policies to township residents.

The agreement is expected

to be signed soon, probably within weeks.

Neither Sanco president Moses Mayekiso nor Perm GM for development Denis Creighton would comment.

But the Perm has, up to now, been the only financial institution which has agreed in principle to Sanco's proposal for a banking code of conduct.

According to Sanco's documents, it is envisaged

that the code of conduct will improve the relationship between financial institutions and township residents.

The documents say the relationship has been soured by the banks' role "in pursuing investment policies which maintain the current government".

There is also a perception that banks are reluctant to lend money to township residents.

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# Station search, but the killers steam in

WMA 27/11-3/12/92 269

*The security forces face immense problems in trying to stem train violence — including just who is behind it.*

By **GAVIN EVANS**

spokesman, Ronnie Mamoepa, one person was killed, while Inkatha Freedom Party representative Themba Khoza put the figure at three. The police said no one was killed.

The two strange aspects of this attack were the victims included ANC and IFP supporters and, according to witnesses in both camps, the attackers were assisted by members of the controversial security firm, Springbok Patrols, who allegedly fired shots at commuters while they were fleeing.

Earlier this year *The Weekly Mail* revealed that Springbok Patrols, which has a contract with Spoornet to guard stations in the Transvaal and Natal, provided training to about 100 Inkatha-supporting youths at a camp in Ulundi last January.

However, following Wednesday's attack, Khoza called for the company's guards to be withdrawn from the station until an investigation into the massacre had been completed.

According to Mamoepa, two other attacks occurred on the same day, one at Croesus station and another — again at Mlamlankunzi station — took place when "a group of people carrying dangerous weapons attacked commuters on the train from Vereeniging".

What is clear is the problems the police face in combatting these kind of attacks are immense

THE irony could hardly be sicker: the police and army invite the press to watch a train violence crackdown at Kattlehong station when, a few kilometres away, a massacre is taking place at Soweto's Mlamlankunzi station.

The first event, which started at 4.30am on Wednesday, involved nearly 400 policemen and soldiers who emptied carriages and searched passengers. A little later a train arrived carrying Zulu-speaking commuters from Kwesim hostel, who were chanting and stamping their feet. The security forces tripped their search party and arrested a man carrying a revolver.

The second event started about an hour later when seven gunmen opened fire on Johannesburg-bound commuters as their train pulled up at Mlamlankunzi station. Thirty-eight people were injured.

According to the African National Congress



While police were confiscating a firearm at Kattlehong station, 38 people were massacred at Mlamlankunzi station. Photo: KEVIN CARTER

"There are 158 stations in the PWV region alone, and that excludes Soweto. In one working day there are 1.4-million commuters in the PWV region, there are over 118 trains, plus 640 more over peak hours. If we were to handle this properly we would need 7 000 more policemen. Even then we couldn't stop every train and search every commuter — and if we did we would massively disrupt business," said Witwatersrand police spokesman Captain Eugene Opperman.



Train massacre accused Alfred Dlamini

He added several other problems the police have yet to deal with, including public reluctance to report train violence.

"Yet what I can say is that the measures we have used, which include searches of trains, place policemen in railway stations and working with Spoornet to improve their security, have helped reduce the number of attacks."

He said that 231 people had died on trains or on Spoornet property in the PWV area this year, though not all of these cases involved organised train violence. According to the Human Rights Commission, in the first 10 months of 1992 there were 269 train attacks involving 257 deaths and 489 injuries. The commission's provisional figures indicate that since the beginning of November there have been 23 attacks in which 20 people have been killed and 53 injured.

Opperman said that by November 5 the year's arrest tally was 121, with one conviction (a man was sentenced to five years imprisonment for attempted murder) and five cases pending.

One of these cases involves Inkatha member Albert Dlamini, who faces seven counts of murder, and will appear in the Johannesburg Supreme Court on February 15 next year.

Dlamini, 33, was arrested by commuters in October 1991 during an attack on the Kattlehong-Wadeville line. He first appeared in the Germiston Regional Court in January this year.

Asked why it was taking 16 months for Dlamini to face trial, a spokesman for the Attorney General's office said, "I can't answer that at this stage."

# We keep the Cape's wheels turning

South 28/11 - 2/12/92

269

**G**OLDEN Arrow Bus Services as it exists now came into being on April 1, 1992, when the management of what was City Tramways acquired control of all the scheduled bus services in greater Cape Town.

Golden Arrow serves the entire metropolitan Cape Peninsula and Cape Flats area, encompassing the cities of Cape Town and Bellville as well as 14 other municipalities and local authorities. This includes areas such as Mitchells Plain, Blue Downs, Atlantis, Langa, Guguletu, Nyanga, Crossroads and Khayelitsha. Services for all these areas, which cover approximately 1 350 square kilometres, are provided from depots at Arrowgate, Tollgate, Atlantis, Philippi and Simonstown.

A total of 700 diesel buses serves approximately 900 routes. The bus fleet travels approximately 39 million kilometres a year, conveying some 61 million passengers a year, or approximately 200 000 each working day. The buses undertake nearly 8 000 trips each weekday.

Golden Arrow employs about 2 000 people of all races with a wide spectrum of skills. More than half of them are involved in running the bus services, as drivers, inspectors, regulators and despatch officials. The rest are mechanics, electricians, body builders, fitters and turners, welders, signwriters, painters and finishers, apprentices, administrative and clerical workers, storemen, cleaners and security officials.

**T**he efficiency of the bus service is improved through the use of sophisticated radio communication systems manned 24 hours a day and controlled from the operating tower at the Arrowgate depot.

Golden Arrow is fully committed to the computerisation of all its systems. Administrative procedures, wages and salaries, personnel and accounting procedures have been computerised for many years. The company has an on-line bus management system connected to all depots, as well as the Golden Acre terminus.

A full database of bus scheduling information is maintained to make timetables, bus control sheets, driver rosters and terminus duty sheets instantly available. Waybills are automatically computer produced.

Periodic statistical analyses are



A double-decker bus in the new Golden Arrow livery.



The operating tower at the company's Arrowgate depot is manned 24 hours a day.

produced of kilometres travelled, peak bus requirements and route statistics. Ticket office procedures are also computerised.

The engineering department has fully computerised its spares inventory system and on-line access is

available to all workshops. The spares stockholding amounts to about five million rand. The system is directly linked to the workshop job costing system, providing for the invoicing of jobs done. The bus maintenance recording system is also computerised, providing a history of work done on buses and a forecast of which buses require servicing and which units require replacement.

To keep costs to a minimum, a central buying division, MultiSuppliers, handles the buying of all spare parts, tyres, lubricants and fuel. A heavy engineering workshop, MultiMech, is another divi-

sion of the company and handles major overhaul and mechanical work, body building and the like. It also undertakes outside work for other companies.

The bus fleet consists of 215 double and 485 single-decker buses. Most of these are GUY Mark II "B", GUY Big "J", Leyland Victory and Leyland Mark I buses. There are 23 midi-buses in the fleet.

Salaries and wages paid for the year ended 1991 amounted to R60 million, while the cost of fuel amounted to R25,7 million.

Cape Town has been fortunate for a long time in that the metropolitan bus services have

always been provided by a private company. The local authorities have, until now, not had to shoulder responsibility for public transport.

However, while the present management of Golden Arrow believes implicitly in the importance of the bus in fulfilling the public transport needs of the community, the general decline in the bus business meant that the company has had to look very carefully at its operations.

To continue operating profitably, it was essential for the company to examine all its services and to curtail those which did not provide sufficient revenue.

The vast majority of the population in the Western Cape consists of poor people in the African townships and Cape Flats areas. They need affordable, safe and reliable public transport to enable them to travel to work, hospitals and places where work can be found.

This is where Golden Arrow believes that the greatest need exists and where the company can provide the best service. For this reason, Golden Arrow has moved away from being a metropolitan bus service to becoming a "people's bus service".

**W**hile Golden Arrow has a clear idea of how it can best serve the community, the fact remains that it will be very difficult to provide an efficient bus service in an increasingly urbanised environment unless the authorities realise the pressing need for traffic systems management (TSM) measures to allow buses to move through congested traffic more easily.

To this end, the company submitted proposals to Metropolitan Transport Advisory Board (MTAB) in 1989 — proposals which include inexpensive short- to medium-term measures as well as longer-term measures such as O-bahns and light rail services.

Government has made it clear that funding for the planning and provision of roads has been extensively curtailed and very few new roads will be built to accommodate the increasing urban population.

Road congestion has already reached nightmarish proportions and unless steps are taken now to promote the use of public transport, our roads will soon become gridlocked.

Traffic systems management measures would encourage people to make better use of public transport, while at the same time allowing public transport vehicles to be run more effectively because lower traffic densities would allow faster running times. An added benefit would be a decrease in pollution caused by petrol-driven engines.

The company believes that an efficient and effective public transport system for greater Cape Town is both essential and achievable.



The radio communication system improves efficiency

## Did you know?

Golden Arrow buses operate every weekday from Atlantis (123 trips over 4 628km to seven destinations), Bellville (413 trips over 11 977km to 16 destinations), Cape Flats (522 trips over 7 292km to 15 destinations), City Bowl (224 trips over 687km to eight destinations), City Freeway Services (74 trips over 4 360km to 11 destinations), City — Atlantic Coast (2 412 trips over 2 540km to five destinations), Diep River Flats areas (222 trips over

2 942km to nine destinations), Elsies River Flats (175 trips over 2 565km to 12 destinations), Khayelitsha (578 trips over 15 201km to 13 destinations), Langa/Nyanga/Guguletu (858 trips over 12 441km to 11 destinations), Mitchells Plain (1 309 trips over 24 740km to 15 destinations), Killarney (268 trips over 5 065km to 23 destinations) and Simonstown (171 trips over 2 354km to seven destinations)

By ZILLA EFRAT

# Egypt to use SA as airline base

(269)  
[Time (BUS)]  
29/11/92

EGYPTAIR has selected South Africa as the base for its African operations. Its Johannesburg arm will coordinate its other offices and the opening of routes to Lusaka and Harare.

The airline starts flying to Johannesburg on Saturday. It is believed that Egyptian Tourism Minister Fouad Sultan will be on the inaugural flight.

EgyptAir vice-president Mahmoud Osman will be based in SA for the next six years. He will oversee weekly flights between SA and Egypt, which still has official trade sanctions against this country.

People-to-people sanctions have been lifted.

He will also be responsible for improving the government-owned airline's links with its 14 other African destinations.

He says almost all the seats on Johannesburg-Cairo flights have been sold for the next three months.

If demand keeps up, EgyptAir will consider intro-

ducing a second scheduled flight in April 1993.

It is envisaged that within two years, EgyptAir and SA Airways will together offer daily flights between SA and Cairo.

Mr Osman says 70% of the route's passengers are expected to be tourists. Of them, 30% to 40% will be incentive travel passengers who view Egypt as an exotic destination.

A return flight will cost R2 500 in peak season and R2 000 in low season. Discounts and packages are expected to be introduced soon.

Mr Osman says EgyptAir can guarantee South Africans visas on arrival in Cairo. Passengers can fly to 64 other destinations from Egypt.



INVE

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By ZILLA EFRAT

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# PETRONET'S PIPELINE TO PRINT MONEY

TRANSPORT giant Transnet is going through rough times. It posted a R90-million loss this year but needs an annual profit of R1,8-billion just to finance its pension fund deficit.

An easy way to do this is to use its monopoly position to base its fares on the cost to the consumer of using alternative transport.

So flying to Europe starts at R2 000, but the cheapest alternative — sailing — is five

times more pricey at R10 600. This would bring the boodle rolling in.

The suggestion may appear absurd, even outlandish, but Transnet bases one of its key tariffs, that of its pipeline division, Petronet, on this

principle

These tariffs are set closer to the cost of moving fuel by rail than by pipeline. Pumping is relatively cheap compared with trucking.

The difference has been estimated to raise the cost to

the PWV fuel user from about 3c/l to 9c/l.

This boosts Petronet's profitability by several hundred million rand a year. Transnet has just published its annual results, but Petronet's profits — reportedly R400-million — are not available.

One Transnet source says they have the figures but are not allowed by "The Direction" to supply them, another says divisional breakdowns will only be available when

this year's figures are published.

These figures were last tabled in Parliament for 1989/90, showing a profit of R325-million from revenue of R421-million.

Some 50% of SA's fuel is consumed in the economic heartland, the PWV. Fuel users on the Reef — stakeholders in state-owned Transnet — are paying several hundred million more for their fuel than they could be

The losers are all parties who use fuel in areas served by Petronet.

Competition Board chairman Pierre Brooks says he has not considered whether Petronet's pricing could amount to a restrictive or monopolistic practice. He says that as SA moves to a more competitive footing it is important that the state first get its own house in order. "There are a number of cases where we find re-

strictive business practices in state monopolies."

There should be no alarm at the possibility of Transnet using seafares to set airfares. It would not be allowed to get away with it.

Why it has been allowed to run its pipeline division this way is no more beguiling a mystery as why the economy has shown declining growth rates during the past three decades.

# Spoornet knocks pulp and paper division into shape

By Sven Lünsche

269

~~148~~

~~148~~

~~148~~

Spoornet's pulp and paper division is pulling out all the stops to reduce the costs of pulp products to the consumer and boost the export revenues of the timber industry.

The pulp and paper division, which has a turnover of about R260 million a year, is responsible for the transport of forestry products (paper and pulp) along with mining timber.

Pulp wood exceeding 2,5 million tons is transported every year, accounting for over 50 percent of the division's volumes and 40 percent of pulp transported in SA.

Karel Hancke, general manager, pulp and paper, says it is in this area that the division has introduced drastic savings over the past two-and-a-half years.

"Transport costs account for up

to 40 percent of the cost of paper and from our side we have effected tremendous cost savings in the past two years."

The key to lower costs has been the more effective use of its 7 000-strong freight truck fleet.

The bulk of the fleet is now attached to seven block trains used by most pulp companies to transport volumes in a more cost-efficient way.

For example, the turnover time per truck has improved from 11 days in 1989 to only 3,5 days last year, while the number of trucks per train has risen from 39 to 50.

Other trucks have been remodelled to suit specific needs and the division has hired about 270 surplus trucks to Tanzania and Zimbabwe.

The cost-cutting exercise has also allowed SA pulp exporters to realise larger margins.

## States protest against SAAF intrusions

FOUR neighbouring states had protested to government about a series of unexplained penetrations of their air space by SA Air Force planes, diplomatic sources said yesterday. *BIDAM 30/11/92*

Namibia, Botswana, Zimbabwe and Angola have complained to Pretoria recently about overflights which took place without requests for permission or any other notification, Sapa-Reuter reports.

KATHRYN STRACHAN reports that an SADF spokesman said yesterday the findings of a government investigation into the complaints could be made public today. Foreign Affairs spokesman Jaques Malan confirmed that the SAAF and Civil Avi-

ation Department had conducted an investigation into the complaints. *(269)*

Although Angolan authorities made their complaint a month ago, Malan said the charges had been difficult to investigate as they had not been detailed. The inquiry had been helped by more detailed reports from the other countries.

Sapa reports a diplomatic source said there was much speculation on the purpose of the flights. Zimbabwe said there were more than 20 intrusions by military fighter planes in the first nine days of October, and Namibian and Botswanan complaints referred to high overflights by large aircraft in the first 15 days of October.

# Telephone complaints line opens

CT 2/12/92  
257  
A MEDIATING service for Telkom subscribers faced with large bills and frustrated at having exhausted all Telkom channels, came into effect yesterday.

Posts and Telecommunications Minister Dr Piet Welgemoed last month announced the appointment of the investigations team in the office of postmaster-general Mr. R Raath.

The move followed a spate of complaints from telephone subscribers countrywide claiming their bills had increased by up to tenfold after Telkom took over the telephone service from the post office on October 1 last year.

● Telephone subscribers would be able to block access to overseas premium rate telephone numbers identified by a prefix similar to that of local 087 premium rate numbers, Telkom said in a statement on Monday

Piet Retief, established in terms of section 3 (a) of the said Act, invites applications from every person who claims to have acquired a right, by hereditary succession or otherwise, to be registered as an owner of the Remainder of the farm Evergreen 425, situated in the Registration Division IT, Transvaal, and in extent 945,8057 hectares

Applications should be submitted by way of a sworn statement [in terms of section 7 (1) (b) of the aforesaid Act] within two months of the date of the first publication of this notice in the *Gazette* to the Evergreen Land Division Committee's Office at 11A Du Toit Street, Piet Retief, or sent to Mr A. S. Botha, P.O. Box 136, Piet Retief, 2380.

**J. J. B. TEMPELHOFF,**  
Chairman Evergreen Land Division Committee.  
(18 December 1992)

Piet Retief, ingestel kragtens artikel 3 (a) van voormelde Wet, aansoek inwag van elke persoon wat daarop aanspraak maak dat hy/sy deur erfopvolging of andersins 'n reg verkry het om as eienaar van die Restant van die plaas Evergreen 425, gelee in die Registrasieafdeling IT, Transvaal, en groot 945,8057 hektaar, geregistreer te word.

Aansoeke moet binne twee maande vanaf die datum van die eerste publikasie van hierdie kennisgewing in die *Staatskoerant* by wyse van 'n beëdigde verklaring [ingevolge artikel 7 (1) (b) van voormelde Wet] ingedien word by die Evergreengrondverdelingskomitee se kantoor te Du Toitstraat 11A, Piet Retief, of gestuur word aan mnr. A. S. Botha, Posbus 136, Piet Retief, 2380.

**J. J. B. TEMPELHOFF,**  
Voorsitter. Evergreengrondverdelingskomitee.  
(18 Desember 1992)

**NOTICE 1140 OF 1992**

**DEPARTMENT OF MANPOWER**

**LABOUR RELATIONS ACT, 1956**

**CANCELLATION OF REGISTRATION OF AN EMPLOYERS' ORGANIZATION**

I, Gerhardus Coenraad Papenfus, Assistant Industrial Registrar, hereby notify, in terms of section 14 (2) of the Labour Relations Act, 1956, that I have cancelled the registration of the South African Brick Industry Employers' Association with effect from 7 December 1992.

**G. C. PAPENFUS,**  
Assistant Industrial Registrar  
(18 December 1991)

**KENNISGEWING 1140 VAN 1992**

**DEPARTEMENT VAN MANNEKRAG**

**WET OP ARBEIDSVERHOUDINGE, 1956**

**INTREKKING VAN REGISTRASIE VAN 'N WERKGEWERSORGANISASIE**

Ek, Gerhardus Coenraad Papenfus, Assistent-nywerheidsregistrator, maak hiermee kragtens artikel 14 (2) van die Wet op Arbeidsverhoudinge, 1956, bekend dat ek die registrasie van die South African Brick Industry Employers' Association met ingang van 7 Desember 1992 ingetrek het.

**G. C. PAPENFUS,**  
Assistent-nywerheidsregistrator.  
(18 Desember 1991)

**NOTICE 1141 OF 1992 • KENNISGEWING 1141 VAN 1992**  
**DEPARTMENT OF POSTS AND TELECOMMUNICATIONS**  
**DEPARTEMENT VAN POS- EN TELEKOMMUNIKASIEWESE**

**STATEMENT OF REVENUE AND EXPENDITURE: OCTOBER 1992**  
**STAAT VAN INKOMSTE EN UITGAWE: OKTOBER 1992**

267

	Estimate Begroting 1992/93	Month of October Maand van Oktober 1992	Total. April to October Totaal: April tot Oktober 1992	
	R	R	R	
<b>Private radio communications services:</b>			*	<b>Private radiokommunikasiedienste:</b>
Operating Expenditure	19 326 000	751 013	4 914 915	Bedryfsuitgawe.
Capital Expenditure	212 000	2 666	8 419	Kapitaaluitgawe.
Revenue ....	20 000 000	260 763	2 353 302	Inkomste.

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

\* Nóg inkomste nog besteding is gelykmatig oor die boekjaar versprei. Sekere groot bedryfsuitgawebetalinge geskied kwartaalliks, halfjaarliks of jaarliks, terwyl kapitaaluitgawebetalinge saamhang met die uitvoering van bepaalde kort- en langtermynprojekte

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

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

(18 December 1992)

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

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

(18 Desember 1992)

### NOTICE 1142 OF 1992

#### DEPARTMENT OF PUBLIC WORKS

#### AGRÉMENT SOUTH AFRICA

(Approval of new building products and systems)

Notice is hereby given that the Board of Agrément South Africa has, with effect from 24 November 1992, issued an Agrément Certificate, details of which appear in the Schedule hereto.

#### SCHEDULE

#### AGRÉMENT SOUTH AFRICA

Certificate No. 92/220

Name of product: Cordrain.

Manufactured by DPI Plastics (Pty) Ltd.

Description:

Cordrain is an unplasticised polyvinyl chloride (uPVC), flexible, corrugated drainage pipe. The pipe is available in 65 mm, 90 mm, 110 mm and 160 mm diameters and is manufactured by an extrusion process. Four or six apertures (slots) are introduced into the pipe wall around the perimeter to permit the entry of water. Cordrain is also available unslotted to act as a carrier pipe to remove water from the drained area to the point of disposal.

Cordrain is used for the control of sub-soil drainage in applications which include agriculture, road drainage, mining, sports fields, etc.

This Certificate contains detailed specifications and drawings, and copies are obtainable from the Manager, Agrément South Africa, P.O. Box 395, Pretoria, 0001, at R27,50 (including VAT)

(18 December 1992)

### KENNISGEWING 1142 VAN 1992

#### DEPARTEMENT VAN OPENBARE WERKE

#### AGRÉMENT SUID-AFRIKA

(Goedkeuring van nuwe bouprodukte en -stelsels)

Kennis word hierby gegee dat die Raad van Agrément Suid-Afrika met ingang van 24 November 1992 'n Agrément-sertifikaat uitgereik het waarvan die besonderhede in onderstaande Bylae verskyn.

#### BYLAE

#### AGRÉMENT SUID-AFRIKA

Sertifikaat No. 92/220

Naam van produk: Cordrain.

Vervaardig deur DPI plastics (Edms.) Bpk

Beskrywing:

Cordrain is 'n buigsame, geriffelde dreineringspyp van ongeplastiseerde polivinylchloried (uPVC) wat deur middel van 'n deurdrukproses vervaardig word. Pyp met 'n deursnee van 65 mm, 90 mm, 110 mm en 160 mm is beskikbaar. Vier of ses openinge (gleuwe) is in die pypwand aangebring om water te laat insypel. Cordrain sonder openinge is ook beskikbaar vir gebruik as wegvoerpyp om water van die gedreineerde terrein af na die wegdoenpunt te voer.

Cordrain word gebruik vir die beheer van ondergrondse dreinerings op sportterreine en in die landbou, padbou en mynbou.

Hierdie Sertifikaat bevat gedetailleerde spesifikasies en tekeninge, en eksemplare is verkrygbaar van die Bestuurder, Agrément Suid-Afrika, Posbus 395, Pretoria, 0001, teen R27,50 (BTW) ingesluit per eksemplaar.

(18 Desember 1992)

### NOTICE 1143 OF 1992

#### DEPARTMENT OF PUBLIC WORKS

#### AGRÉMENT SOUTH AFRICA

(Approval of new building products and systems)

Notice is hereby given that the Board of Agrément South Africa has, with effect from 24 November 1992, issued an Agrément Certificate, details of which appear in the Schedule hereto

### KENNISGEWING 1143 VAN 1992

#### DEPARTEMENT VAN OPENBARE WERKE

#### AGRÉMENT SUID-AFRIKA

(Goedkeuring van nuwe bouprodukte en -stelsels)

Kennis word hierby gegee dat die Raad van Agrément Suid-Afrika met ingang van 24 November 1992 'n Agrément-sertifikaat uitgereik het waarvan die besonderhede in onderstaande Bylae verskyn

TELECOMMUNICATIONS

(267)

**Hello, America**

FM 25/12/92

**Telkom's monopoly** on international calls will take a beating in the new year when several private companies switch on WorldPhone, the local subsidiary of US telecommunications company Viatel, has been operating for about four months

WorldPhone CE Jerome Swersky won't say how many subscribers he's signed up but he plans to boost the size of his staff early next year "Our volumes are picking up nicely and more corporates are coming in"

Other long-distance services due to start in the new year include US telephone giant MCI and New York-based International Discount Telecommunications (IDT) AT&T says it won't come in until the ANC calls for an end to sanctions

WorldPhone and IDT offer cut-rate international services by giving subscribers access to the US telephone network Subscribers to either company dial assigned numbers at switchboards in the US and then hang up

FM 25/12/92

(267)

The switchboard calls them back seconds later and gives them a US open line on which they can call anywhere in the world

Swersky doesn't believe that MCI or British Telecom, which is also expected to come in, will be serious competition for WorldPhone "They offer direct services that are expensive since they're normally charged at the maximum British Telecom or MCI rate and are equivalent to collect-call rates"

He argues that their entry into the market will make it easier for WorldPhone because people will get used to the idea of using calling cards

Telkom was expected to cause problems for the discount services but so far the threat has not materialised Says Swersky "I understand they're pleased that we're here since it acts as a spur to their own workforce and anything that boosts traffic is welcomed"

MCI spokesman Alan Garratt says the company's CallUSA service, aimed at US nationals living and travelling abroad — and which could be offered conditionally to SA nationals — should be available in SA within the next six months "That's how it is on our schedule but nothing ever works out quite as planned"

CallUSA, now available in 70 countries, is provided in concert with national telephone companies The spin-off for locals is that, as the services become more popular, the national carrier tends to lower its rates to stay competitive

Telkom has a long way to go, however, before it comes close to discounts available to customers in the US For instance, MCI subscribers, who pay an extra US\$3 a month for the Friends Around the World discount package, would pay 62c (about R1,86) for any one-minute call to a specified friend or family member in Japan In SA, Telkom charges R9,45 a minute to Japan

IDT was due to implement its long-distance service in October The company won't give any reasons for the delay but says the service will be established in the next few months, with a substantial marketing drive planned for next month IDT also promises lower rates than WorldPhone

"We will be more than competitive and we've found a way of offering much better rates," IDT's Brett Skolnik says. He adds that IDT has won permission for South Africans to pay their bills in rands "South Africans will have extremely easy access to the service — I don't foresee any obstacles now that all the difficulties have been ironed out"

Telkom does not see WorldPhone or IDT as "serious competition at this stage," says Telkom acting GM Loutje Erasmus He adds that he doubts whether these services can offer the big discounts they claim

Regarding MCI and British Telecom, he says "As far as we are aware, they have no intention of offering services in competition with us."

Whether Telkom's international rates will be affected by the competition next year is

uncertain Erasmus says Telkom's international charges are influenced by international settlement rates between telephone companies and fluctuations in the exchange rate The new rates will take effect on April 1 and Telkom isn't saying what's in store ■



# Mossel Bay redevelopment mooted

PARTS of Mossel Bay owned by Transnet have been identified for redevelopment as part of a drive by Propnet, property unit of Transnet, to exploit dormant tourist and commercial potential throughout SA.

A committee chaired by Portnet assistant chief engineer development Arrie Burggraaf recommends that about 20ha of Mossel Bay harbour and its surrounds be earmarked for "sensitive redevelopment"

Earlier reports by the committee outlined plans for the Victoria & Alfred Waterfront in Cape Town and the waterfronts of Port Elizabeth and East London.

The committee's report has been given the nod by Mossel Bay's civic and business

leaders.

"The vision behind the development recommendations is that Mossel Bay could become the gateway to one of SA's most priceless tourist resources, the Garden Route," said Propnet project manager Johan Malherbe. "Mossel Bay could become a tourist centre in its own right."

The Burggraaf report took into account the needs of the fishing industry and the Mossgas projects in its recommendations.

It also identified an area outside the main harbour where a small craft harbour could be developed.

24/12/92 (269)  
Business Day Reporter



# Telkom confirms fraud

PRETORIA — Telkom yesterday admitted one of its employees had been involved in a private racket — offering discounts on telephone accounts and pocketing the payments

The company was reacting to a Sunday Times report naming a Telkom official who had cashed R150 from a reporter in exchange for clearing his account.

The newspaper reported the official and colleagues had moved funds around from Telkom's suspense account and juggled the figures for years to get away with the scheme.

Telkom acting managing direc-

tor Mr Manie Ebersohn in a statement confirmed the employee involved had been suspended.

Thirteen clients were part of the scheme and will be informed at 8am today on measures taken concerning their telephone accounts

Another six clients would still have to prove they had paid their accounts legally, Mr Ebersohn added

He claimed Telkom's normal January account auditing would have exposed the racket

"Telkom wants to assure its clients that none of them, except those involved in the scheme to

illegally settle their telephone accounts, were affected by this type of fraud.

"Telkom places a high priority on the integrity of its workers and therefore will not tolerate the misuse of Telkom's system under any circumstances," he said.

The Sunday Times reported the suspended employee, who had worked for Telkom for almost 10 years, was facing charges of fraud and theft involving an estimated R7 495

It said the 13 subscribers who had paid him money still owed Telkom R16 567 — Sapa

(267) CT 28/12/92

# Similar 087 services mooted

JOHANNESBURG. — Services similar to that of 087 lines may be offered to the public in the near future. However, these services would be based on a different system.

Telkom's chief manager of product management, Mr Walter Price, said yesterday talks were being held with the operators of 087 lines — which Telkom discontinues tomorrow — about in-

troducing this different system.

The new system would enable operators to bill the telephone user directly, and not through Telkom, as was the case with the 087 lines.

Although Telkom's 087 service ends tomorrow, already many 087 operators have moved overseas from where they offer competitions and explicit sex advice lines to South Africans.

These lines are known as 09 lines and, according to Mr Price, the rates advertised for some of these services are lower than the international tariff.

He said Telkom would inform the Advertising Standards Authority of the discrepancy.

Telkom is investigating ways of blocking the more explicit and offensive sex lines, he said.

— Sapa

267 CT 30/12/92

From page 1

monies advanced under overdraft and other banking facilities and guarantees to TGH itself and to its various subsidiaries.

Absa was TGH's main banker and held various cross-guarantees between TGH and the various subsidiaries

On February 19 last year a notarial general bond was registered by the five subsidiaries as mortgagors in favour of Bankorp Limited as a covering bond for R81,3m and with additional cover for a further R16,2m.

In terms of an agreement entered into on March 26 and as amended later Bankorp transferred all its assets and liabilities to Absa Bank. Accordingly, all its rights and obligations in terms of the bond entered into with the five subsidiaries were acquired by Absa

In addition to other provisions, the bond entitled Absa under certain circumstances — and without notice or recourse to the law — to claim payment of all amounts owing to it and to take immediate possession of the assets bonded to protect the security given. From the official interim report of TGH for the six months ended June 30 this year it was clear that it and its subsidiaries' financial position had deteriorated and that the value of net assets had fallen by R47,7m, Mr Brits said.

As the interim report showed an operating loss of R7,8m for the same period there was no possibility of attaining the operating profit of R56m anticipated in a TGH presentation to Absa on May 6 this year.

TGH had estimated a profit before interest and tax of only R18,6m for the year ending December 31.

Mr Brits said TGH had made two sets of proposals on different dates to restructure its debt, both of which were rejected by Absa.

None of the subsidiaries had sufficient funds to discharge their liabilities and TGH's financial position was precarious, Mr Brits said.

"The liquidation of TGH in the circumstances appears to be imminent."

Mr Bertrand Hobermann SC, with Mr Gavin Woodland, instructed by Mr A Harris of Miller Gruss Katz and Traub, appeared for Absa Bak Limited. There was no appearance for the subsidiaries.



Run yesterday.  
in Judges.  
AN TAYLOR

# Tollgate in cash crisis

By RONNIE MORRIS  
Supreme Court Reporter

**ASSETS of five Tollgate Holdings subsidiary companies, which owe Absa Bank Limited R369 million, may be seized by a Supreme Court order as security for debt.**

Mr Justice F D J Brand granted the interim order yesterday and ordered that Absa Bank be authorised to take possession of all the property and moveable assets of Motortra (Pty) Ltd (formerly TGH Finance (Pty) Ltd), Entercor Ltd, Travelcor Cape (Pty) Ltd, Horizon Tours and Safaris (Pty) Ltd and Greyhound Coach Lines (Pty) Ltd.

They must show by December 15 why the order should not be made final.

The liquidation of Tollgate Holdings was imminent, the court was told.

AUDREY D'ANGELO reports that Tollgate Holdings chairman Mr Julian Askin said last night: "We certainly owe the banks money — but they have made no demands and we have serviced our debts. We have reduced our debt from R700m to R300m. We put together what we regarded as a sensible proposal but we received no reply from them. If they consider this is a sensible reaction, it doesn't make sense."

In papers, Mr Daniel Johannes Brits, of Absa Bank's Group Executive Risk Control said all five companies were indirect subsidiaries of Tollgate Holdings (TGH) as they were subsidiaries of other Tollgate subsidiaries.

He said TGH was a holding company and was listed on the Johannesburg Stock Exchange and the London Stock Exchange. Tollgate Holdings owed Absa bank R369m with potential further liabilities of R64m arising from

To page 2

Italian

you

(269)  
CT2/12/92



Dubai Prime Minister's Office director and protocol chief Humaid Bin Draai was greeted at Jan Smuts Airport by Kempton Park mayor Danie Labuschagne yesterday. Picture BRIAN HENDLER

## Gulf Air lands at Jan Smuts

STEPHANE BOTHMA

B/DAM 2/12/92  
GULF Air's inaugural flight from Abu Dhabi arrived in Johannesburg yesterday afternoon, marking the launch of a twice weekly direct service between SA and the United Arab Emirates.

All flights from Johannesburg to Abu Dhabi were fully booked until mid-January, Gulf Air confirmed yesterday

Special introductory fares were being offered with a return excursion from Johannesburg to either Abu Dhabi, Bahrain, Muscat or Dhahran at R2 235. (269)

Discounted fares were applicable until May 31, including R3 001 to Karachi via Abu Dhabi, R2 680 to Singapore, R2 988 to Hong Kong and R2 901 to Athens.

Departing from Abu Dhabi on Tuesdays and Fridays, flights arrive at Jan Smuts at 18h00 and depart at 22h00, arriving in the United Arab Emirates eight-and-a-half hours later

Boeing 767-300s are being used. The planes seat 212 passengers — 15 in first class, 18 in business class and 179 in economy class

Bahrain, Qatar, Oman and the United Arab Emirates own the airline, which serves 43 international destinations

# Khayelitsha rail plans

Municipal Reporter

**KHAYELITSHA** has grown so rapidly that its present population justifies two extensions of its railway line — to Bellville and to Khayelitsha's southern end.

This was said in a report from the City Planner's Department to the utilities and works committee yesterday. The report said the present population already exceeds what was predicted for the year 2000.

The same report disclosed that the SA Rail Commuter Corporation has undertaken to draw up a detailed design of a proposed new rail link be-

tween Khayelitsha and Bellville, via Blue Downs. It has also accepted the need for a rail extension from the middle to the end of Khayelitsha.

The first 10,5km phase of the provision of a railway line to the middle of Khayelitsha was completed in 1988 at a cost of R62 million.

● Hundreds of commuters were late for work yesterday morning when a southern suburbs-line train was cancelled.

Spoornet spokeswoman Mrs Yvette Olwage confirmed yesterday that the 8.50am train from Simon's Town to Cape Town was cancelled due to "a technical fault". (269) CT 2/12/92

# Blue chip shares fare better than most in bearish market

By Leigh Hassall

In better-than-expected showings more than two-thirds of the top 40 financial and industrial blue chips have out-performed the JSE's overall index in the current quarter so far

While the overall index has fallen almost two percent since the beginning of October, 28 of the top 40 financial and industrial shares have had relative share price gains

Of the top five performing shares two are in the electronics sector and two are, surprisingly, from the recession-hit engineering sector

Leader of the top five is the information technology group, Dimension Data, which rocketed nearly 34 percent or 190c to trade at 750c this week

Didata has shown strong and consistent earnings growth in the past few years and the market clearly expects a continuation of this trend. The share has been in strong demand as a result of its increasing popularity with institutional buyers

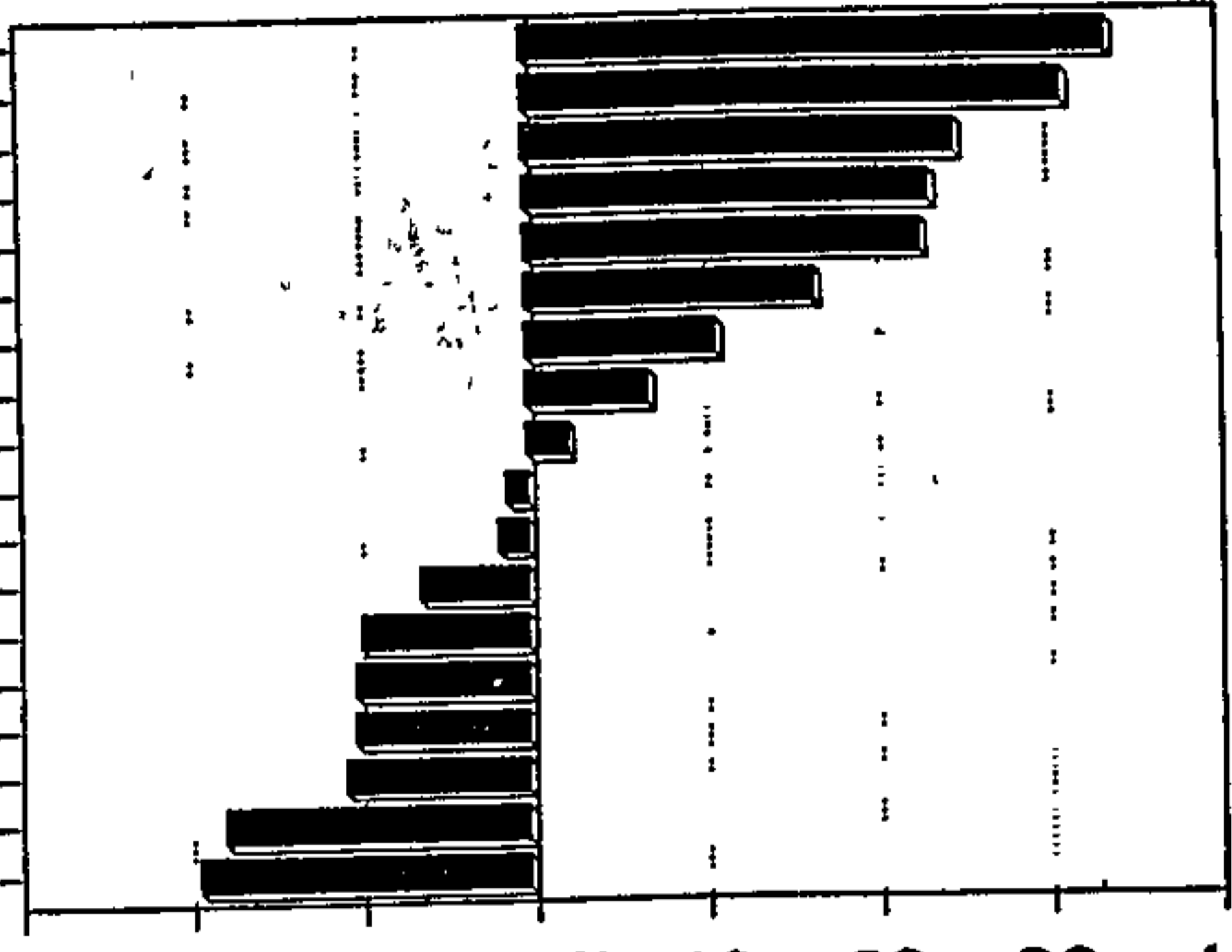
A stockbroker says the gains made by Didata in the past six weeks could also be due to persistent market speculation that it is to merge with fellow electronics group, Datakor

Leading day-care clinic group Presmed registered the second highest gain with a 31.25 percent or 75c rise to 315c. A 26 percent rise in interim attributable earnings was the probable cause for the increase

Third highest was engineering holding group EL Bateman, which showed a 25 percent or 175c rise to 875c

Good earnings growth with an increased dividend are the

- DIDATA
- PRESMED
- BATEMAN
- REUNERT
- FRALEX
- ALTRON
- LIBVEST
- EDGARS
- PICKNPAY
- ROYAL
- JSE-ALL
- RICHEMONT
- AMIC
- SAPPI
- TRANSUN
- M-NET
- WALTONS
- HLH



Movements of blue chip shares on the JSE since October 1.

likely basis of the improvement. Technically, the share is expected to rally in the short-term

The rise in earnings recently announced by electronics company Reunert pushed the counter into fourth place with a gain of 23.4 percent or 550c to R29. Annual earnings, boosted by acquisitions, rose 24 percent, with dividends rising by the same percentage

The last of the top five movers is holding group Fralex, which owns the controlling interest in fellow engineering group Fraser Alexander. The counter moved 23 percent or 100c to 535c.

A broker says Fralex's price gains are due to its recent investment in the business assets of West Rand Cons

The worst performing share

relative to the JSE's overall index was industrial group, Hunt Leuchars and Hepburn Holdings which dropped more than 19 percent or 250c to R10.50

A broker attributes the fall to the poor performance of the group's food division, in particular subsidiary Rainbow Chickens

Retailer and wholesaler Walton's showed a 17.6 percent or 60c loss to 280c, giving it the second worst position of the period. The market appears to be down-grading the group because of a potential hefty tax bill if the tax allowances on film investments are disallowed

The matter is being heard in the Income Tax Special court

and judgment is expected early next year

Third on the list was leisure share M-Net, which dropped nearly 11 percent or 60c to 500c. M-Net's large overseas investment, Filmnet, has yet to render positive returns and the market has discounted this fact

### Casino loss

Transun, which owns the Wild Coast Casino, lost 10 percent or 20c during the period

Forestry products group Sappi also lost 10 percent or 400c. A broker said the huge capex programme undertaken by the group was likely to stunt dividend growth. Also, market perception is that Sappi overpaid for its overseas acquisition made earlier this year

## Famine relief imports on target — Portnet

Portnet has handled 5.7 million tons of grain (of an estimated 10 million tons) thus far since the commencement of the famine relief programme in April

"This is an enormous volume if taken into account that it requires 30 to 40 ships loads, 700 trains, 30 000 road vehicles and 20 million bags for each million ton of grain handled" said a spokesman

So far the whole operation has run smoothly, apart from a small quantity of 300 tons of grain which was received in a wet condition from vessels at Port Elizabeth. "This consignment was declared unfit for consumption and has in the meantime been suitably disposed of"

"Taken into consideration the extent of logistical planning this

vast operation requires and also that it is one of the most intensive multilateral projects undertaken by transport and grain procurement organisations in the Southern Africa, the project can only be regarded as progressing exceptionally well.

"In fact, no recipient has thus far experienced a shortage of stock as a result of shortcomings in the supply chain from

South Africa

With 4.3 million tons to go, Portnet expects the programme to be completed in April 1993

The destination of the relief aid, with tonnages, are: South Africa 3 634 887, Swaziland 53 019, Lesotho 79 235, Botswana 97 848, Zimbabwe 1 316 553, Zambia 232 187, Malawi 210 012, Namibia 93 936, Angola 1 123 — Sapa

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(269)

# Trencor, Mobile in share split

Business Staff

(269) ARG 2/12/92

CAPE-BASED transport company Trencor and its pyramid Mobile are proposing a 10-for-one split of their ordinary shares and their six percent convertible debentures.

They are proposing to split each of their 5c shares into 10 shares of 0,5c. Trencor is proposing to split each of its six percent debentures of R91 into 10 of R9,10, and Mobile to split its six percent debentures of R22,50 into 10 debentures of R2,25 each.

The companies advise shareholders and holders of convertible debentures to exercise caution in dealings as the market price of the securities after the sub-divisions should adjust to about one-tenth of the price prior to the sub-divisions.

Trencor shares have risen by around 66 percent in the past 12 months from R103 to R172, while Mobile shares have risen 56 percent from R25,75 to R40,50.

■ AECI Explosives and Chemicals is to be restructured from January 1.

A stand-alone explosives company, AECI Explosives, has been created as an independent operating company within AECI.

The chemical interests of E & C will be taken over by Kynoch Fertiliser, also an AECI company.

AECI Explosives will then be focused entirely on the mining industry.

The new company will be headed by MD Vernon Liddiard, sales and marketing by Mike Lancaster and production by Rod Prior. Dave Bromley will be commercial director.

# Regional transport system key to expansion

269  
CT 2/12/92

By AUDREY D ANGELO  
Business Editor

THE whole Southern African region should be viewed as one market with an integrated transport system. Barry Leitch, deputy MD of Transnet, said at the first International Intermodal Africa conference at the Cape Sun yesterday.

He told delegates from the UK, Continental Europe, other African countries and the Gulf States that one helpful lesson from Africa's colonial past was transport systems which "didn't" fit each other.

The transport system already available could be a firm force for the economic development of the region.

Leitch and his colleagues were hopeful about the economic future of SA, the 10 SADC countries and the Shaba province of Zaire. He said the region's development is a free trade area and one of the biggest challenges was to recognise the potential of the subcontinent by reaching for the "meat".

There was no doubt that it could be a market-driven economy. And the politicians should decide that it is one large, not 29, economies, although it is a patchwork of small economies.

At least 52 African countries were currently undergoing political change and economic restructuring.

Many needed international aid. Those who could do better were able to call the tune and other countries were in a time on the test for human life, human rights and multiparty election.

In August members of the SADC had signed a new declaration of intent. It was clear that USA was not expected to join but to replace a donor country.

Leitch said transport capacity was underutilised throughout Southern Africa because of inefficiency. In other parts of the region SA had established its own port hubs.

SA had kept up with international standards and much larger volume of freight could be handled without significant capital investment.

At present only 10% of SA's foreign trade was with southern Africa. But it accounted for 35% of manufactured exports and the freight was 200m.

He expected that growth in containerised and parcel transport in the region, alliance of companies and joint venture across borders and a new creation of an freight for perishable cargo.



# Court order on Tollgate Holdings

269

CT 3/12/92

By RONNIE MORRIS  
Supreme Court Reporter

TOLLGATE Holdings Limited, the JSE and London stock exchange listed company which owes Absa Bank Ltd R305 million, was yesterday placed in provisional liquidation.

This came shortly after Mr Justice F D J Brand granted provisional liquidation orders in respect of four of its subsidiaries: Motorvia (Pty) Ltd; Greyhound Coach Lines (Pty) Ltd, Enterco Limited and Quicksilver Coach Lines (Pty) Ltd.

The JSE yesterday suspended Tollgate shares after the Supreme Court authorised Absa Bank to seize Tollgate's assets as security for its debt.

In papers, Mr Daniel Johannes Brits, Absa Bank's Group Executive Risk Control, said Tollgate owed Absa R305m

in overdraft and other facilities.

Tollgate was a listed holding company. Its assets comprised shareholdings in other companies and claims

other banks R70 million.

Tollgate had made various proposals to Absa to restructure its debt, none of which were acceptable.

Absa had calculated a

groups' overdrafts, totalling R94m, were payable on demand. In addition there was a further R174m due on specific dates, some of which were overdue.

Mr Brink said there were possible claims against Tollgate Holdings and the group of another R116m.

When TGH had to vacate its facilities in March it had carried on business without new facilities, an unsatisfactory basis.

TGH and its subsidiaries were unable to repay their "vast liabilities" to Absa Bank, Mr Brits said.

Other banks had already pressurised some of the Tollgate subsidiaries and it was unable to obtain the necessary credit from other financial institutions.

Absa's investigations

## DEBT HURDLES TOO GREAT TO OVERCOME

See PAGE 3

against those companies which are all subsidiaries or associates.

The subsidiaries functioned primarily in the motor vehicle distribution, touring and transport fields.

Absa was Tollgate's main banker although some subsidiaries owed

provisional re-analysis of TGH's financial position and found its liabilities exceeded its assets by R134m, he said.

TGH's main operative businesses were Motorvia, Springbok Atlas Safari and Jatou Holdings Limited in the UK.

All the Tollgate

To page 3

In applications brought earlier by Mr Julian Askin, Mr Justice Brand placed four TGH subsidiaries, Motorvia (Pty) Ltd, Greyhound Coach Lines (Pty) Ltd, Enterco Limited and Quicksilver Coach Lines (Pty) Ltd in provisional liquidation.

● In papers he said Motorvia assets totalled R104.5m while its liabilities amounted to R477m and Motorvia's claim against the group was valueless as it was unlikely that any concurrent dividend would be received.

● Greyhound Coach Lines assets amounted to R12.9m while its liabilities totalled R301m and it would be in the interest of creditors that it be wound up, Mr Askin said.

● Enterco's assets were valued at R32.3m while its liabilities amounted to R333.5m and its claims against the group of companies was valueless as it was unlikely that any concurrent dividend would be paid out.

● Quicksilver Coach Lines assets amounted to R12.5 million in cash investments while its liabilities amounted to R309m.

## Court order

also disclosed that total dividends for the past two financial years were in excess of the amounts which might legally have been distributed by the subsidiaries to Tollgate Holdings.

Had the dividends conformed to legal limits TGH would have had insufficient distributable reserves out of which to declare the dividends which it in fact paid to its shareholders, Mr Brits said.

In the circumstances TGH was unable to pay its debts, its liabilities exceeded its assets and it was commercially insolvent.

The application was urgent because TGH was a listed company and the provisional liquidation of the four subsidiaries which embraced the main businesses of TGH had added to the instability of the situation.

The appointment of a liquidator to take control of the group would prevent its assets from being "frittered away on a piecemeal basis" to the general detriment of the group's creditors, Mr Brits said.

# 'Business as usual' for Tollgate firms

(269)

ARC 3/12/92

## Business Staff

FOUR firms employing about 2 500 people said it was "business as usual" today despite the collapse of their holding company, Tollgate.

Joint liquidators are to be appointed to run the companies and a deal is expected to be struck with bankers to keep them going.

ABSA, which inherited the Tollgate accounts when it took over Bankorp, applied for liquidation as a last resort after unsuccessful attempts to keep the group afloat.

The banking giant should recover some of its money if Tollgate's remaining assets are sold. But with Tollgate's debt to ABSA, topping R305 million, the bank is thought to have already written off most of the liabilities.

The main operating companies left in the Tollgate empire are:

- Motorvia, the group financing division and operator of the Motorvia car ferry business.
- Enterco, whose main divisions are Springbok Atlas Safaris, Greyhound Citiliner, Showtime International, Six Street Studios and Moving Media.
- Greyhound Coach Lines and Quicksilver Coach Lines, which own and lease luxury coaches.

Motorvia director Mr Christo van Niekerk said that barring technicalities it was business as usual.

He expected to be notified about the future of the vehicle ferrying operations within hours.

Travelcor managing director Mr Paul Braun said the company's position was not yet clear but the offices were open for business.

An employee at Greyhound Citiliner confirmed that services were still running.

Motor Racing Enterprises (MER), which manages Kyalami racing track, is not affected by the provisional liquidation order against Tollgate Holdings.

MER was acquired from Tollgate via a management buyout by two directors, Mr Dave McGregor and Mr Mervyn Key. They have secured a long lease for the Kyalami circuit.

# War-weary Alexandra picks up the pieces

B/DAM 3/12/92

IN ALEXANDRA's streets where political rivals fought pitched battles nine months ago they now work side-by-side to clean up their township

And in a township where about 60% of the 360 000 residents are unemployed, volunteer cleaners are only too happy to do the back-breaking work for a mere R8 a day, Sapa reports

In March, Alexandra erupted into an orgy of violence which saw tens of people killed and hundreds left homeless when hostel dwellers loyal to the Inkatha Freedom Party clashed with township residents rallying under the banner of the ANC. Now, although there is still animosity among political groupings, peace is returning to Alexandra

"People on the ground are speaking to one another and finding a new common vision of the future," says township interim crisis committee chairman Brian Wegerle

The crisis committee, set up in April, functions as a local dispute resolution body under the national peace accord with representatives of the ANC, Inkatha, Democratic Party, National Party, churches, business and the SADF

Crisis committee member Dean Yates said Alexandra residents were suffering from "war-weariness" "People want

peace They do not want to kill anymore"

Wegerle believes eight months of intense work by the crisis committee is bearing fruit "The situation has improved tremendously," agrees L C Khoza, Inkatha's representative on the committee

A complete social reconstruction and new development plan for the township, which borders Johannesburg's plush northern suburbs, is envisaged Some R3,5m has been allocated for reconstruction in the "Beirut" area, scene of much of the fighting near Alexandra's migrant hostels where houses were broken to the ground

WILSON ZWANE reports the crisis committee yesterday announced its reconstruction strategy It has set itself the task of

- Reconciling polarised groups and creating a climate of tolerance and trust,
- Eliminating political, social and economic conditions which undermined peace,
- Fully communicating the principles of the national peace accord, and
- Forging a competent and commonly agreed socio-economic reconstruction and development processes which make the best use of all the available resources

The crisis committee has appointed four task groups to deal with development, communications, security and relief

## Police, ANC closer on trains strategy

B/DAM 3/12/92

LLOYD CUTTS

THE SA Police and the ANC had moved closer to agreement on measures to contain train violence, both parties said yesterday

A delegation of community organisations — the ANC's PWV region, the SACP PWV region and the SA Railway and Harbour Workers' Union — met the SA Rail Commuter Corporation and police yesterday to discuss new security force measures to curb violence on commuter trains

ANC spokesman Ronnie Mamoepa said the delegation welcomed police efforts which included searches at stations, random searches of trains and closed circuit television monitoring

SAP liaison officer Lt-Col Dave Bruce said police had expressed their difficulties in dealing with train violence

"We expressed our views regarding policing problems, the tripartite alliance stated its problems regarding policing, and we came to some understanding of each other's problems We've got a long way to go but we are all working towards the same objective."

Bruce said the major problems facing police were community participation and intimidation

Two Commonwealth observers attended the meeting, and delegates agreed to the involvement of observers from the Goldstone commission, the national peace accord and the UN at future meetings

Sapa reports that the Human Rights Commission (HRC) said in Johannesburg yesterday at least 14 security force members had died in political violence in the past week

This represented a "startling" escalation in attacks on the security forces, the human rights watchdog said in its weekly Repression Report

Overall, the HRC said, 74 people had died and 128 others had been injured in the violence for the week November 25 to October 1, a sharp escalation from the 45 deaths recorded the previous week

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# Tollgate 'sunk by previous debts'

(269) CT 3/12/92

By ARI JACOBSON

THE debts built up by the previous managers of Tollgate Holdings Group (TGH), previously the Duros group, proved too great a hurdle for chairman Mr Julian Askin to overcome.

Mr Askin made his mark in Europe in the 1980s with South African-born Mr Hugo Biermann with a group called Thomson T-Line which owned cash-rich Vernon soccer pools. In July 1990 he took over troubled

TGH and began to strip the group of its non-performing assets.

But, as a source close to the liquidated company said last night, the selling off of non-strategic assets in the troubled Tollgate group "left nothing in the end, but fresh air to support its debt".

The source, who asked not to be named, said had it not been for the prolonged recession and strikes at local motor plants, which affected distribution company Motorola, Mr As-

kin's grand plan could have worked.

"Askin is a great entrepreneur and he should be back to try again, the source said."

Mr Askin was unavailable for comment last night and was believed to be on a plane bound for London to attend a meeting.

Soon after Mr Askin took the reins at TGH, Gants foods was sold to Lan-geberg. The group had total assets of some

R500m based on the financial report for the year to December 1991.

But in 1992 alone the group sold Budget-Rent-A-Car, City Tramways Bus Company and Motor Racing Enterprises, which owned the rights to the Kyalami race-track.

The group's share price as reflected on the Johannesburg Stock Exchange fell from a high of R6,25 in September last year to its last trading price of 40c a share before being suspended yesterday.

# Rail violence: SAP urges public to help

By Montshlwa Moroke

STAR 3/14/92

The main obstacle in police investigations into train violence was the lack of co-operation from the public, Witwatersrand police liaison officer Lieutenant-Colonel Dave Bruce said yesterday.

He was speaking after a meeting in Johannesburg between police and community organisations to discuss measures introduced by the SAP, SADF and the SA Rail Commuter Corporation to curb violence on Reef trains. Among the organisations present were the ANC, SACP and Civic Association of Southern Transvaal.

Bruce said the police had explained their strategies to curb violence. These included the re-deployment of police as well as emergency train stoppages.

"We have a long way to go but we are working towards some objectives. We still have a problem in obtaining the assistance and support of the community in investigating crime. But we are working on this.

"People have an image problem with the police. The other problem is intimidation. People are scared to be seen co-operating with the police."

Delegates agreed to involve observers from the Goldstone Commission, the National Peace Accord and the United Nations at future meetings. Two Commonwealth observers attended yesterday's meeting.

Community leaders welcomed the measures and expressed the hope that these steps — including visible policing and the searching of trains and commuters — would be kept in place for as long as train violence continued.

The next meeting was scheduled for January 13.

● Railway worker  
shoots 3 — Page 8

# Tollgate subs surge on

Staff Reporter

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SUBSIDIARIES of Tollgate Holdings Limited, which has been provisionally liquidated, yesterday claimed to be operating normally. CT 4/12/92

On Wednesday the Supreme Court gave Absa Bank Ltd the right to seize Tollgate's assets after provisional liquidation orders were granted in respect of four of its subsidiaries: Motorvia (pty) Ltd, Greyhound Coach Lines (pty) Ltd, Entercor Limited and Quicksilver Coach Lines (pty) Ltd.

In papers before the court, Mr Julian Askin, a director of all four companies, said he had been told by Mr

Ricardo del'Erba, co-director of Springbok Atlas Safari, that some hotels were refusing to honour their obligation to accommodate coach passengers unless they settled bills in cash immediately.

However Mr del'Erba denied this yesterday saying, "We have the situation under control. Our creditors know that we have a good track record and are being very sympathetic. Not one passenger has been turned away in the past 48 hours."

Mr Keith Morton, chief executive for Greyhound Citiliner, said the coach service was operating normally.

SA Airways, Flitestar and Comair are fighting for market share. It is customary for airlines to offer discounts when demand is slack but they usually revert to charging full fares when demand accelerates, especially over the Easter and Christmas holiday periods. But all are still offering substantial discounts and competing with each other on a cent-by-cent basis. There is remarkable similarity in the fares and discounts offered by the full service airlines SAA and Flitestar and even Comair, whose fares are normally lowest, is offering discounts on certain flights.

It is generally accepted that domestic fares are too low by international standards. British Airways' economy fare from London to Barcelona, a distance of 1 100 km, is £157, or R706 at the current exchange rate. SAA's full economy fare from Johannesburg to Cape Town, a distance of more than

1 200 km, is R486, including VAT.

At the Conference on Civil Aviation Policy in SA this year, Flitestar MD Jan Blake accused SAA of predatory pricing — a ploy to keep prices low enough to force less substantial competitors to get out of the market. The Competition Board is investigating the allegation.

SAA is losing R1m a day (*Business and Technology* October 30) on domestic and international services. It still enjoys 70% of the domestic market and no longer needs parliamentary approval to increase domestic fares. But on international routes a fare war is raging with foreign airlines serving SA — another factor contributing to SAA's huge losses.

SAA will provide 64 992 seats between Johannesburg and Cape Town from December 4 to January 4 and 64 680 in the other direction. Spokesman Leon Els says if the books were to be closed now, 72% of those seats would have been sold but, "depending on the discount mix which differs month to month," 75% of the seats need to be filled to break even.

Before Transport Minister Piet Welgemoed deregulated SA's skies and enticed other airlines to compete with SAA, it had the monopoly and an average load factor of nearly 70%. Blake says. "If SAA gets 70% for the whole of December, it will be excellent because there is a flat period between Christmas and New Year when not many people travel."

Of the seats allocated to the Cape Town-Johannesburg route over the period, only 47% have been reserved for those paying full economy fares. Of the rest, 10% have been reserved for those paying tourist fares (R435 one way, including VAT), 17% for saver fares (R348), 8% for super-saver (R305), and 12% for economy slumber (R261).

The 6% reserved for Apex fares (R218), which have to be booked and paid for three months before take off, have all been taken. There are, of course, conditions attached to the sale of these seats. No reservation changes are permitted, except for Apex fares up to three months before departure, and they are sold subject to seats being available on certain flights. But Els says "All fare types are still available, except for Apex."

At R486, it is almost impossible to operate profitably on the route unless more than 80% of all the seats have been sold. So it is likely that no-one will make a profit. SAA's competitors would certainly not dare to charge more cost-related fares for fear of losing market share. ■

AIRLINES FM 4/12/92

## Going south

(269)

Though the three domestic airlines operating between Johannesburg and Cape Town have laid on extra flights over the Christmas season none is likely make a profit on them.

o drive disadvantaged children to the Simonstown Scratch Patch on Grassroots trips

# Young and old share in our bus adventures

Soult 5/12 - 9/12/92

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**G**OLDEN ARROW Bus Services believes in sharing its success with the communities it serves and therefore operates a number of social responsibility programmes

These programmes are aimed at the elderly and the young since these two sectors of the community are sometimes neglected

The best known of these is the Adventure Bus Programme, which provides excursions for children who do not normally have the opportunity to venture outside their neighbourhood

There are two Adventure Bus projects — Grassroots Adventure Buses and Adventures in Education

The Grassroots programme is run jointly by Golden Arrow, Grassroots Educare Trust and the two unions representing the company's drivers

The company provides buses free of charge and the drivers donate their time. Pre-school children are taken on adventure trips to interesting venues three times a week. In 1991, 17 200 children participated

The Adventures in Education trips are run in conjunction with the Department of Education and Culture and provide opportunities for school children to visit the South African National Museum and the Planetarium. Six buses a week transport these children on outings during each school term. In 1991, a total of 23 000 children benefited from the programme

Another project, Nico for All, is run in conjunction with Capab

Introduced in 1988, the project is aimed at bringing theatre to the community so that people who do not normally have the opportunity, can enjoy and explore the theatre

Golden Arrow provides five buses a month at a nominal fee and



## The company subsidises seniors over the age of 65

any additional buses needed at a reduced rate of R150 a bus. The cost of this sponsorship amounts to about R39 000 a year

The company offers scholars' concessions in the form of under-17 scholars' clipcards at a discount price and term concessions to scholars through schools. In 1991, Golden Arrow subsidised scholars by about R800 000

Concessions for pensioners take the form of a seniors' photo-pass for those over the age of 65. This, in conjunction with the pensioners' clipcard, enables them to travel on any company bus in off-peak periods at a discount fare of R5,40 for 10 rides

Since the inception of this concession, more than 15 000 photo-passes have been issued. The cost of this concession amounts to about R743 000 a year

Other programmes include the provision of buses at discounted rates to schools, organisations providing cultural opportunities for the underprivileged and bona fide charities. Numerous requests for donations and assistance are received and assessed on merit

Because it is impossible to donate to every organisation which puts in a request, the company is a donor to the Community Chest, an organisation serving a vast number of community concerns



PREDATORS started circling this week around mortally wounded Tollgate Holdings as the company and its subsidiaries went under provisional liquidation in the Cape Supreme Court.

Tollgate owes more than R300 million to its principal bankers, Absa, and R70 million to other banks.

Absa, which inherited the Tollgate account with the Bankorp takeover, is said to have resorted to an application for liquidation of the holding company only after all attempts to refloat the ailing group failed.

Tollgate's own application for the provisional liquidation of its subsidiaries was also granted this week. In papers before the court, Tollgate says it applied for liquidation so that trading operations could be resumed.

Tollgate also claims that it has repaid some R400 million in debt and interest over the last two and a half years. But, it says, the group can no longer service its debt from current earnings and provisional liquidation was seen as the only answer when the group's bankers refused to restructure the debt. According to papers before

■ Predators are standing by as Tollgate goes into provisional liquidation. In their sights are some of the more profitable Tollgate operations.

**ALIDE DASNOIS and MARC HASENFUSS**  
Business staff

the court, in May this year, Tollgate chairman Julian Askin told Absa the group was budgeting for operating profits of R53 million in the current year.

Greyhound expected operating profits of R4 million, he said, Springbok Atlas of R6,2 million and Motorvia of R17,2 million. All the group's companies, said Mr Askin, were viewed as leaders in their fields.

However, the interim statement in June showed an operating profit of only R4 million in the first six months by then Tollgate was deeply in debt and profits were being annihilated by a R21 million interest bill.

In August Tollgate applied to Absa for a restructuring of its debt. Tollgate wanted Absa to cancel some R160 million of debt and to "ring fence" another R99 million, insulating subsidiaries against claims for debts owed by other parts of the group.

This would have reduced the disclosed liabilities of Tollgate itself. The group also suggested that Absa invest another R82 million in Tollgate preference shares and that the banking giant grant a further R30 million in working capital. The restructuring should produce after-tax earnings of R5 million a year, Tollgate claimed.

Absa refused the proposal and in November, Tollgate came up with another idea. Absa was to release certain sureties and take over certain Tollgate assets, reducing Tollgate's debt to the bank to R182 million, to be converted into back-dated preference shares.

Tollgate also reiterated its request for the release of R30 million in working capital and suggested that the holding

■ To Page 5

# The bells toll for Tollgate

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From Page 1 ARG 5/12/92

company should be delisted and that some of the more viable businesses should be sold off. Failing that, a slimmed down management team was to proceed with immediate liquidation.

These suggestions were also refused by Absa, which undertook its own analysis of Tollgate's balance sheets and concluded that the liabilities of the group and its subsidiaries exceeded their assets by about R134 million. The bank refused to consider restructuring Tollgate's debt without a guarantee that new capital would be injected by shareholders. A suggestion by Julian Askin that he might raise new money in Britain came to nought.

In papers before the court, Absa says Tollgate's overdrafts with the bank amount to R94 million and are payable on demand. In addition, the group has further debts of R174 million, some of which are already overdue, and other claims against it amount to R116 million. Other financial institutions, such as Standard Bank, Investec Merchant Bank and McCarthy Finance are also claiming amounts due from Tollgate.

However, the R4 million interim profit — from a R246 million turnover — suggests that some subsidiaries are generating substantial profits. Tollgate Holdings directors were not available for comment this week. But one source within the group said hourly updates would be needed to keep abreast of all outside party and management buyout offers currently being made.

Recently Tollgate sold off its largest subsidiary Budget Rent-A-Car to McCarthy. Long term prospect Motor Racing Enterprises, which owns the Kyalami racing circuit, was also sold to a management consortium consisting of Mr Dave McGergor and Mr Mervyn Key.

But if the price is right, some of its remaining subsidiaries could be saved from liquidation by a timely buyout.

● Greyhound has carved out lucrative niche in the upmarket commuter transport market. The subsidiary's major competition is from government controlled Intercity and Translux buses — making a management buy-out (as with Tollgate's City Tramways operation) a real possibility.

● Springbok Atlas, which operates in the charter and tourism market, has established itself as a top notch operator geared to ride on the expected wave of new South Africa tourism.

● Motorvia, Tollgate's vehicle transporter, ferries most of Volkswagen, Toyota and Samcor's production to dealers around the country. Any boost in new and used car sales would benefit this subsidiary.

According to Mr Askin, Motorvia expected to lift profits about R1 million to R17,2 million for the year. Motorvia had also been offered a contract to transport Nissan and Delta vehicles.

# Suspect arrested over train killing

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POLICE have arrested an alleged train killer as a result of assistance from a witness, Witwatersrand police spokesman Lieutenant-Colonel Dave Bruce said yesterday.

Bruce said the arrest was "unique" because it was the first time since the carnage started that an arrest had been made with the help of a member of the public.

The suspect was named as hostel resident Mkhuluzana Zulu (41).

Bruce said a second suspect was sought by police Zulu was charged with killing Elmfont Mandla, of Transkei, at Cleveland station on November 4.

A further charge of attempted murder of a second commuter was being investigated.

Bruce said that as a result of the suspect's arrest, an AK-47 assault rifle and a quantity of rounds of ammunition were discovered Zulu had been charged with their possession.

Ballistic tests would be carried out to determine whether the AK-47 had been used in any attacks.

"However, this is not the murder weapon. We are looking for a 9 mm pistol.

"The mere fact that we have confiscated this firearm means we may have saved lives. People who commit crimes on trains are not boy scouts. They perpetrate the most barbaric acts," Bruce said.

Police had repeatedly stated that without the assistance of the public it was difficult to investigate cases of murder. In any criminal investigation, the police depended on witnesses who might have information to pass on.

# Antarctic thaw to swell tide of cash

FOREIGN countries involved in research in the Antarctic are to set up way stations and supply bases in Cape Town — which could bring a significant cash injection for the city. 6/12/92

By LEW ELIAS

Thawing international attitudes to South Africa, coupled with Cape Town's resources and proximity to the South Pole, has led to proposals that Cape Town be used as a base for countries that have research stations in the Antarctic.

The city is ideally situated for crew changeovers and supplies and equipment for Antarctic research facilities.

Until recently, South Africa's pariah status in the world precluded the Cape's use as a stop for government or quasi-government vessels calling at the port.

Now the city's harbour could expect research and supply vessels from Russia, Norway, Germany and Japan, Cape Town's port captain and acting port manager, Captain Bill Shewell, said this week.

This summer alone nine Russian ships, as well as two each from Norway and Germany, are expected to dock in Table Bay harbour.

Apart from the extra traffic, Cape Town's being used as a way station for the Antarctic would have a number of benefits for the city, Captain Shewell said.

"It would bring opportunities to provide regular services.

"There will be an in-

crease in the number of people arriving here on foreign flights as replacements for crews and an increase in maintenance work and opportunities for ship's chandlers."

In the past few months, the Russians have taken advantage of Cape Town's facilities and have used the harbour as a base for a major rescue operation as well as a port of call for supply vessels.

Last year Cape Town was the springboard for a daring Russian mission to rescue a supply ship trapped in Antarctic ice two metres thick.

An Ilyushin 76 cargo plane landed at D F Malan Airport days after a research ship, the Professor Vize, and another vessel, the Aledenik Fedorov, had docked in Table Bay to help.

The Ilyushin rescued 160 people on board the trapped vessel, the Mikhail Somov, in August 1991.

Another sign of the improved relationship between South Africa and the rest of the Antarctic Treaty signatories was the combined effort to fly the injured South African Antarctic team leader to a New Zealand hospital after an accident at the Sanae base last month.

## International air traffic takes off at Jan Smuts

STEPHANE BOTHTMA

AIR traffic at Jan Smuts Airport has almost doubled during the past two years with more than 20 new airlines flying to Johannes-

burg. On Saturday, EgyptAir and Air Tanzania landed in SA for the first time, marking the start of scheduled services from Cairo and

Dares Salaam to Johannesburg. EgyptAir has also selected SA as the base for its operations in sub-Saharan

Africa, from where other offices and the opening of routes to Lusaka and Harare will be co-ordinated.

Almost all seats on the Johannesburg-Cairo flights for the next three months have been sold. If demand kept up, the airline would consider introducing a second scheduled flight in April next year, EgyptAir vice-president Mahmoud Osman said.

Transport Minister Piet Welgemoed said that since sanctions were lifted and government adopted an open skies policy a year

ago, 35 bilateral air services agreements had been negotiated by the Directorate of Civil Aviation (DCA). During the next four months, an additional 15 airlines will start services to Johannesburg.

An average of 3 400 aircraft land at Jan Smuts every month, compared with less than 2 000 two years ago. According to the DCA, 127 airlines — excluding private airlines — fly into Jan Smuts on a regular basis.

Up to June this year, 1 132 international flights have landed at Jan Smuts, compared with 778 the previous year. Domestic arrivals had also shown a huge increase, from 1 558 to 2 244 during the same period, the DCA said.

Meanwhile, the upgrading programme under way at Jan Smuts was on schedule, a DCA spokesman said. The programme is set for completion in the first half of 1994.



EgyptAir chairman Marshall Mohamed Rayan greets SA chief executive Gert van der Veur, right, at Jan Smuts Airport after the arrival in SA at the weekend of the first scheduled EgyptAir flight. Looking on are EgyptAir PR Gillian Goldman and Home Affairs Minister Louis Pienaar, centre. At left is EgyptAir vice-president Mahmoud Osman. Picture: ROBERT BOTHA

# SAA raises domestic fares

SAA will go it alone when the airline increases its domestic fares from January, with smaller competitors opting to absorb growing costs.

Comair, Airlink and Regional Air did not intend following SAA's weekend announcement of a 5% increase in business and economy class fares, spokesmen for the carriers said yesterday.

Flitestar, SAA's main competitor with 25% of the domestic market, has not announced its intentions.

SAA said the fare increase was unavoidable in the light of continued rising costs, despite cost-saving measures and staff retrenchments

STEPHANE BOTHMA

"It is a well-known fact that the present domestic fare levels are unrealistically low in SA," an airline spokesman said.

The increases could be attributed to a government announcement last month of a 15% hike in aircraft landing and parking fees at SA's nine state-owned airports. At the same time, passenger departure levies were increased by up to 50%.

Flitestar MD Jan Blake earlier agreed that domestic fare structures were too low. "With current pricing, it is impossible for any airline to show even a marginal pro-

To Page 2

## Air fares

fit," he said.

Although no decision on increased fares had been taken by Flitestar, industry sources believed the airline would follow SAA and raise prices.

Comair, which has recently entered the Johannesburg-Cape Town route with substantially discounted rates, had no immediate plans to increase its fares. "It is unlikely that we will follow suit," MD Piet van Hoven said yesterday.

Last month Airlink started operating

scheduled flights to Durban from Lanseria Airport on the West Rand. Marketing executive Karen Egly said "We are not increasing our fares."

SAA said it would increase business and economy class fares by 5% from January 1. The airline's "first come, first served" discount fare structure would remain

All SAA tickets bought up to and including December 31 would be at existing fare levels, the spokesman said

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BIDAM 8/12/92

BIDAM 8/12/92

# Four more orders on Tollgate firms

By RONNIE MORRIS  
Supreme Court Reporter

FOUR more subsidiaries of Tollgate Holdings were yesterday provisionally liquidated in the Supreme Court after applications brought by Absa Bank.

This follows a court order last week allowing Absa to seize the movable assets of Tollgate Holdings as security for debt followed by its provisional liquidation and that of four subsidiary companies a day later.

The companies provisionally liquidated by Mr Justice W Cooper yesterday were Travelcor Cape (Pty) Ltd (previously named Springbok Atlas Travel (Pty) Ltd), TGH Group Limited, Fetlar Foods (Pty) Ltd and Norths Industries Ltd.

In papers, Absa regional general manager Mr Dudley Davies said although Travelcor Cape was a subsidiary of the provisionally liquidated Entercor Ltd, it conducted business as travel consultants independent from

(269) CF 8/12/92  
the Tollgate Group. The company owed Absa R2,46 million

In separate applications regarding the other subsidiaries, he said.

● Absa advanced TGH Group Ltd R8,7m this year to complete a share transaction in another company, HCI (Pty) Ltd. The transaction could not be effected as no money was available and the R8,7 million had not been repaid.

## Property

● Fetlar Holdings, which formerly owned the Gants canning factory at Somerset West, owed Absa R19,4m.

The biggest amount which could be derived from the sale of the property was R10 million, Mr Davies said.

● Norths Industries Limited was a dormant company which owed Absa R22,1m, Mr Davies said.

Mr Justice Cooper ordered all parties to show by January 13 why the order should not be made final.

Mr Gavin Woodland, instructed by Mr Adam Harris of Miller Gruss Katz and Traub, appeared for Absa

# 4 more Tollgate<sup>(269)</sup> holdings coming to end of the road

FILE 8/12/92

**LIBBY PEACOCK, Supreme Court Reporter**

FOUR more Tollgate subsidiaries have been provisionally liquidated

Urgent applications were made to the Supreme Court yesterday by Amalgamated Banks of South Africa (Absa) for the winding up of TGH Group Limited, a subsidiary of the provisionally liquidated Entercor Limited, and Norths Industries Limited, a subsidiary of TGH.

Fetlar Foods and Travelcor Cape, previously named Springbok Atlas Travel, were also provisionally liquidated.

All are ultimately subsidiaries of Tollgate Holdings Limited, which was provisionally liquidated last week after an application by Absa.

Absa regional general manager Mr Dudley Davies said in an affidavit that TGH owed Absa R8,7 million.

TGH had also guaranteed to a maximum of R17,5 million the debt to Absa of a Mr J L Claassen and certain trusts of which Mr Claassen was a trustee or a beneficiary.

Mr Davies claimed Mr Claassen and the trusts owed Absa about R30 million and it was unlikely that Absa would recover the money from them.

In an affidavit relating to the Norths application, he said the company, which was dormant, owed Absa about R22,1 million.

Mr Davies said Fetlar Foods, the owner of the old Gants factory in Somerset West, owed Absa R19,4 million.

The factory was Fetlar Foods' principal asset and estimates indicated that the property could, at best, be sold for R10 million.

Fetlar Foods had stopped trading and its liabilities greatly exceeded its assets

In a further affidavit Mr Davies said Travelcor Cape, which traded as travel consultants independently from the Tollgate Group, owed Absa R2,46 million.

There were also cross suretyships between Travelcor and certain of the other companies in the Tollgate Group which had been provisionally wound up.

Mr Gavin Woodland, instructed by Miller Gruss Katz and Traub, appeared for Absa

using world air transport.

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**BIDAM 7/12/72**  
**Airlines in bid to recover market share**

**STEPHANE BOTHMA**

AFRICAN airlines were attempting to recover their share of the continent's market which was being dominated mainly by European carriers, EgyptAir chairman Mohamed Rayan said yesterday.

SAA, serving the southern gateway to Africa, and EgyptAir, being in a similar situation in the north, were already co-operating closely, Rayan told a media conference in Johannesburg.

"SAA and EgyptAir, both large and strong airlines, can attract smaller African airlines to co-operate with us in getting our fair share of the market," he said.

EgyptAir, the national Egyptian carrier, introduced a scheduled service between Cairo and Johannesburg at the weekend.

SAA has been serving Cairo with a weekly flight for the past six months.

SA has been chosen as a base for EgyptAir's Africa operations and the airline's vice president for Africa, Mahmoud Osman, will be based in SA for the next six years.

Egyptian Civil Aviation and Tourism Minister Faoud Sultan, on an unofficial visit to SA, said he believed that tourism would be the most natural way of normalising political and trade links between SA and Egypt.

"The pace of normalising relations between us will be significantly increased now that direct air links have been established," Sultan said

Two weeks before EgyptAir started its operations to SA, almost all the seats on its weekly flights had been sold for the first three months

**Questions visit**

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THE increased airport passenger levies announced by government last month will greatly boost SA's efforts to attract more tourists, American Express Travel Services MD Rod Rutter said yesterday.

"The increases are small enough for the individual traveller not to even notice them, but they will generate a tremendous amount of revenue for the improvement of facilities," Rutter said in a statement.

# Passenger levies 'a boost'

*BIDAY 10/12/92*  
**STEPHANE BOTHMA**

With effect from January 1, levies will increase from R10 to R20 for international departures and from R3 to R5 for domestic departures. Last year, there were about 2,5-million international and 8,5-million domestic departures from SA's nine state-owned airports.

The levies, included to

date in the price of airfares, will in future be showed as a separate "government tax" on airline tickets.

Directorate of Civil Aviation chief Stewart Huckwell said that all revenue generated through departure levies would be invested directly into airport maintenance and upgrades.

Currently, levies were being spent solely on Jan

Smuts airport, but when that project had been completed other airports would be considered (269)

Huckwell said a major motivation for commercialisation was to allow airports to develop in step with their market.

Rutter said the directorate's initiatives were perfectly timed as SA was on the threshold of regaining its status as an international tourist attraction.

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# Transnet expects worse conditions

BLOOM 10/12/92 269  
THE recessionary climate within which Transnet operates will probably deteriorate during the 1993 financial year, Transnet chairman Marius de Waal says in the company's 1991/92 report.

The exceptionally difficult trading year, he said, had ended with turnover of R12,308bn and a net deficit of R90m. The company's performance was adversely affected mainly by a decline in business volume and inflationary pressure on prices.

The bank and inflation rates should drop during the coming year but positive growth could not be expected.

Transnet MD Anton Moolman said the decline in the SA economy with the downturn in world economies resulted in a drop in passenger and freight volumes during the year.

Market forces had resulted in stiff competition and profit margins came under strong pressure.

The reduced traffic and lower profit margins resulted in budget income figures not being achieved.

The two factors led to a reduced income which, compared with the previous year, improved only by 8%. This was in spite of general tariff increases of about 10%.

To counter this, Moolman said Transnet was compelled to decrease expenditure drastically. High infla-

GERALD REILLY

tion had exerted pressure on costs at all levels.

Expenditure increased by 10%. This modest increase was an achievement, taking into account inflation was between 14% and 15%.

The bulk of Transnet business was dependent on mining, agriculture and manufacturing and it was these sectors which were hard pressed, resulting in production declines.

Moolman said in spite of a moderate increase in passengers on SAA international routes tougher competition and inflation eroded profit margins.

The domestic passenger market declined 10% mainly because of the recession and market deregulation.

SAA international passenger traffic rose to 511 360 (487 680) but domestic traffic dropped by 10% to 4 292 681.

The report showed Spoornet's share of freight traffic amounted to 29% compared with road transport's 71%. Freight business accounted for 82% of the company's turnover.

Portnet's cargo volume growth was restricted to a mere 1,2% because of weakened international demand for raw materials and commodities and domestic recessionary pressures.

# Credit reprieve for Tollgate businesses

ET 7/12/92 (269)

By ARI JACOBSON

**TOLLGATE** Holdings (TGH) currently under provisional liquidation received a reprieve over the weekend with credit lines extended to its core businesses.

Motorvia, the motor distribution arm, and Entercon, which houses among other things the group's heavy haulage, will receive the necessary funding to put out the fire, said Stephen Gore, spokesman for the provisional liquidator.

The group was placed in provisional liquidation last week when Amalgamated Banks of SA (ABS) made a firm stand on our funding debt of about R100m, which the bank felt TGH did not have the ability to pay, based on future earnings potential.

TGH chairman John van der Merwe said that the debt had been whittled down from a massive R700m at the time that the troubled group, then known as the Duros group, was taken over in July 1991.

Gore quickly mentioned that the core divisions in the group were viable businesses and that there had been sufficient investor interest to purchase.

"We have even had inquiries showing interest in buying the whole group," he said. "The idea could be to negotiate with interested parties with the view of keeping the businesses going."

Gore pointed out that this may mean breaking up the various divisions in the group and selling them off piecemeal.

"It's rather tricky because it's a big group and this has further rattled the fragile

local economy."

He added that the extent of the re-trenchments would depend on the success in selling off these divisions.

The holding company TGH and its subsidiary companies Motorvia and Entercon are all currently under provisional liquidation.

TGH had assets of about R500m in the financial year to December 1991 but undertook massive asset sales this year, which saw the off-loading of Budget Rent-a-car, City Tramways bus company and Motor Racing Enterprises (MRE).

Gore mentioned yesterday that all such sales of assets close to the provisional liquidation of the group would be scrutinised to ensure that there had been no undue prejudice to investors or creditors.

# Govt agrees to return land to communities

AT LEAST two communities have made successful applications for the return of land which was taken away from them under apartheid.

An Advisory Commission on Land Allocation statement said on Friday that President F W de Klerk had accepted several of its recommendations for the restitution of land.

Land claimed by the communities of Roosboom in the Kliprivier district and Charlestown in the Newcastle district is to be restored to their ownership.

The statement said a claim by the Gama-Mampuru tribe for the return of ownership of the farm Brakfontein in the Groblersdal district had been turned down, but that De Klerk had ordered that other state land be identified and made available.

The commission said it had identified undeveloped and unallocated state-owned land suitable for historical claims.

"The commission will now proceed in terms of its normal procedure to make details of the land public with a view, inter alia, to inviting individuals or communities who have a historical claim to the land to submit representations.

"It must be pointed out that certain

pieces of land offer no viable use for agricultural nor settlement purposes and the recommendation that the Department of Public Works offer these small portions of land for sale has been accepted."

The Association for Rural Advancement (Afra) welcomed Friday's announcement but said the land the commission was eligible to consider was limited to state-owned property.

"In the light of recent widespread public opposition and concern around the transfer of state land to the homelands, we are particularly disappointed by the decision to incorporate farms in the Harrismith district into QwaQwa.

"Once again Afra calls on government to abandon its current and future land transfer deals with the homeland governments and to place a moratorium on the sale and transfer of all state land to the homelands pending an interim government and acceptable consultation.

Four farms in the Harrismith District are to be incorporated into the QwaQwa Tourism and Nature Conservation area.

● See Page 4

*BIDM 14/12/92*  
*LLOYD COUTTS*

## All-in-one commuter tickets soon

ONE ticket could eventually be used for all modes of commuter transport in SA, Metro Services director of the SA Rail Commuter Corporation R P Snyders said at the weekend.

As a first step, the corporation would be installing new computerised ticket issuing machines, developed by Telkor, at Pretoria Station today, Snyders said.

The tickets would have magnetic strips on the back which could lead to the use of an "intermodal" ticket for trains, buses and taxis in what Snyders described as a "major development". He said Telkor had tendered to supply London Transport with a similar system.

Because the machines, using conventional computer technology, would be connected through a regional computer to a national centre, the flow of data would be immediate and far more accessible than in the past, Snyders said.

*STEPHEN COPLAN*

The machines, 650 of which would be installed across SA, had been tested in Johannesburg over the past six months.

Installation would continue in Pretoria on January 4, Johannesburg on January 18 and in Durban and Cape Town on February 1. The corporation hoped that installation would be completed by the end of March, Snyders said.

Although ticket clerks would continue to operate the machines manually, fully computerised versions were being developed by Telkor.

Automatic turnstiles utilising the magnetic stripe had been investigated and the corporation intended testing prototypes next month at Dube, Johannesburg and Cape Town stations.

Train conductors would be retrained as necessary, Snyders said.

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## New shipping link to Far East

EDWARD WEST

VOLKSWAGEN Jetta exports and the opening up of world trade has resulted in one of the world's largest ship owners, China Ocean Shipping Company (Cosco), entering the SA-Far East trade in January.

Its first vessel, Fuyuanshan, was scheduled to sail from Durban on January 21 and from Port Elizabeth on January 24 for Singapore, Hong Kong, and Dailan in China, a statement from Cosco's SA agents John T Rennie & Sons said. (269)

Cargo would also be accepted for other Chinese, Far Eastern and south Asian ports on a feeder basis.

Cosco's service would initially provide for the carriage of containerised cargo only, with two sailings a month by four multipurpose vessels, on a fixed date basis. (269)

John T Rennie & Sons director Dez Murray said trade between SA and mainland China was expected to grow significantly. (269)

He said Cosco's decision to enter into SA-Far East trade was prompted by SA and China opening up to world trade. B1000

The vessels were also expected to transport Volkswagen SA's Jetta exports to China. 15/12/92

Volkswagen SA recently had this year's export order to China of 6 000 Jettas worth R182m increased to 8 900 worth R287m. Further export orders were being negotiated, it was reported.

# Passengers gain from changes

269

Star  
17/12/92

By John Miller

For the first time in South African aviation history passengers have become the winners and not the losers.

The Government's deregulation of domestic and international aviation and growing acceptance of the country have led not only to cheaper fares but more airlines to fly on and more destinations to go to.

Since the beginning of this year, Jan Smuts has grown in importance as a hub for African airlines as well as a destination for several Far East airlines.

Air Egypt and Air Tanzania are the latest African airlines to begin operating to Jan Smuts. Their recent inaugural flights follow other carriers, such as the West African-based Air Afrique, Kenya Airways and Air Zaire.

Jan Smuts also saw the arrival of Gulf Air.

Following the decision of Cathay Pacific to begin operating between Hong Kong and Jan Smuts, several other Far East airlines have followed suit. This year saw China Air, Singapore Airlines and Air Malaysia all flying to South Africa.

The year began with the reintroduction of flights to Australia for SAA. Flights to Cairo, Luanda, Singapore, Bangkok, Munich and Miami followed.

International deregulation also brought with it fares to London at under R2 000, with British Airways starting the ball rolling with fares of R1 992. SAA followed shortly afterwards with daylight seats at R1 990.

Deregulation also benefited the domestic market.

Flitestar was the first local airline to challenge SAA's domination with scheduled services to all major centres.

Another local airline to challenge SAA's right to offer cut price seats this year was Comair.

Airlink Airlines also recently decided to challenge SAA and Flitestar.

# United to begin flights to SA

STEPHANE BOTHMA

US CARRIER United Airlines will introduce scheduled flights between Washington and Johannesburg from mid-1993, the airline has confirmed.

It will be the first US airline to fly to SA in several years, and is expected to operate three weekly flights with stopovers in Cape Verde.

Rights to use the SA route had already been obtained, a United spokesman said.

SAA already operates five weekly flights to the US — four to New York and one to Miami, Florida.

United's decision to fly to SA was met with some surprise in the industry, particularly as SAA has signed an agreement with rival American Airlines to jointly promote SA as a tourist destination. The industry be-

lieved American would be the first US carrier back into SA.

Under the agreement, effective from November 1, SAA was to operate the flights, while American Airlines undertook to throw its marketing weight behind promoting travel between the two countries.

Meanwhile, fledgling US carrier USAfrica has also announced it will be able to begin services to SA in June.

USAfrica planned to operate three weekly services, alongside United, following authorisation from the US Transportation Department to do so, it was reported in the latest edition of Flight International magazine.

17/11/92  
S/OA/2

(269)

# 15,5% hike in bus fares

269

ARG 18/12/92

## Transport Reporter

FARES on Golden Arrow bus services are to increase by an average of 15,5 percent from December 28.

General manager Mr F E Mayoss said the application to increase fares had been approved earlier this year and would have been implemented on June 28.

It had, however, been postponed in consideration for the effect it would have on passengers and the sensitive political situation.

Mr Mayoss said. "Unfortunately, the long drawn-out recession had taken its toll on the company's profitability. Increasing unemployment and many retrenchments in the region had led to a dramatic drop in the number of passengers.

"This was exacerbated by acts of violence against buses and passengers in the second half of the year, which meant that the company had to spend many thousands of rands in repairing bus windows and bodies."

Details of the new fares will be available at all ticket selling points from Monday.

Clipcards bought before Monday, December 28, will be valid for a full two weeks. It is therefore possible for the passengers to defer increased fares until January 10.

Some examples of 10-ride clipcard fare increases on popular routes are: Bellville to Khayelitsha R11,90 to R13,70; Claremont to Khayelitsha R13,70 to R15,80; Mitchell's Plain to Athlone Industria R14,30 to R16,50; City to Marmre R33,00 to R38,10; City to Hout Bay R20,00 to R23; City to Bellville R18,10 to R20,90, and Mowbray to Manenberg R13,20 to R15,20.



# Transport fares set to rocket

By IVOR CREWS

EMBATTLED commuters face alarming increases in transport fares, with the price of petrol and diesel expected to increase by as much as 10 cents a litre early next year.

This follows an announcement by Golden Arrow bus services of an average fare hike of 15,5% from December 28.

A possible petrol and diesel increase for 1993 emerged during talks between the Afrikaanse Handelsinstituut (AHI) and the Department of Mineral and Energy Affairs.

According to the AHI newsletter the petrol price increase of seven cents a litre in October was insufficient to eliminate the under-recovery and a further weakening of the exchange rate during November also made a petrol-price increase likely.

## Strongly criticised

Yesterday Golden Arrow announced the fare increase resulting in the SA National Civics Association (Sanco) lashing out at the company for not consulting them.

Mr Welcome Zenzile, publicity secretary for Sanco, said although the organisation was "very unhappy" about the increase, it was unlikely that commuters would boycott the buses because trains did not travel to all destinations and passengers had no option but to continue to use buses.

On December 1, taxi fares from townships to the city increased by 50 cents and 20 cents in the townships said Mr Kidwell Magwayi, chairman of Codeta.

A spokesman for Spoornet said no

price increases were expected in the near future.

Ms Jeanne Welsh, spokeswoman for Golden Arrow, yesterday said an application to increase fares had been approved earlier this year, and would have been implemented on June 28, but it had been postponed in consideration for the effect it would have had on passengers and the sensitive political situation.

"Two of our drivers were shot in September but the violence has subsided in the townships in the latter part of the year," she said.

## Rising costs

She said numerous buses had been stoned which had cost the company thousands of rands.

General manager Mr F E Mayoss said the last general adjustment to fares was on December 15, 1991, but since then operating costs had increased tremendously. Increasing unemployment had led to a dramatic drop in the number of passengers, which had affected profitability.

Details of the new fares will be available at all ticket-selling points from Monday and clipcards bought before Monday will be valid for two weeks to enable passengers to defer increased fares until January 10.

The following are examples of fare increases on popular routes.

Commuters travelling from Atlantis to Montague Gardens using clip cards will have to pay R13,60 more over 28 days. The old fare was R87,20 and the new fare is R100,80. From Belville to Khayelitsha the old fare was R47,60 and the new fare is R54,80. From Mitchells Plain to Athlone, the old fare was R57,20 and the new fare is R66

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CT 19/12/92

182  
88  
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# The hell-ride continues

By MOSES MAMAILA

C/P/MS  
20/12/92

**G**ETTING into a suburban train this year was like walking through the valley of death.

More than 250 commuters were killed this year, which marks a sharp increase in train violence compared to the 38 train deaths reported in 1991, according to the Human Rights Commission.

Three hundred and fifty-five people have been killed on trains since the launch of the terror campaign in 1990 — the year which marked the beginning of the end of apartheid rule.

While political organisations continue to trade in accusations and counter accusations, those responsible for the attacks remain faceless and untraceable.

The armed attackers usually board the train in a group and target a particular coach. After brutally abusing or killing innocent commuters, they alight just before arriving at the next station.

Many victims are pushed to their deaths from moving trains, although some are stabbed or shot before being pushed off the train.

The unabating train violence prompted community organisations to embark on a train boycott on May 4 in a desperate bid to force the railway au-

thorities and the government to stop the carnage.

Thousands of train commuters stayed away and braved long queues at the taxi rank.

During the week-long boycott not one incident of train violence was reported, said ANC PWV spokesman Ronnie Mamoepa.

Despite the security measures introduced after the boycott, the carnage continued.

As more police were deployed the determined killers applied new tactics.

The gunmen proceeded to ambush and assault commuters as they alighted from the trains at various stations.

A disturbing phenomenon was that in most cases the attackers, who cold-bloodedly killed innocent people, were never arrested.

Recently, however, police spokesman Lt-Col Dave Bruce announced a major breakthrough in solving the train violence with the arrest of a hostel dweller linked to an attack on commuters at Cleveland station.

While the arrest of the suspect, Mkhuluzana Zulu, might sound insignificant considering the countless attacks on trains, police are adamant that a breakthrough has been made for the first time due to the assistance of a member of the public.

# Flitestar domestic fares to go up next year

8/10/92 22/12/92  
FLITESTAR has announced it would increase its business and economy class domestic fares by 8% and 7,5% respectively from January 4.

A spokesman said yesterday the increases were as a result of hikes in landing fees and taxes

SAA has already announced a 5% increase in business and economy fares from next month

Flitestar MD Jan Blake said air fares in the country were generally too low. "The cost structure is high and what we are doing is to try to shrink the gap between it and the fares," he said.

THEO RAWANA  
and LLOYD COUTTS

He said the increase was not designed to put Flitestar fares on a par with SAA's. Flitestar fares were slightly below those of SAA

The Department of Transport recently increased airport levies per passenger to R5 for domestic flights and R20 for international flights.

Comair MD Pieter van Hoven said his company had no immediate plans to increase its fares but could reconsider such a decision in the new year. "We've not increased our fares

269 since we started on the Cape Town route and we're not taking any decision with regard to amending fares but that doesn't mean we are not going to," he said

Van Hoven said Comair's Cape Town prices — the only route on which it competes with the other two domestic airlines — were about 40% below those of SAA and Flitestar.

A full economy return ticket on SAA will cost R1 020, on Flitestar R1 008 and Comair's will remain R678

"Then there are a variety of discount prices," he said

# SAA plans to stop visa cheats

Sunday Times 27/12/92

By ROGER MAKINGS

**SWEEPING** new measures aimed at those illegally attempting to seek asylum in foreign countries has netted another 11 passengers trying to board SAA aircraft with false or tampered documents in the past week

And the airline revealed this week that it had recently acquired hi-tech equipment which would enable staff more easily to detect forged passports and visas

## Copies

Other measures introduced will include the collection of copies of passports by cabin staff and plans to send SAA personnel to the US for specialised training

These moves follow a report in the Sunday Times last week that the airline had paid nearly R400 000 in US fines because it had unwittingly carried at least 42 illegal immigrants to New York in October

The passengers falsify visas to get on flights, or

throw away passports en route, and then present themselves as refugees on arrival at their destination.

SAA spokesman Anelda Duvenhage said "We are committed to eradicating the problem of people seeking asylum at our expense and feel that the measures we have introduced will be effective."

Among those taken is the introduction of special ultra-violet light machines at check-in counters and boarding gates which will check passports and visas for authenticity.

"And if SAA staff do detect a passport of which they doubt the authenticity, the documents are handed back to immigration officials, who will then either send the culprits back or hand them over to the police if they are residents."

The airline says it has also identified in which countries, besides the US and the UK, passengers prefer seeking asylum

"To protect ourselves we will, on a selective basis, make photocopies of those passengers' passports which will be handed to the chief cabin controller on

the aircraft to prove on arrival that the passports appeared to be in order at the point of departure," said Mrs Duvenhage

Also, SAA has introduced a special training course for staff and will send personnel to the US for training with immigration inspectors at New York's JF Kennedy airport to gain experience in what to look out for on travel documents

Last Thursday three foreign passengers were turned back at the boarding gate of a New York-bound flight when eagle-eyed SAA staff spotted forged visas

# Bus sales likely to hit record low

THE forecast for bus sales had been revised down to a record low of 400 new units for 1993, industry sources said at the weekend.

This compares unfavourably with the 554 units sold last year and annual average sales of 4 000 units during the '70s and early '80s.

Dorbyl Transport Products MD Rob Duff said: "Bus sales have never been at a lower level, and no upturn will be seen until government recognises the socio-economic right of the man in the street to have public transport at his disposal."

He said a number of different studies were under way, but uncertainty regarding deregulation was hampering possible progress.

A Mercedes Benz spokesman said government orders were down substantially for 1993. Government departments were either not buying, or had opted for smaller units.

The sources said the recession, growth in the taxi industry, high costs of capital expenditure and unemployment were also seen as major causes of the decline in sales figures.

Busaf executive director Ray Karshagen said 1993 would be similar to 1992 when the industry "went through one of its toughest years to date".

The lack of policy direction within the sector was making investment opportunities difficult, he said.

However, the sale of second-hand buses had increased to fill the gap created in the market by declining sales of new buses, he said.

Johannesburg transport marketing director Jenny Gray said, notwithstanding the poor conditions in the industry, delivery of 19 new buses would be taken early next year. An-

3/12/92 28/12/92

ROBERT WICKS

other 23 new buses would be leased through a finance company.

"This overcomes the problem of engaging in outright purchase which is difficult, given the level of expenditure required by the department," Gray said.

A slight increase in commuters had been noted during 1992 but it was not sufficient to boost revenues beyond a "holding even" level.

Gray said the possible emergence of a new Public Transport Authority and the movement away from a subsidy scheme to a four-year contract programme was also adding to the level of uncertainty in the sector.

Johannesburg transport technical director Brian Appleby said he was optimistic passenger volumes would pick up in the new year. The department had acquired 42 new buses, representing a 10% fleet replacement.

Appleby said the bus industry had itself to blame for its predicament.

"A traditional approach has been followed in SA with many people in the sector feeling that a new style of bus was not needed."

"We are currently looking at a modern new design which will be comfortable, modern and appealing to the public," he said.

Some industry sources indicated a viable new export market in Africa could be opening up in the new year for 60-seater buses.

Karshagen said his company had received numerous inquiries in recent months.

"Unfortunately many regional countries face major financing problems. If enough foreign exchange was available, a number of large orders could be met," he said.

### High-tech train set for test run

RAY HARTLEY

THE first high-tech security train designed to foil railway violence goes into operation next week

The 14-coach train will be tested on the Soweto line on January 4. If tests prove succesful, it will go into full operation two days later

The train is equipped with concealed video cameras which automatically focus on coaches in which commuters have pressed emergency buttons

SA Rail and Commuter Corporation official Brian Carver said the cameras would be monitored by security officials close to potential conflict areas and swift action could be taken against instigators of violence

Other features include extra-strong windows and interleading doors with rubber housing between coaches to thwart incidents in which commuters are thrown from trains

The new windows, manufactured locally by Nustart from polycarbonate sheeting produced by AECl, would cut down on money spent on replacing glass windows, frequently smashed during stoning incidents, Carver said

The new rail guard would go into operation in the new year in a further bid to eliminate train violence, he said

A new spirit of cooperation existed between the SA Rail and Commuter Corporation, the ANC and police following a successful police strategy implemented this year of randomly searching trains, he said.

# Consensus reached on hostels revamp

BIDM 28/12/92

CONSENSUS had been reached on upgrading programmes at 35 hostels in the Transvaal, a TPA spokesman said last week

The TPA has had almost R200m allocated to it by government for the upgrading of 92 hostels in the province

The administration has pursued a policy of seeking consensus with hostel residents on the measures to be taken at each hostel

Plans for changes at 26 of the hostels have already been completed, while talks are still in progress at another nine

"In 24 instances, approval for projects has been requested (from the national housing department) and in 13 cases approval for the projects has been granted," a TPA statement said.

The TPA spokesman said negotiations were under way at a further 48 hostels

Representatives from the ANC PWV region and the Transvaal Hostel Residents' Association, however, have called on government to transfer the responsibility of hostel upgrading, together with the more than R300m allocated nationally for the purpose, to the National Housing Forum.

The two associations claimed the TPA had not consulted sufficiently with hostel dwellers before implementing upgrading programmes

"The aim of the TPA's hostel strategy is to improve living conditions of hostel dwellers by means of the upgrading of existing facilities for single persons and/or conversion of hostels into family units," a

ADRIAN HADLAND

TPA statement said

"It must be stressed that the TPA regards proper and representative consultation of the utmost importance in achieving the upgrading or conversion of hostels in the Transvaal," it added

The Local Government and National Housing Department said that, nationwide, planning for 41 upgrading projects was under way at a cost of about R3,5m. Building operations had been approved for a further 30 sites, the cost of which would be almost R98m.

Sapa reports that fighting among inmates of the Durban Deep Hostel on the West Rand left six people dead on Saturday night, bringing to eight the number killed at the hostel since Christmas day.

Police have reported at least six other deaths in violence in the Transvaal since Thursday

Three men died at Hostel 4, Sebokeng, in the Vaal Triangle, a man was stabbed to death and a woman was found hanged in Alexandra township, near Johannesburg; and the body of an unidentified man with his genitals cut off was found in the veld near Bekkersdal on the West Rand.

In Natal on Friday, two men were found shot dead at KwaNdengezi between Durban and Maritzburg, and the bodies of three men were found at Swayimani, outside Maritzburg.

scam

# Flitestar spreading wings

By David Canning

DURBAN — Flitestar, a child of deregulation, has launched itself into the international market at a time when it — like other South African airlines — is losing money on the domestic market.

However, it believes opportunities must be taken when available if it is not to be shut out forever

Moreover, the airline says new routes now to be opened — including Germany, India, the Seychelles, Argentina and the United Kingdom — should pay for themselves in a relatively short period

## Mega-carrier

Flitestar believes it could grow to play a fairly important role in the international market in five years, although it will always be small by mega-carrier standards

Through aggressive marketing, including innovative pricing and servicing, the one-year-old airline initially made rapid progress on the domestic market to reach its target of a 25 percent market share by April.

Since then the recession and additional competition from the third player to enter the market

fray — Comair — have eaten into the margins of the entire industry.

Jan Blake, managing director of Trek and Flitestar, says: "All three major participants (SAA, Flitestar and Comair) logically stand in a position where they cannot make money."

Flitestar and its major investors have not disclosed financial figures for the airline, other than to say (in the Rentmeester annual report) that initial losses have been capitalised and amortised.

Flitestar insists it is being very selective about international routes and only seeking out those that are potentially profitable

In October it obtained rights to fly to Bahrain, which holds promise of considerable two-way trade with South Africa

The UK and Germany are popular routes for South Africans. India and South Africa have special ties owing to the number of Indians living in South Africa.

The group's Luxavia airline historically built up a very good links with the Seychelles before SAA put a stop to this

Flitestar says flights to Germany and the Seychelles will start in the first half of 1993. Flights to India and South America will follow later

Star.  
28/12/92

The London flights, which could be up to three a week, will only be considered once other routes have been established.

Flitestar's Philippa Sparrow points out that international operations are not really new — holding company Trek for years has operated Luxavia flights into Europe at the low-price end of the market

Flitestar is seen more as an up-market business-oriented service, augmenting Luxavia

## Application

Although most South Africans have thought of Flitestar solely in domestic terms, she points out it applied for its first international routes only a few months after its October 1991 launch

Its early application to fly to Mombasa was blocked after objections from SAA. However, negotiations on the issue are still in progress.

Blake says deregulation will only succeed in South Africa if all its principles are strictly adhered to by SAA

It cannot really be achieved while SAA continues to be subsidised by the fiscus — reflected in its recent large deficit.

SAA has to operate as a viable entity and must be forced

to match revenue and expenditure

He hopes this point will be reached in the new year once the Government makes a decision after a Competitions Board inquiry into whether deregulation is being implemented.

While deregulation is occurring in many national markets, Blake stresses that, owing to national interests, it is most unlikely ever to be achieved on international routes

Flitestar is owned by the Rentmeester group (43,75 percent), Safmarine (37,5 percent) and Muelklin (18,75 percent).

Rentmeester says in its report, compiled at the end of November, that certain start-up losses have been amortised over 60 months.

It describes Flitestar's load factors as being at internationally acceptable levels, but adds that fare dilutions have placed pressure on margins — resulting in losses being experienced on domestic operations

"It is expected these fare dilutions could continue for some time due to over-capacity and an inadequate general fare structure in the domestic market.

"On the international aviation side, the level of competition (frequency, capacity and price) has increased on the overseas route."

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PUBLIC SECTOR — TRANSPORT GENERAL

1993

JANUARY — MAY



# All is not quiet on this Waterfront

ONE night last week Mervyn Kushner's Greatest Little T-Shop In The Whole Wide World managed to close its doors in Cape Town's spectacular new Waterfront development at 3.30am, having traded hard all day and most of the night.

"The customers had been coming at us in waves all through the day and most of the night. The staff were exhausted and we were running out of stock again," said a tired but elated Mr Kushner.

"We tidied up the shop, and by mistake one of the staff left the doors open when he went home. In they came again, buying T-shirts, shorts, shirts — you name it."

Mr Kushner says his shop has a stated policy of never closing as long as customers still want to buy.

"We finally got the doors closed at 5.45am — just in time to restock before we opened again at nine," he said.

Mr Kushner, father of six, says his waterfront shop has "exceeded my wildest expectations and, believe you me, I can dream".

"I've been in this business 30 years, but I've never seen retail demand like it — it's phenomenal."

Mid-afternoon on Thursday and there's not a seat to be had inside or out at the chic San Marco ice-cream and coffee house.

The tired young manager was fighting to get the stream of orders out to his clients.

How's business?

"Please, man, I haven't got time to stop and talk now. Try me one evening about five. Maybe things will have calmed down."

"It's the same all over the Waterfront," says David Jack, managing director of the Victoria & Alfred Waterfront Company. "People are doing

SITING (BUSS) 3/1/93  
South African business has had its share of failures in recent years. JEREMY WOODS reports on a runaway success: Cape Town's Waterfront

fantastic business."

About two million people will pass through the Waterfront this month alone, all of them clocked and analysed on the Waterfront's electronic metering system.

There can be little doubt that Cape Town's Waterfront is an amazing success.

**M**OST nights the action around the harbour is moving into top gear about midnight. Live music is hopping across the water from the pub at Bertie's Landing, while disco music beats out from the Sports Cafe, where teenagers queue up for half an hour to get in.

Families, with babies asleep in backpacks, wander round with the crowds of tourists from "up country" (no one mentions the word Transvaal in Cape Town at the moment), through the brightly lit malls and piazzas, window-shopping or looking for somewhere to eat.

Shops are selling, tills are ringing and most of the restaurants are full. On New Year's Eve, some made cover charges of R35 a head.

Sitting amid all this spending having a late-night drink, it is easy to forget that South Africa is at the bottom of its longest recession this century.

Surprisingly, solid support for the

project came from a corner of the economy not renowned for its swift, incisive, entrepreneurial flair.

The V & A Waterfront Company is a wholly-owned subsidiary of Transnet, which is owned by the state.

"One of the reasons why this development has worked so well," says Mr Jack, "is the flexibility of the Transnet management and its positive response to what could be considered outlandish requests."

Last week there was a jazz-and-blues concert for 4 000 people in a working drydock. By next morning, when workers appeared for work, there was no sign of the concert.

"That's the sort of co-operation we get," says Mr Jack.

And it was that way right from the start.

"Transnet thought it would have to put in seed capital of R25-million over several years," says Mr Jack. "We said: 'No, it's R60-million over 18 months.' We did our homework, we showed it was a viable concern and we got our money."

**T**RANSNET has so far put R200-million into the first and second phase of the development, and this has been matched by a further R200-million from banks and other private-sector sources.

"Most of these funds should be repaid within three years," says Mr Jack. "It's looking a very good investment."

If Transnet and Portnet can turn disused, oily docks into some of the hottest space in the country, what other assets and opportunities are sitting idle, waiting for the kiss of life?

The Waterfront is a splendid success story. Now if only this kind of new thinking can be applied to the country as a whole.

metro

# Airport noise annoys residents

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By Monica Oosterbroek

The increase in the number of airlines flying directly to South Africa may have delighted many, but the huge escalation in noise near Jan Smuts Airport has made the life of East Rand residents miserable.

Jan Smuts Airport manager Johan Cillie said that last year 17 additional carriers began flying to Jan Smuts, entailing about 150 more flights a week.

"The noise is driving me crazy," said one Rhodesfield resident. "It has become unbearable and it doesn't stop I wish I could afford to sell my house and move to another area because living here is hell," she said.

Kempton Park Ratepayers' Association chairman Des Pinard said residents living in suburbs such as Bonaero Park and its extensions, Rhodesfield and Glen Marais wanted to know whether anything could be done to monitor and control the increased noise pollution.

The problem had been intensified because the new runway built to cope with the influx of air traffic was closer to residential areas, Pinard pointed out.

Civil Aviation Chief Director Stuart Huckwell said he was concerned about and sympathetic to the problems facing families living near the airport. He said the onus lay with town councils not to zone residential areas near noisy areas.

Although the Government Gazette stated that areas with noise levels around 65 decibels

should be zoned for recreation and light industry, town planners in the early 1960s had allowed residential areas to develop too close to Jan Smuts, he said.

However, Civil Aviation had taken steps to control the level of noise and adopted several noise abatement procedures, such as controlling the power used on take-off.

South African Airways was also phasing out older, noisy aircraft and planned to replace jumbo jets, like the first 707s, with new, quieter

models. SAA, the major user of Jan Smuts Airport, has introduced several steps to better understand aircraft noise. It utilises an internationally accepted programme to determine the noise contours around airports and assess the noise impact of various aircraft types.

A spokesman for the airline said SAA was investigating the possible installation of three noise-monitoring terminals at the end of runways and would sample aircraft noise around certain runways.

# Transnet takes Tarco off track

Business Staff

(269) Arc 7/1/93

JOHANNESBURG.— Transport and Rail Co-ordinators (Tarco) was finally liquidated yesterday in terms of an order granted in the Rand Supreme Court, amid allegations of unfair competition by Transnet.

Transnet's application for the liquidation of Tarco was opposed by the Rhoan Headley Gardiner's Family Trust, which holds 95 per cent of the company's issued share capital.

The trust alleged unfair and unlawful competition as Transnet, which had a monopoly on rail transport in the country, had established a subsidiary company in competition with Tarco.

Transnet had then allegedly granted the subsidiary more favourable rates than those offered to Tarco, and also terminated Tarco's credit facilities.

The trust alleged that as a result of Transnet's actions, Tarco had lost its trade and prospective profits of R7 million.

Mr Justice R Marais said yesterday that while it was remotely possible the trust's claims were true, it had not made out a case in the papers before the court.

The allegations were therefore highly speculative.

As Tarco was clearly unable to pay its debts, Transnet was entitled to a liquidation order, Mr Justice Marais said — Sapa

## Bill tabled to privatise SA's 'airport services'

Political Staff

(269)

TWO new state-controlled commercial companies are to be formed to take over control of South Africa's airports and air traffic control services.

The government has tabled two bills to provide for this.

CF 27/1/93  
The state will be the sole member and shareholder of both the Airports Company and the Air Traffic and Navigation Services Company.

The Department of Transport said in a memorandum with the Airports Company Bill that the company "will be responsible for managing, operating and developing airports on a commercial basis"

# Telkom on line to ring up the <sup>(269)</sup> <sub>ARG 9/1/93</sub> future

Weekend Argus Reporter

**EMBARRASSED** about asking strangers for change to make a telephone call? Tired of trying to find a public telephone that hasn't been vandalised?

Telkom hopes to have these and other problems licked before the end of this year.

"The renters' coin telephone and a cardphone should be available later this year," said Mr Geurt van Dijk, Telkom's general manager of Client Services in a statement.

Tenders have been called for the production of a coin telephone to be used mainly in cafes, restaurants, shops, hotel foyers, clubs and factory floors, said Mr Van Dijk.

"The presentations we received are being evaluated and the costs of the telephone and its rental will be determined once the tender has been allocated," he said.

The final model of the card phone is not available yet, but anyone interested in catching a glimpse of a few prototypes will have the opportunity to do so at Telkom '93, an international telecommunications conference from February 1-3 in Cape Town.

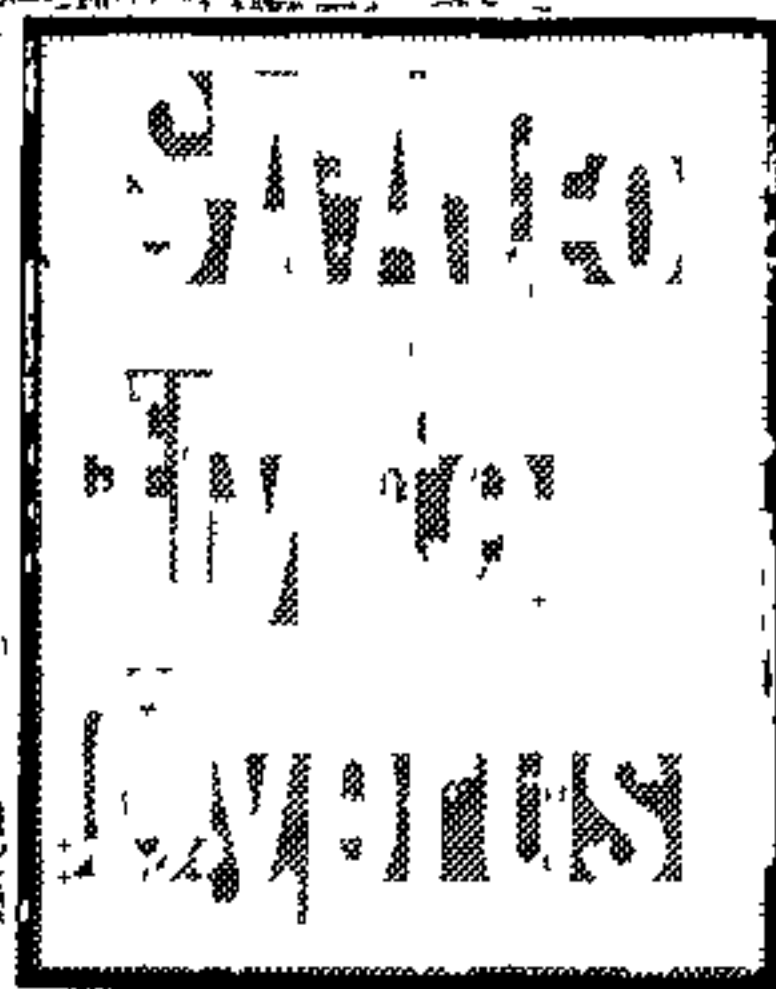
All that is needed to make a call on the cardphone is a telephone card, similar to a credit card, which has a value of R10 or more.

Each time the telephone card is used it is debited until the money value (in terms of the number of units used) is finished. The card is then thrown away and a new one bought.

Telkom plans to distribute the cards as widely as possible so that they can be bought in cafes, chemists, post offices and shops.

"Vandalism will hopefully decrease because the cardphone does not contain cash," said Mr van Dijk.

He assured Telkom clients they would be kept informed about any developments regarding the new products.



By ROGER MAKINGS

SAA has begun making cost-cutting changes to its international services with at least three changes to its Far Eastern and European destinations.

(269)  
This week the airline announced that it would begin flights to Cyprus and Singapore, but would also be cutting its Bangkok service.

SAA said it would begin its service to Larnaca in Cyprus on February 2, which will give tourists direct access to the Greek islands.

10/1/93  
The flight to Larnaca has been combined with the Tel Aviv service which was operated via Athens. The Athens service will now be combined with the Cairo flight on Wednesdays.

### Expand

SAA said the decision to fly to Cyprus was prompted by the large Greek Cypriot population in SA and the fact that it is close to the Greek islands.

The airline will extend its service to Singapore from next Monday to two flights a week.

Although its Bangkok service has been cancelled, SAA will enter into a code-share agreement with Varig Airlines whereby SAA will be able to offer SA passengers a twice-weekly service to Thailand.

## SHIPBUILDING

**Struggling to stay afloat**

**SA shipbuilding** is suffering from a sinking feeling these days. Not only has the country's leading carrier, Safmarine, been employing shipbuilders in Europe to expand its fleet. Now the biggest local builder, Durban-based Dorbyl Marine, is on the verge of losing overseas contracts also. The reason is that Dorbyl cannot compete on price with subsidised yards abroad, says MD Joe Bullough.

Safmarine says local yards do not have the capacity to build vessels of the size it needs. The first of two 16 000 m<sup>3</sup> refrigerated vessels it ordered under a R150m contract was launched at Gdansk, Poland, recently and is scheduled for delivery in the next few weeks.

Meanwhile, the chairman of Columbia

Shipmanagement of Cyprus, Heinrich Schoeller, has given Dorbyl just a few weeks to put together the financing package for the construction of two ships or lose the R200m order.

Dorbyl recently completed three ships for Columbia, at a total cost of R300m. Schoeller, who was in Durban recently for the launch of the third ship, the Cape Byron, said the first three vessels had been built without a hitch and met all quality and performance standards.

But Columbia's next order is running into problems with the financial rand. Reserve Bank Governor Chris Stals confirms that a proposed financial package that uses the financial rand was rejected by the Bank, but declines to say why. "Full reasons have been given to Dorbyl," Stals says. Dorbyl is still negotiating with the Bank.

If the order is scrapped, Bullough says, Dorbyl might have to slash its workforce at its Durban shipyard from 1 500 to only 300.

Shipbuilders already benefit from several incentives to encourage local construction.

- Shipbuilding qualifies for the highest rewards under government's export incentive scheme. For the three Columbia ships, Dorbyl could receive a huge payment; and
- Iscor subsidises the cost of steel to SA shipbuilders, partly to offset the high cost of the material locally.

But Bullough says these are not enough to offset the disadvantages.

If local shipbuilders want the work, they must find ways to compete on price, but this is proving very difficult. Schoeller says yards around the world are crying out for work and some will even build ships at a loss to keep people employed. ■

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# New US airline to serve SA

269  
APR 13/1963

**HUGH ROBERTON**  
The Argus Foreign Service

WASHINGTON. — All American airline flights between the US and South Africa have been allocated to a new airline, USAfrica Airways, a spokesman for the US Department of Transportation has said.

USAA is to be the official US flag bearer on flights between the two countries and has undertaken to start service by the middle of the year

The announcement follows the decision by United Airlines to scrap its plans for three flights a week between New York and Johannesburg. The department spokesman said United's allocation of flights had been transferred to USAA.

Earlier there were doubts that USAA would be able to compete successfully against one of the big three of the US airline industry.

But United's increasing financial problems, and its deci-

sion to cut staff and flights all over the world and abandon its plans for a service to South Africa have equally suddenly restored viability to the USAA plan.

A spokesman for USAA said today that under the new department licence, the airline would begin service with three flights a week between Washington, New York and Johannesburg and in September would add three flights a week to Cape Town.

"Eastbound flights to both Johannesburg and Cape Town will operate non-stop over the 8 000-mile route in under 15 hours"

South African Airways is the only airline offering direct service between South Africa and the US, and USAA have warned that they plan drastically to cut existing fares between Johannesburg and New York and between Cape Town and New York. SAA recently launched a new service to Cape Town via Miami.

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# Board calls for hike in SAA fares

CT13/11/93 (269)

Staff Reporter

DURBAN. — The Competition Board has recommended that South African Airways — which lost R100 million in six months last year — should increase domestic air fares immediately, and every six months thereafter until it shows a profit.

The recommendations are aimed at "levelling the playing fields" for SAA's two domestic competitors, Flitestar and Comair.

The Competition Board warned that Flitestar and Comair could be put out of business if SAA persisted in undercutting them with unrealistic airfares.

The Competition Board, asked by the government in August 1991 to facilitate the effective participation of new entrants in the domestic air passenger transport market, made its recommendations public yesterday.

Competition Board chairman Dr Pierre Brooks said the board found that the government's decision that SAA should operate "autonomously and on a commercial basis", had not yet been "satisfactorily implemented".

"This has serious implications for Flitestar and Comair. More particularly, the fact that SAA's domestic air services are currently being run at a substantial loss has adversely affected the profitability and, indeed, threatens the viability of both airlines.

"The reason for this is that Flitestar and Comair, although acting indepen-

dently, are constrained to correlate their respective pricing policies with that of the dominant price leader

"There appears to be little doubt that Flitestar and Comair would lose market share to SAA should they unilaterally increase fares above those of SAA. This would enhance SAA's dominant position and diminish effective competition in the market," Dr Brooks said.

He said that in the circumstances, it was crucial for SAA, especially in view of its status as a state-controlled operation, to set commercially realistic prices.

Dr Brooks said the board accepted that its recommendations, if implemented, would probably result in an increase in airfares.

"This seems unavoidable to ensure competition in the market in the future. It would not be in the long-term interests of consumers if SAA were allowed to continue with its current pricing policy which, as pointed out, is resulting in substantial losses that ultimately will have to be borne by the taxpayer, or could even lead to the withdrawal of Flitestar or Comair, or both, from the market."

Among the board's other recommendations were that SAA should reduce some of its flight frequencies and that serious consideration be given to establishing SAA as a separate legal entity.

Comair managing director Mr Pieter van Hoven said he welcomed the recommendations, saying SAA's attitude since Comair had entered the market was a "predatory one"

# Competition Board advises SAA to increase its domestic

airfares

STEPHANE BOUTHMA

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THE Competition Board has recommended that SAA raise domestic fares on its three most popular routes immediately to help restore the airline to profitability. It should also reduce its flight frequency on the routes by up to 30% to ensure effective competition in the domestic airline market.

The board recommended that SAA adjust domestic fares every six months until it showed a profit. SAA in a statement last night, disagreed with the recommendations, calling them simplistic and counter-productive to the

intent of protecting consumer interest. "SAA differs with this conclusion and certain findings and recommendations and considers that insufficient attention has been paid to the basic causes of the losses incurred by both SAA and (its major domestic rival) Flitestar," it said.

The report on the Competition Board's investigation into facilitating effective competition in the domestic air passenger market, was submitted to Private Enterprises Minister Dawie de Villiers last month. He said last night government would

consider the recommendations. In the long term, the best interest of the consumers remained the highest priority.

Transport Minister had already had discussions with SAA on problems referred to in the board's report, including the profitability of the airline and a level playing field for all competitors.

"Appropriate measures have already been taken as a result of these discussions," De Villiers said.

He added that an undertaking had been given that SAA would discard surplus capacity. The expectation was that a competitor such as Flitestar could obtain a 25% to 30% share of the market.

Competition Board chairman Pierre Brooks said an increase in fares was unavoidable if competition in the market was to exist. SAA's failure to set realistic commercial prices and to diminish capacity, commensurate with government's policy objectives, amounted to anti-competitive behaviour, he said.

"It would not be in the long-term interest of consumers if SAA were allowed to

continue with its current pricing policy which is resulting in substantial losses that ultimately will have to be borne by the taxpayer, or could even lead to the withdrawal of Flitestar or Comair from the market."

Brooks said Flitestar and Comair were constrained, although acting independently, to correlate pricing policies with SAA, the price leader. There appears to be little doubt that Flitestar and Comair would lose market share to SAA should they unilaterally increase fares above

failed to operate profitably because SAA had not increased prices sufficiently to compensate for domestic losses; and that SAA had not reduced capacity to enable Flitestar to enter the market with sufficient passenger loads.

"No attention has been given to the influence on profitability arising from outside influences, such as regulated fuel pricing and increases in airport charges in excess of increase in the CPI," the airline said.

SAA considered the solution was not merely in an increase in fares, but in an attack on costs and productivity.

The board had not motivated why 30% was considered "a reasonable share" of the market. Arbitrary cutting of capacity was ill advised, SAA said.

"The recommendation fails to address the growth in the market since May 1991, the monitoring mechanism to be applied, or how long restrictions will apply to SAA."

SAA said it was still studying the report and would need further discussion with the board to determine the intent of the recommendations.

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To Page 2

# Board recommends increase in SAA domestic airfares

By Peter Davies

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5702 14/1/93

South African Airways' domestic airfares are set to rise if the recommendations of a Competition Board report on effective competition in domestic air travel are implemented.

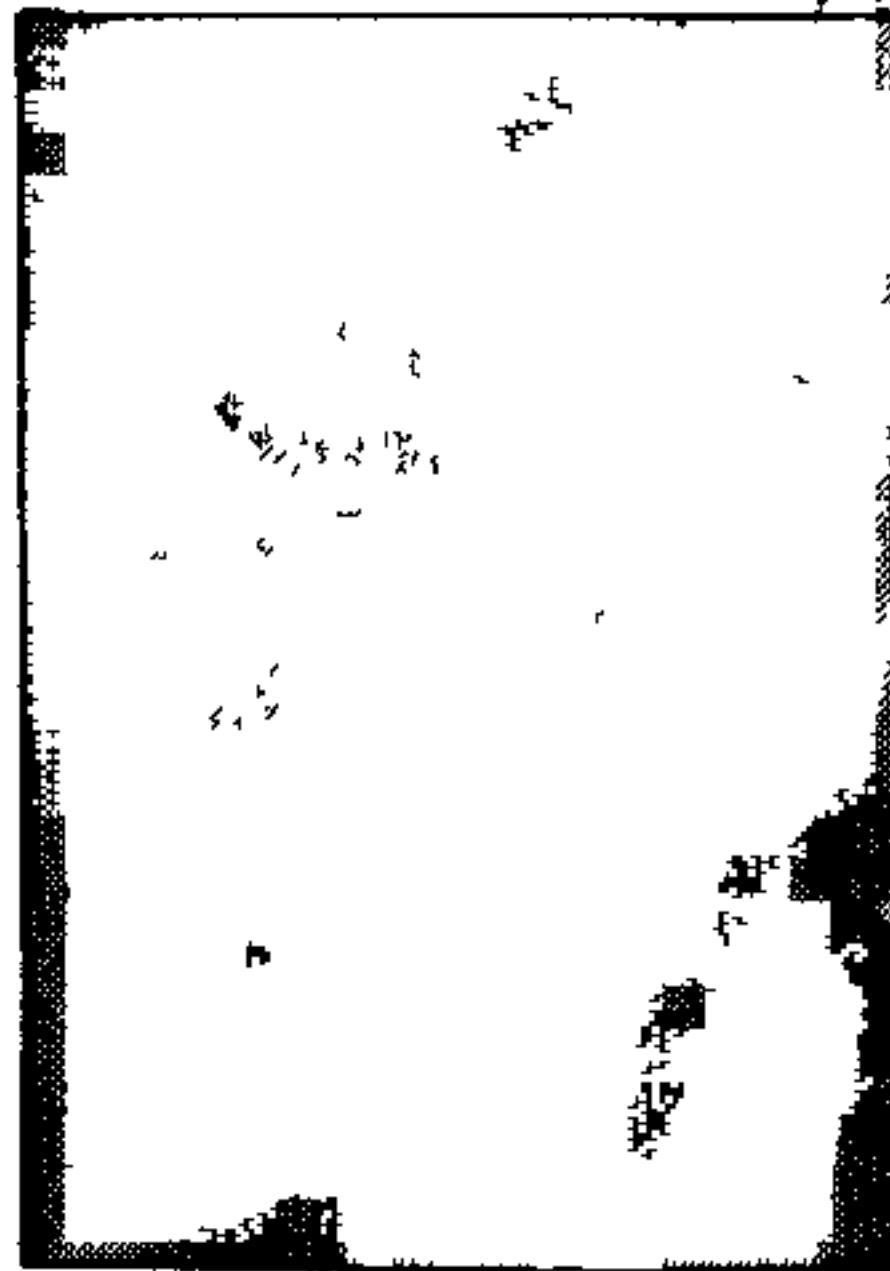
However, commercial air carriers Flitestar and Comair, currently under pressure from SAA's pricing policy, will benefit.

The report, prepared by board chairman Dr Pierre Brooks and released today, recommends that SAA increase ticket prices on plum domestic routes and decreases the frequency of its flights to these destinations.

However, SAA said in a statement the need for a fare increase and the forced decrease of SAA capacity would be counter-productive to protecting consumer interests.

SAA said the recommendations seemed to be based on the conclusion that Flitestar failed to operate profitably because SAA did not increase prices sufficiently to compensate for domestic losses, and SAA did not reduce capacity to enable Flitestar to enter the market with sufficient passenger loads.

The statement said no at-



De Villiers . . . received report last month

attention had been given to the influence on profitability arising from outside influences such as regulated fuel pricing. SAA considered the solution to this to be not merely an increase in fares, but more an attack on costs and productivity.

The board's findings were submitted to Public Enterprises Minister Dr Dawie de Villiers in December.

A spokesman for De Villiers said the recommendations would "probably be debated at a Cabinet meeting". He said the report was regarded as "a matter of some importance".

The board report recommends that as of January 1 1993, SAA adjusts its prices on the Johannesburg-Cape Town, Johannesburg-Durban and Durban-Cape Town routes so that its average seat price is raised to the level of January 1991. These levels must be maintained, with six-monthly adjustments, until SAA's domestic operation becomes profitable.

The board also advises that SAA should be allowed to set its own fare structure in accordance with accepted commercial practices, and not have to seek government approval.

The report adds that serious consideration should be given to establishing SAA as a separate legal entity, and that discounted SAA fares must be "at the same levels as those in place when Comair entered its lease agreement relating to aircraft and personnel with SAA".

Comair's MD Pieter van Hoven said "We hope the Government will implement the recommendations as soon as possible.

"We believe it will allow for the expansion of our services to bring cheaper airfares to a bigger section of the travelling public."

# Sky high cost of flying set to soar

269  
ARG 14/11/93

**ANDREA WEISS**  
Staff Reporter

SOUTH African Airways has rejected as "simplistic" the Competition Board's recommendation that internal air fares be increased urgently to ensure the survival of free enterprise in the skies.

The board maintains SAA is threatening the viability of its competitors, Flitestar and Comair, because it is running at a loss and its price structure is not market-related.

The board was reporting after the government directed it to help new entrants to the domestic air travel market and to dismantle SAA's monopoly.

Mr Pieter van Hoven, managing director of Comair, said his airline was "very pleased with the report".

"We would urge the government to implement the recommendations as soon as possible".

Mr Van Hoven said taxpayers' money was being used to subsidise SAA's "predatory actions".

If the government implemented the recommendations, Comair would be encouraged to expand its services to other routes.

The report would not entail fare increases on Comair which was making a "modest living" on smaller profit margins.

The board has submitted its recommendations to Minister for Public Enterprises Dr Dawie de Villiers, who said they would be "thoroughly considered".

The recommendations include:

- The immediate increase of prices on the Johannesburg-Cape Town, Johannesburg-Durban and Durban/Cape Town routes to make domestic operation profitable.

- The reduction of SAA flights on these routes by March 1 to a level which will decrease its annual seat capacity by 30 percent

- The serious consideration of establishing SAA as a separate legal entity as soon as possible.

- The freedom for SAA to determine fare structures on a market-related basis without Cabinet approval

- The return to fare levels prior to SAA leasing an aircraft to Comair for flights from Johannesburg to Cape Town in August. According to Comair, SAA slashed fares up

to 50 percent 10 days after signing the agreement.

Competition Board chairman Dr Pierre Brooks said the fact that SAA was not operating on a commercial basis had "serious implications for Flitestar and Comair".

"It would not be in the long-term interests of consumers if SAA were allowed to continue with its current pricing policy which is resulting in substantial losses that ultimately will have to be borne by the taxpayer, or could even lead to the withdrawal of Flitestar or Comair, or both from the market"

SAA described the need for a fare increase and the forced reduction of capacity as "too simplistic and counter-productive to the true intent of protecting consumer interests".

# Tollgate Holdings liquidated

Supreme Court Reporter (29) *ARC 11/1/93*  
TOLLGATE Holdings Limited, which has debts of more than R300 million, has been finally liquidated by the Supreme Court.

The order was made final yesterday after an application by the company's principal bankers, Amalgamated Banks of South Africa (Absa)

Subsidiaries Travelcor, Fetlar Foods, Greyhound and Quicksilver, dormant company Norths Industries, TGH Group Limited and Kyalami International Circuit were also finally wound-up.

Provisional orders of liquidation against Motorvia and Entercor were extended until February 24.

In papers Mr Daniel Brits, Absa risk control group executive, said Tollgate Holdings owed Absa R305 million which had been advanced through overdraft and other banking facilities.

Absa was the main banker of Tollgate and its subsidiaries.

The orders were granted by Mr Justice Kühn and Mr Justice Lategan

## Bills put airports on business footing

CAPE TOWN — Bills giving effect to Cabinet-approved policy of commercialising state airports were published yesterday

The Airports Company Bill and the Air Traffic and Navigation Services Company Bill provide for the incorporation of two public companies, in terms of the Companies Act of 1973, to be known as the Airports Company and the Air Traffic and Navigation Services Company, with the state as sole member and shareholder.

All assets, liabilities, rights and obligations of the state in respect of state airports and of air traffic and navigation would be transferred to the companies,

which would be responsible for managing, operating and developing the airports and air traffic on a commercial basis.

The functions of the state as regulator would be exercised by the Minister of Transport and a regulating committee reporting to the Minister

Every three years the committee should grant the company permission to levy charges. Company charges and service standards would be regulated by means of such permission.

Amendment of related laws, such as the Aviation Act of 1962 and the Civil Aviation Offences Act of 1972, is also being proposed. — Sapa.

He is also credited with straightening out the problems of SA Harbours (now Portnet) and Spoornet's marketing division, which had become bureaucratic monsters

Those closest to the airline industry are wary of making premature comment on how well he will fare at SAA. Flitestar MD Jan Blake, a doughty competitor, says "What I hear and read about him is good. Let's give him a fair chance."

Comair MD Piet van Hoven is equally complimentary. He believes his approach is dynamic. "From what I understand, he's addressing the fundamentals needed to turn SAA around. Our concern is SAA's poor financial position, but the indications are that he is addressing the issues that resulted in that parlous position directly. I believe he'll succeed."

Chris du Toit, executive director of the Association of SA Travel Agents believes he's a welcome appointment because he comes from a situation that isn't airline or tourist orientated. "I believe he will take a fresh look at SAA. He's always looking for new information and acts only on good information."

Myburgh has no doubt that he will get the airline right by the end of financial 1994 which ends in March. "I spent a month-and-a-half learning all about the organisation. I packed food, loaded suitcases, worked on engines and sold tickets. I don't feel inferior about my previous experience. I gained ample private-sector experience when I joined Harbours and became involved in marketing for Spoornet."

He adds "That which determines success and sets the private sector apart from the public service is not the individual, but the culture. There is enough commercial culture in SAA for me to make the changes I envisage."

Among them are his plans to sell four surplus Boeing 737 aircraft and reduce the 11 600 airways staff by 2 200 to cut the R750m/year salary bill by 20%. In the last six weeks 600 staff members opted for voluntary retrenchment packages. If insufficient

opt for it, he declares, the rest will be nudged.

Who will get the chop? The inefficient ones, he says, will be first to go.

"We analysed SAA's productivity and found it compared with several other airlines, all of them making losses, some bigger than SAA's. We don't want to model ourselves on those, but on the ones that stand out such as BA, Cathay and Singapore Airlines, whose workers are far more productive than SAA's."

Myburgh certainly appears to have made a timeous start towards returning SAA to profitability. However, there is still a long way to go before it flies into clearer skies. ■

SAA FM 15/1/93

## Turning the tank 269

Since deregulation came to air travel SA Airways has earned the distinction of becoming one of the country's largest loss-makers by notching up a R100m deficit in the second half of last year. Losses are still said to be piling up at about R1m a day.

All eyes are now focused on Mike Myburgh, former group operations GM at Transnet, who takes over from CE Gert van der Veer in April. Hopes are high that the no-nonsense Myburgh will turn the airline around. The question is: can he do it?

Many SAA users in the private sector have their doubts, not because of any perceived lack of ability on his part, but because of his civil service background. They believe, probably rightly, that it's a job for a businessman of the stature of Lord King, who returned a newly privatised British Airways to profitability.

There is, of course, ample precedent in SA for using private-sector executives to run State corporations. John Maree's tenure at Eskom and Donald Masson's appointment to head Telkom are two that they point to. Why should SAA be any different?

Even more reason to appoint someone from the private sector, they argue, is that SAA faces a typical business conundrum, the airline has fallen into a loss-making situation because of an inability to compete, internationally, with well-run private-sector airlines, such as BA, Cathay Pacific and Singapore Airlines which, despite their aggressive pricing, are the industry's top profit-makers. All fly into SA and have contributed to SAA's woes by offering discount fares on the routes it flies. Even on its domestic routes, SAA has shed market share to the fledgling private-sector airline, Flitestar, since the open-skies policy was introduced.

Myburgh, however, is no newcomer to business problems. An engineer by profession, he can count the doubling of the Johannesburg-Durban railway line, and the Richards Bay coal line, among his achievements.



Myburgh . making  
a difference

# SAA's rivals eager for action

810007 15/11/93  
SAA's major domestic rivals Flitestar and Comair urged government yesterday to implement the Competition Board recommendations soon.

The board's recommendations, that the national carrier increase fares to economically realistic levels and decrease its frequency on popular routes, will mean a large rise in air fares if implemented.

This would benefit smaller airlines forced to keep airfares unrealistically low to compete with SAA.

Welcoming the recommendations, Flitestar MD Jan Blake said that to those who understood the domestic air travel industry, the report contained no surprises. The uneven playing field had caused a severe dilution of air fares, he said.

Flitestar, despite the odds, had captured 25% of the domestic market in its first year, he said.

Comair MD Pieter van Hoven said the recommendations would give op-

STEPHANE BOTHMA

erators the confidence to extend existing services and open new routes.

Comair would consider taking on SAA, Flitestar and Airlink on the Durban-Johannesburg route, he said.

However, the CP criticised the report, claiming it confirmed a "certain" agreement between government, Flitestar and Comair.

"Such an agreement makes a mockery of government's so-called free competition and deregulation," CP spokesman on public enterprises and transport Joseph Chiole said.

Blake rejected the CP claim, and said the board's study had been conducted independently with the help of professional international air transport consultants.

The board was merely urging implementation of Domestic Air Transport Policy principles, and 1991 government promises made when they

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encouraged Flitestar's entry into the market, Blake said.

Earlier, SAA also criticised the report as too simplistic and counter-productive to the true intent of protecting consumer interests.

Sapa reports that DP transport spokesman Wessel Nel said in Cape Town yesterday that parts of the report were outrageous, tantamount to gross intervention in the industry, and counter-productive to a free market.

"It is ironic that the Competition Board should recommend air fare increases when their purpose is to promote effective competition and hence lower prices in the interests of consumers," he said.

SAA had acknowledged inefficiencies and claimed to have taken action which would restore the organisation to profitability by October this year on current fare structures, he said.

● Comment: Page 6



# SAA bid to sink Flitestar, Comair

Star 16/1/93

MANDY JEAN WOODS

SOUTH African Airways has been using its State-backed muscle in a bid to force out of business its domestic competitors — Flitestar and Comair — since domestic deregulation of the air transport market became law almost 16 months ago, airline sources said this week.

This is the background to the remarkable report of the Competition Board this week, designed to force the airline to allow effective competition in the domestic air passenger market.

Despite having lost money on its domestic operations for many years, SAA deliberately instituted a price war with the fledgling opposition airlines that cost every one money

It also blanketed major routes flown by the opposition with extra — and loss-making — flights to lighten the passenger loads of the opposition in an attempt to force them out of business

The campaign against Flitestar and Comair cost taxpayers millions of rands because SAA wrote off its substantial losses by raising loans against its capital assets, in addition to not being able to pay anything into the State coffers

The report vindicated claims that the opposition companies had been making privately for some time, said Comair managing director Piet van Hoven and Flitestar managing director Jan Blake

But SAA deputy chief executive Mike Myburgh denied the claim, saying SAA had "no deliberate policy to undercut Flitestar and Comair"

Van Hoven said there was "absolutely no doubt" that SAA's predatory behaviour, days after Comair began direct flights to Cape Town, was unfair and was designed to impair Comair's entry into the domestic market.

"There is no doubt about SAA's intentions. We began our service to Cape Town on August 2 at a fare of R265 one way. Twelve days later, SAA — which has been steadily losing money on its domestic services — dropped its fares to below ours, offering a one-way fare of R215 with a three-month booking deadline," Van Hoven said

"There was a fairly marked impact on our business. We were then forced to retaliate by bringing in another cheaper fare which didn't allow us to achieve a cost recovery. We did this in order to

TO PAGE 2.

## IFP, ANC to set date for peace summit

IDO LEKOTA

INKATHA Freedom Party and African National Congress negotiators have undertaken to set a date for a Mandela Buthelezi peace summit within a month

Urging supporters to desist from violence, top officials of both groups noted in a joint statement after four hours of talks in Durban that the meeting could take place even if preparatory talks had not clinched agreement on all points

Yesterday top level IFP ANC delegations met for a third round of preparatory talks to pave the way for the summit

The IFP team was led by IFP national chairman Dr Frank Mdlalose and the ANC's by assistant secretary general Jacob Zuma

### Reconstruction

Both parties expressed a sense of urgency yesterday, apparently making progress towards a summit date

Subcommittees were to deal with creating a climate for free political activity; strengthening National Peace Accord structures, ending militarisation of politics, and addressing reconstruction in violence-torn areas

A last round of preparatory talks, at which a date and agenda for the summit would be set, would be held on February 11. However, the date and agenda would have to be approved by both parties' leaders

Saturday Star January 16 1993

## SAA

FROM PAGE 1.

protect our market position."

The Competition Board this week recommended that SAA increase its fares on the Cape Town route to equal the fares in place at the time Comair began its services.

In an attempt to weaken Flitestar during its first year of operation, SAA reduced ticket prices and increased the number of flights on the most lucrative routes and charged exorbitant rates for certain services

These measures combined to make Flitestar's first year of operation extremely difficult, Blake noted.

On the other side of the ledger, the Competition Board noted that "not all the problems experienced by Flitestar in entering the domestic market can be attributed to the acts and omissions of SAA. Flitestar would, perhaps, itself concede that... not all of its business decisions have been correct"

The report recommended that SAA increase its fares on major routes to levels equal to those at January 1991, and that it reduce its capacity on these routes to 30 percent below the May 1991 levels.

"SAA's decision to lower its fares and increase capacity on those

routes has had a major impact on our entry into the market," Blake said. "Flitestar's 25 percent market share on the routes we operate was achieved against all the odds and in the absence of a level playing field, but unfortunately at the cost of a severe dilution of air fares."

Blake also pointed out that in terms of the addendum to the Domestic Air Transport Policy Document, SAA had to "operate autonomously and on a commercial basis

"They have been losing money for years on their domestic services. It has taken them 16 months to introduce a business plan to try to become profitable ("Project Success"). Yet during this time, they have increased their capacity on the key routes as well as dropped their fares," Blake said

"SAA is obviously not complying with the terms of the policy document."

In reply, Myburgh said that while accepting the principle of the Competition Board report, the recommendations were "so simplistic as to be unjust"

"SAA considers the solution to profitability to be not merely an increase in fares, but more an attack on costs and productivity. Project Success has this objective and has already achieved a considerable turn-around during the last three months."

Photo by Webster Photograph: S

tite, t

Wolfhounds, though trained to Kenya and, according to a wolfhound expert, a wolfhound will pick up by the spit making the animal probably scare off because of their a very quiet dogs that protective instincts

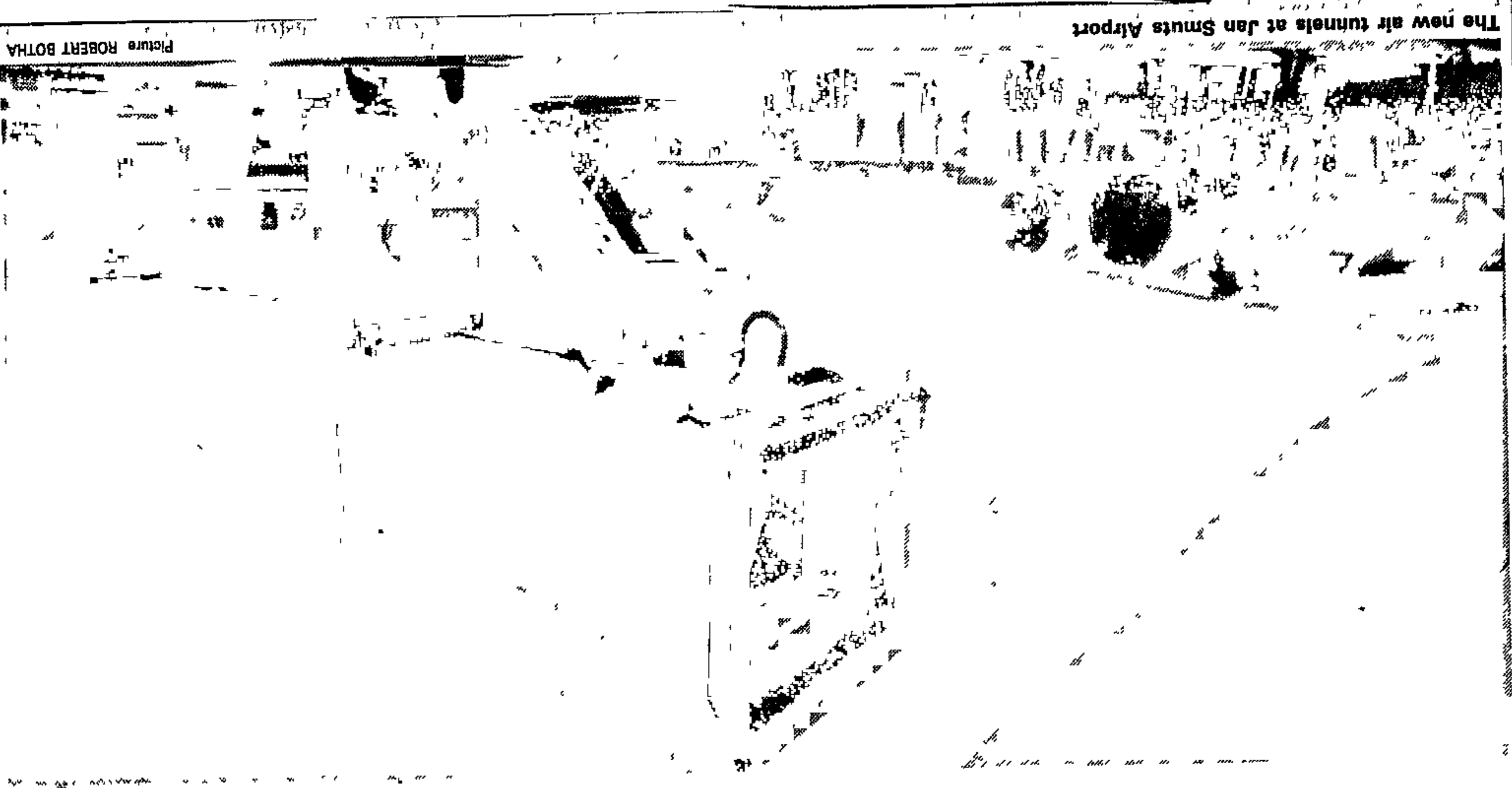
Nice Blarney, vey, put the photo by Blarney!

sed

a bleak picture of the economy, he said the country would not be solvent unless the government's expenditure were reduced and additional revenues sought. Inflation had risen in the past three years, one of the few signs in the

for fiscal discipline — and my additional measures are necessary to further anchor the exchange rate which we have. rk said the net

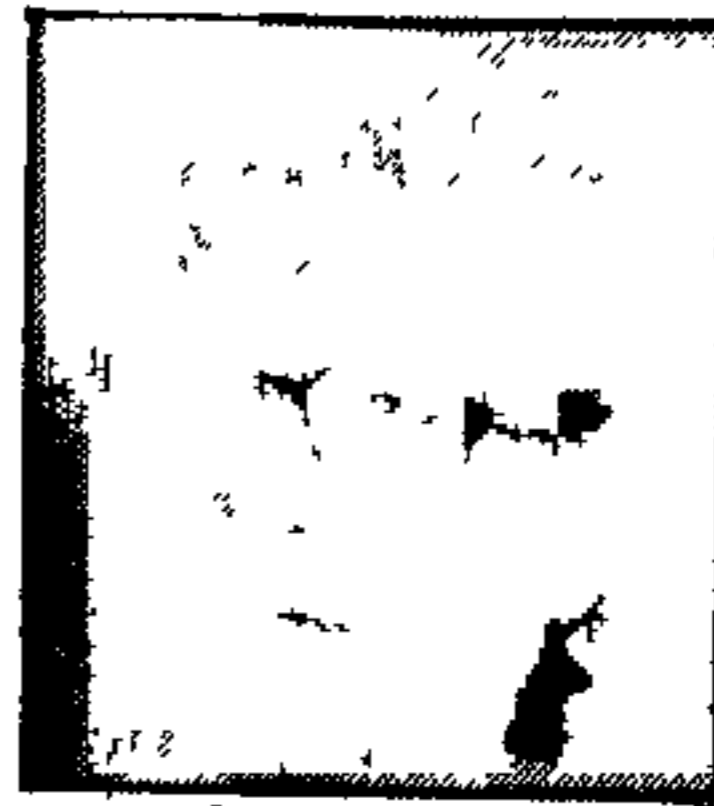
**Airports may be renamed**  
 KATHRYN STRACHAN  
 THE Transport Department had come under pressure to rename major state airports — all named after former prime ministers and presidents — Deputy Director-General Japie Smit said yesterday. (269)  
 His department's feeling that the airports, especially Jan Smuts which had become a focal point internationally, ought to retain their names for the sake of international recognition was not accepted by pressure groups.  
 Smit said most of the proposals had been for a move away from naming airports after individuals. Opening Jan Smuts's new international departure lounge on Friday, Transport Minister Piet Weigemoed said the new international departure complex would become operational today, Sapa reports. The R120m project to upgrade the departure complex would be completed by March 1984 but international passengers could already make use of the improvements. Loading bridges will enable passengers to board aircraft directly from the terminal.



The new air tunnels at Jan Smuts Airport

Picture ROBERT BOTHA

South African Airways must increase its fares if the passenger is to benefit from a more competitive environment, says the chairman of the Competition Board, Dr Pierre Brooks. It is a decision that has far-reaching implications for the power of parastatals and other dominant players in the market place. Here advocate SOLLY TUCKER, a member of the council of the Institute of Directors and chairman of York Timber, explains why this is so.



Solly Tucker

# Dr Brooks's medicine for greedy predators

5742 20/11/93

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The Competition Board's recent report to the Minister of Public Enterprises on South African Airways, seeks to negate "anti-competitive behaviour" by the flagship airline following the dismantling of its statutorily ensconced monopoly.

The interesting feature in its recommendation to the Minister, is that the Board's action is being launched against prices that are too low!

Can prices ever be too low? .

The Competition Board's report shows how low prices can be against the consumer's best interests and hurt the free market system.

Dr Pierre Brooks, Chairman of the Board, says that complaints lodged against corporatised and "commercialised" parastatals have in recent times increased both in number and complexity.

Government policy of commercialisation is intended, inter alia, to reduce or eliminate the taxpayer's financial commitment to parastatals. This puts pressure on the managers of parastatals not only to trim their particular operations, but to seek increased revenues for instance, by extending the scope of their activities or by "anticompetitive behaviour" such as predatory pricing.

## Predatory pricing

Dr Brooks's report to the Minister does not use the words, "predatory pricing", but that, in essence, is the mischief which the Board now seeks to redress in the SAA issue.

Predatory pricing refers to conduct by a major, well financed player in the market place, aimed to acquire or preserve monopoly power by underselling its rivals. In its most orthodox form, predatory pricing means driving rivals out of business by selling below cost.

This kind of anticompetitive

behaviour is actionable under American antitrust laws as well as in antimonopoly doctrines in other Western jurisdictions

Predatory pricing is not condemned because it results in current lower prices. It is condemned because, if successful, it will result in reduced output and higher prices.

A price is predatory if it is reasonably calculated to drive rivals from the market today or else discipline them so that the predator can enjoy monopoly pricing in the future.

This is the underlying principle of anti-competitive conduct found by the Board in the loss-making pricing policy of SAA: it was held to be unfair to its rivals, Flitestar and Comair and, also, against the public interest.

The two smaller airlines, although acting independently, were being pressed to meet the prices of the dominant price leader or lose market share to SAA whose predatory pricing strategy served to boost SAA's dominant position and diminish effective competition in the market.

The Board found that it is crucial for SAA, especially in view of this status as a State-controlled operation, to set commercially realistic prices. Its failure to do so and to diminish capacity commensurate with the Government's policy objectives amounted to anti-competitive behaviour.

To remedy the situation the board recommended, inter alia, that SAA adjust its prices on certain popular domestic routes to 1991 levels in real terms and maintain these levels with biannual adjustments until its domestic operation becomes profitable, and, that SAA reduces flight frequency on the same routes within two months to a level 30 percent lower than the previous years.

Dr Brooks accepts that his

Board's recommendations, if implemented, would probably result in an increase in airfares.

It would not be in the long term interests of consumers if SAA were allowed to continue with its pricing policy which resulted in substantial losses that will ultimately have to be borne by the taxpayer or could even lead to the withdrawal of its rivals from the market.

The action against SAA by the Competition Board will no doubt be very carefully studied by other parastatals, whose number and magnitude continues to escalate — Transnet, Telkom the Post Office, Denel, Soekor, Abakor, Eskom and now, the youngest, but powerful, creature of "commercialisation", Safcol (South African Forest Company Limited).

## Private sector

Will similar principles apply, on proper cause shown, to predatory pricing and other anticompetitive conduct by the private sector majors? Who doubts that in the present prolonged recession some heavy-weight players have driven or are driving their less well-financed competitors out of business? In a slump effectiveness and efficiency are not necessarily guarantees of viability in the teeth of ruthless predators.

For society as a whole to prosper, corporate leaders, private or public, must shape their actions to ensure the free market system works for the common good.

This is a watershed finding by the Competition Board that augurs well for wholesome standards of competition and for level playing fields in the market place.

Directors throughout South Africa, will salute Dr Pierre Brooks and his Competition Board for a momentous, courageous and insightful initiative.

# Transnet looks at streamlined Elfi 5

TIM MARSLAND

TRANSNET was considering launching an Elfi 5 issue to replace the R1bn Elfi 3 issue which matured on April 1, treasury manager Johan van Schoor said yesterday.

Transnet would also redeem the R1,2bn T002 capital market bond which falls due on the same day. This would be replaced with the medium-dated T013 which was launched in October 1991, Van Schoor confirmed.

He said slight changes were planned to the Elfi 5, expected to be launched on April 1, to "streamline" it.

The Elfi 3 is similar to a capital market bond and is split into a bull and bear tranche which pays interest of 4,5% and 2,5% respectively.

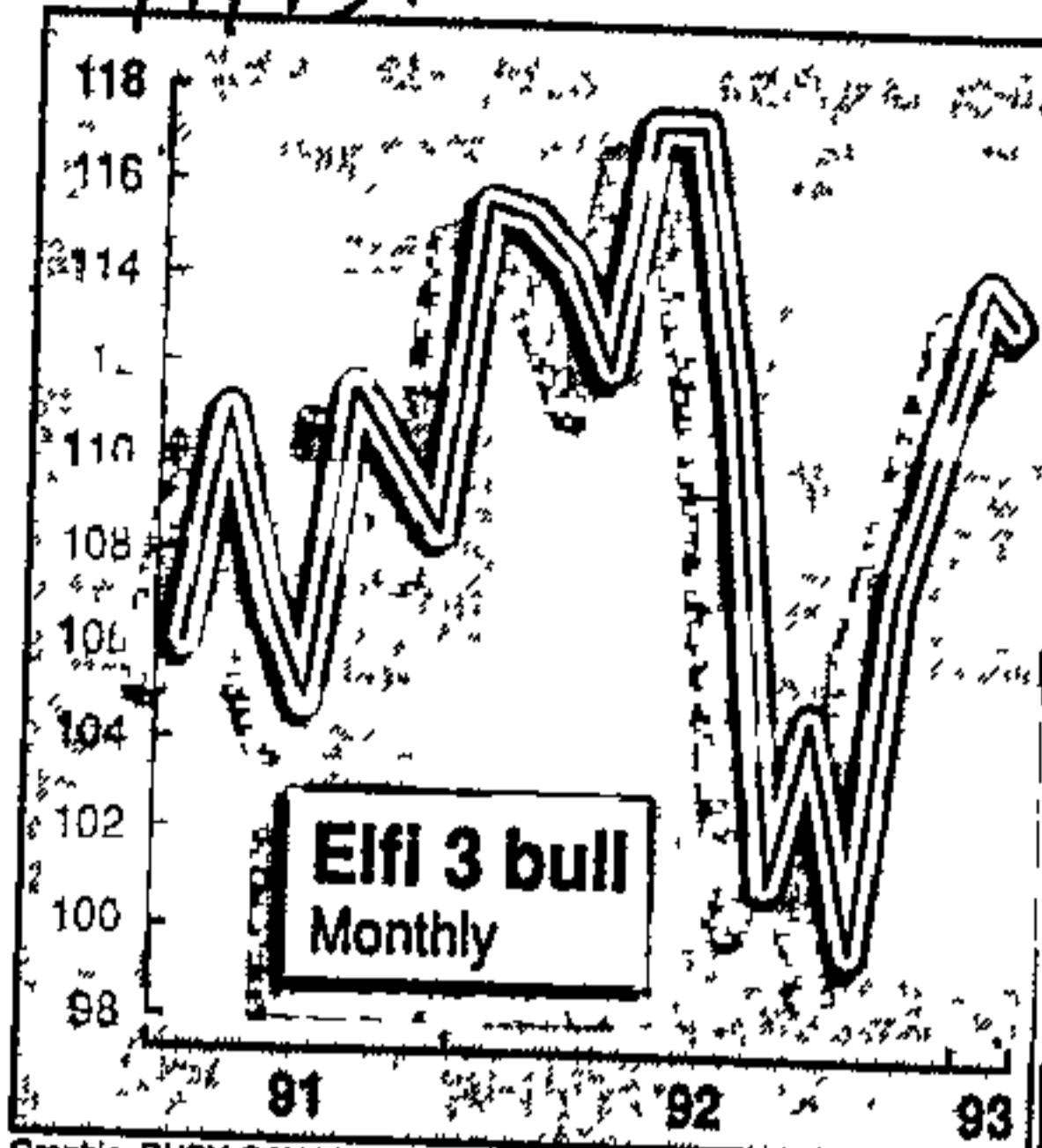
Bull holders gain if the underlying JSE overall index rises, but they make a loss if it falls below the level that the Elfi 3 was issued at.

With the bear issue, investors make a profit if the overall index falls, but make a loss if it rises above the issue level.

The index was at 2 915 when the Elfi 3 was issued and closed at 3 382 on the JSE yesterday.

Van Schoor said Transnet had not decided on the coupon rate for the Elfi 5.

The Elfi 3 had effectively cost Transnet 14,75% in interest, which was "a good rate



Graphic: RUBY GAY MARTIN Source: I-NET

when the Elfi 3 was launched", he said.

A higher yield was offered on the bear tranche as SA markets were inherently bullish and a "sweetener" had to be offered to make the bear tranche attractive, he said.

An official announcement on the Elfi 5 would be made soon, he added.

Market participants said the market would welcome a new Elfi issue.

"It is an alternative method for an equity-linked investment," one dealer said.

Because it was considered a gilt, portfolio managers could use the Elfi to gain exposure to equity derivatives, he said.

## Prospects 'not encouraging'

PETER DELMAR

SPRING and early summer rains were insufficient for a recovery in C G Smith Sugar's cane supply areas, chairman Glyn Taylor told the company's AGM yesterday.

Accordingly half-year earnings to end-March would be sharply lower than those for last year's first half.

"The world sugar price remains weak at around \$190 a ton and, faced with forecasts of a fourth successive year of global surplus production and a further build-up of stocks, it seems unlikely that the price will rally to any significant extent in the foreseeable future. In short, the company's prospects are not very encouraging at this time."

In its first year as a listed company, C G Smith Sugar reported a 10% increase in attributable profit to R87,1m and a turnover rise of 15% to more than R1bn.

Taylor said the company's financial year had straddled two sugar seasons. The financial year ending September 1993 would include the second half of the 1992-93 season and the first half of the following season.

The company's production for the 1992-93 season dropped 122 300 tons to 730 548 tons, but this was partially offset by a gain in share of the valuable 'A' pool production.

Taylor said financial losses were sustained in C G Smith Sugar's own cane-growing operations.

**Train death toll rises**

THE death toll in violence on trains rose to three this year when another two people died in trains on the Reef on Tuesday

Witwatersrand police spokesman

Colonel Dave Bruce said the body of a

man was found near Kallehong Station

on the East Rand and an injured man

was found next to the railway line. In

further train violence, a man was killed

and another injured in another train

attack, also on the East Rand - Sapa.

*Sowetan 21/1/93*

*(2/1)*

*(1/2)*



# Fear of flying: the SA edition



**Brian Kantor is professor of economics at the University of Cape Town**

(269)

FM  
22/1/93

As everybody knows, competition keeps down prices in the interest of consumers. When the Competition Board, a government agency charged with promoting competition, tries to force up prices in the interest of competition, the credulity of the man on the airbus is stretched to the maximum — and understandably so.

Trying to distinguish between competitive and predatory pricing by airlines has given the board a major credibility problem.

Lower seat prices are something for consumers to savour. That prices may be higher sometime in the future because they are lower now, which is the case against predatory pricing, is a danger to which the rational consumer would gladly be exposed.

What did Keynes, after all, have to say about the long run?

Soon somebody may discover a way to harness the force of gravity or, more likely, manufacturers or owners of aircraft could be forced, by temporary (how temporary?) lack of demand to lease them at give-away prices to newly established operators on the Cape Town-Johannesburg route. Or, because of the meltdown of the Soviet empire, skilled pilots can be had for the price of a non-unionised bus driver, making it still cheaper to run an airline. Is the Competition Board to deny us all these possibilities?

Will it also deny us the possibility that SAA might actually do what it says it wants to do — reduce operating costs so it can

continue to offer us the fares which the board says are far too low? What can its officials know about operating an airline?

The board has serious concerns about the relationship between State and privately owned enterprises. State-owned enterprises are secured, in the final analysis, against bankruptcy by the tax base, a safety net not available to the private firm.

But the owner of the private firm has the incentive of unlimited rewards for exceptional performance. The evidence suggests the opportunity to earn superior rewards will more than compensate for higher bankruptcy risks in the allocation of capital. Providing the appropriate incentives for superior effort is the major problem faced by the State-owned enterprise. That is why they seldom stand up successfully against their privately owned rivals when competition is allowed.

The emphasis is, of course, on being allowed to compete, a freedom denied until recently to potential rivals of SAA.

## Airline game

That freedom has changed the rules of the airline game in SA, as it is doing all round the world. Established airlines fear competition and respond appropriately — to the benefit of consumers.

Privatisation is an obvious response by governments to their failure to compete. Privatisation will bring better results than rejuvenating State-owned enterprises by exposure to competition. But, in its absence, the Competition Board has made the wrong judgment.

Is a government-legislated monopoly much worse than a government-controlled cartel, where prices are based on returns on capital? And, if returns on capital are to be guaranteed, can the reimpositions on barriers to entering the industry be far behind?

Entry to the airline business is open be-

cause it takes little capital to compete, as Comair has proved. Planes, as well as pilots and maintenance, are easily hired. The greatest barriers are time slots at busy airports, this is not a problem in SA's uncrowded airports. Concerns about predatory pricing, in this context, make no sense at all. Should any operator take advantage of his monopoly power, this would be sure to attract new rivals.

SAA is probably well aware that, if it doesn't get its costs down and there is freedom to enter the SA market, it will lose a large share of its domestic business, if not to Flitestar then to somebody else.

Flitestar might well have been given the impression that it would be allowed to share the local market in the way the Competition Board now proposes. Consumers must hope that the board does not get in the way of effective competition, even if it is only between State-owned enterprises and their actual or potential rivals.

The board, alas, has made the classic error open to all such bodies which attempt to promote competition. It has confused the appearance of competition — the existence of many or at least a few participants — with the reality of competitively inspired efficiency. Competitively inspired, profit-maximising low prices do not necessarily require rivals at all, merely potential ones. And to complicate the picture, low prices can be associated with superior returns on capital for a near-monopoly supplier because it can lead to a rapid growth in demand and the realisation of significant economies of large-scale production and distribution.

SA Breweries and Coca-Cola in SA provide excellent examples of this process at work. Competition could well eliminate rivals in the interest of consumers. SAA and Flitestar should be given every opportunity to do just that.

Isn't it ironic? After years of being accused of being a monopolistic price-fixer which ruthlessly exploited the local air passenger market, SAA is now being told by the Competition Board (CB) that it must increase its fares — to give its competitors a better margin.

In his report, Competition Board chairman Pierre Brooks argues SAA is acting "anti-competitively" by retaining its current domestic airfare structure and failing to reduce its flying schedules since new competitors entered the local market

The consequence of its "below-cost" pricing, he says, is that its competitors will be driven out of the market and taxpayers — SAA remains a State corporation — will ultimately have to foot the bill for the airline's huge losses

Interestingly, SAA pre-empted the CB report by announcing a 5% increase in domestic fares effective from January 1 and by increasing the prices of the discount fares it offers on local flights by 17%. The move, however, was unrelated to the imminent publication of the report

SAA deputy CE Mike Myburgh, who takes over from Gert van der Veer on April 1, contends that it's not necessary to increase fares in order to return the airline to profitability.

He's already embarked on a three-pronged exercise designed to attack the problem at its source and eliminate the airline's R100m loss last year, as well as its current operating deficit (*Business & Technology* January 15) by March 31 1994.

- Part of his cost-cutting plan involves
- Retrenching 2 200 staff members by March, which will translate into a 20% saving on its R750m/year salaries and wages account effectively wiping out the R100m it lost last year,
  - The sale of four surplus Boeing 737 aircraft;
  - Increasing the productivity of staff to levels commensurate with that of the three most profitable airlines — Singapore Airlines, Cathay Pacific and British Airways; and
  - Rationalising SAA's international ser-

vice

"Showing SAA's orange tail at foreign airports isn't the most important thing in my life," says Myburgh — "unless we can get them there and back with profit-making loads"

A start has already been made with SAA's marginal Johannesburg-Bangkok service. It is now operated by Varig Brazilian Airlines on a code share agreement. Varig stops in Johannesburg, gets an SAA flight number in addition to its Varig flight number and picks up SAA's Bangkok-bound passengers

"You won't see the orange tail at Bangkok, but that's not important. SAA is showing a profit and we can divert the aircraft we were using on that route to the Singapore run, where it is needed," he says. SAA will also close its sales offices in Buenos Aires and Copenhagen.

Myburgh dismisses the CB's main recommendations that SAA increase domestic fares by March 1, and reduce the number of flights it offers on the Johannesburg-Durban, Durban-Cape Town and Johannesburg-Cape Town runs, as "simplistic," and says "I don't agree with it"

He does, however, agree with the finding that SAA should be a separate legal entity and should be allowed to determine its own fare structure

The Cabinet has the final approval over SAA's domestic airfares. This means that even though Myburgh may reject the CB's recommendations, the Cabinet can, in theory, force him to adopt them

Not surprisingly, the MDs of SAA's major domestic competitors, Jan Blake of Flitestar and Piet van Hoven of Comair, fully support the CB's recommendations

For Blake, who maintains Flitestar isn't operating profitably because of having to match SAA's domestic fares, this could mean a return to profitability. To Van Hoven it could mean bigger profits. His Comair airline which plies the Johannesburg-Cape Town route, using a leased SAA jet and crew, is operating profitably — despite its fares being well below SAA's or Flitestar's.

Van Hoven would like government to implement the report, but he admits that for SAA, increased fares in themselves are no panacea. "SAA's problems can also be dealt with by reducing operating costs and by cutting capacity in areas where it has lost market share. It's logical to reduce capacity when you lose market share."

Blake says Flitestar has grabbed 23%-25% of the market on the Johannesburg-Durban and Johannesburg-Cape Town routes, but he claims the airline isn't showing a profit because SAA's fares, which it is forced to match, are too low. He says the report confirms what he has been arguing: that the deregulation policy isn't being fully implemented, that SAA should start increasing its fares to recoup substantial losses and that the taxpayer is subsidising the wealthy air traveller.

"It isn't just the taxpayer that must fill the coffers of government. Government should

ensure that the businesses it runs — not just aviation, but every business it runs or has a share in — is profitable and helps fill its coffers," he says.

Myburgh, however, reacts strongly to the suggestion that the taxpayer will be prejudiced should SAA continue to lose money. "We don't get any loans or money from government, so no taxpayers' money is involved. Our first port of call is the Transnet treasury or, through it, the capital markets"

AIRLINE COMPETITION

Brooks' neck

FM 22/1/93

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It may come as a surprise to our competition supremo Pierre Brooks that those of us privileged now and then to fly to distant parts of the world pause occasionally to offer a silent prayer to Mammon rather than St Christopher. We do so because, increasingly, international airfares are determined not by bureaucrats, nor a cartel or the profitability of the carrier. They are determined by competition. So sometimes they are quite cheap.

We are a little sad that we have to bring this to Brooks' attention, considering he is supposed to be the Great Referee to whom all men and women of commerce must genuflect. But his admonition of SAA, because it cut its domestic fares and is thus harassing competitors, was not a seminal one.

It must be a matter of some dismay to the managers of SAA — in all their serried ranks — that when they cut fares, Brooks accuses them of predatory pricing, but when their competitors indulge themselves in this way, they are simply being competitive. This must be especially trying for them when they remember the constant criticism that domestic airfares in relative terms are much more expensive than those on many international routes.

We, among others, have frequently taken the SAA to task for the inflexibility of a fare structure that did not adequately reflect differing demands. Too often the cost of comfort was held too close to that of utility. The national carrier's attitude to marketing, if not yet to the management of assets, is certainly improving.

Brooks' fear is that having eliminated its two fledgling competitors by keeping airfares at below "cost," SAA will once again have a de facto domestic monopoly and simply keep prices rising. There are two things that he should bear in mind.

One is that, provided government does not interfere, in the event of the demise of the competitors, others will move in (possibly better capitalised and with more robust managers) to take their place. Competition will then be restored and airfares will again moderate. The important thing is to keep the domestic skies open to all who would use them.

The other is that profits of competitors should not be of concern to a regulator of Brooks' ilk. Erstwhile British airline operator Freddy Laker used to say that when he made his first airline fortune, he was content to clear a profit of no more than ten bob a seat. The rest came from the hotels to which he delivered his tourist hordes, as he negotiated with the hoteliers even for a percentage of the profit of the drinks the hordes consumed. Would that be considered fair competition here?

SAA has declared that it intends to cut its costs substantially. One way of ensuring that

this takes place swiftly is through the sort of competitive action that SAA has taken against its screaming competitors. It needs at least a decent interval to demonstrate that it can get its costs down to more competitive levels. It is well known that SAA is overmanned and that in other respects, too, it could be run on fewer resources.

Much depends, too, on how costs are calculated. Depreciation, inventory policy and many other variables — the determination of which are a matter of policy or opinion — go into the computation of costs. Ask the chaps who run the oil pricing system.

Of course, Brooks is right to have concerns about the commercial status of SAA. It is, at best, the unhappy transformation of a State enterprise into a private-sector company. At worst, it is a dubious excuse to raise prices without relinquishing competitive privilege.

However, ownership is not really the issue here because there is competition in the marketplace. The worry Brooks clearly has is that low airfares will simply compound the losses of an undertaking which the taxpayer will ultimately have to finance.

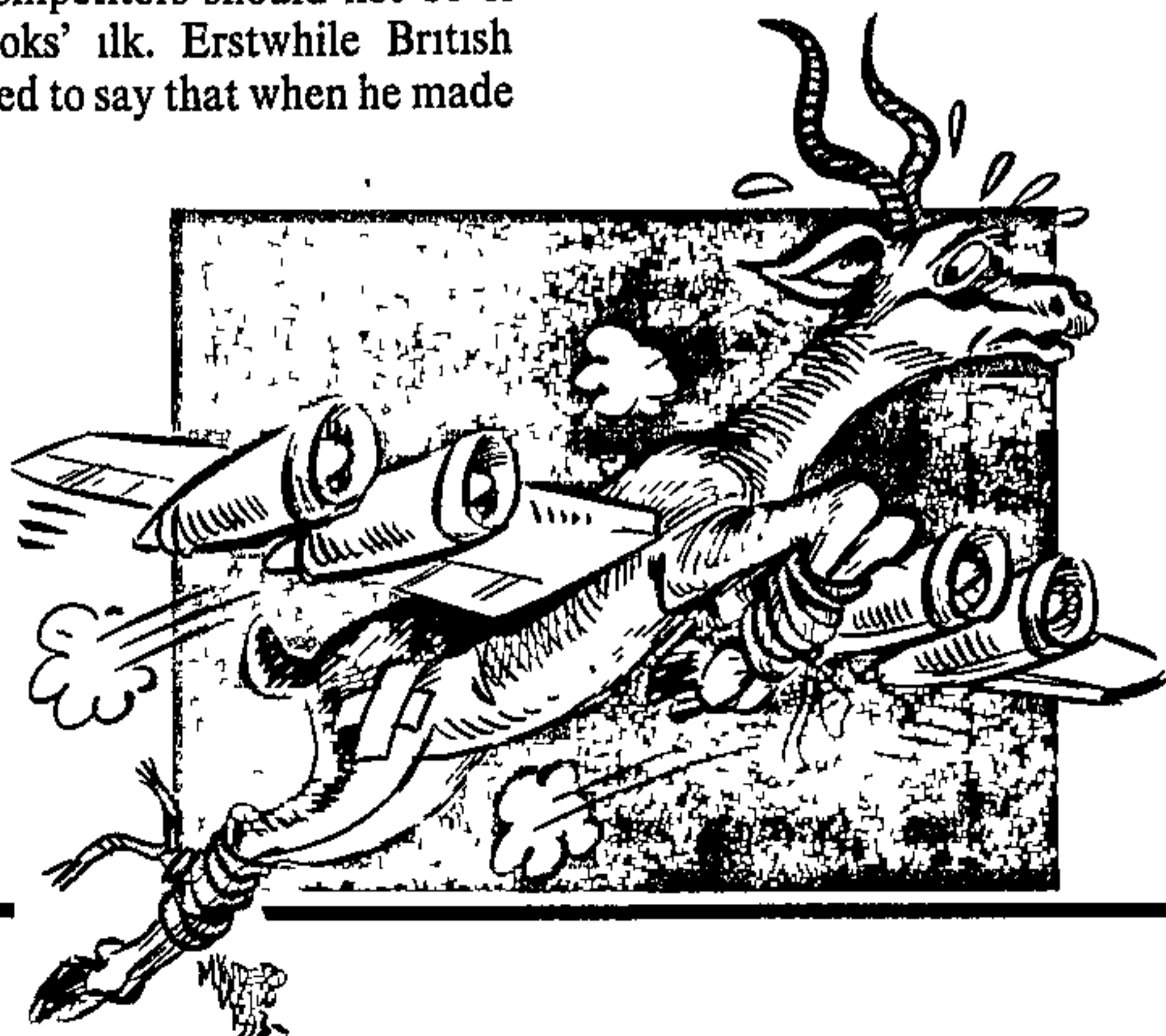
If that turns out to be the case, it implies incompetent management. Clearly, Brooks by his recent statement has a low opinion of the management skills within SAA. But that is neither here nor there. It is essential that SAA managers be given an opportunity to demonstrate whether they have the skills to run a competitive airline. They do not need to be constrained by some armchair referee.

If SAA managers do not measure up, they will not make the transition to privatisation, which we guess is inevitable sometime in the years ahead. So there are incentives for them to demonstrate their skills, even under the present awkward commercialisation phase.

They will not be given the opportunity they deserve to demonstrate this if they are constrained in their efforts by bureaucrats who are impatient with the time it takes for the market to move towards equilibrium.

It is an impatience that does not work, in the short run, to the advantage of domestic airline passengers. They benefit immediately from the lower fares that stiff SAA competition has brought about. If Brooks is proven right — and we have already explained why we don't think he will be — then the disadvantage is distant and, in any event, uncertain.

What Brooks has done is premature, unfair and unwise for SAA and for airline passengers. As far as the passengers are concerned, his is less a case of Brooks' protection than Brooks' neck. ■





# Low blow to free market

By DON ROBERTSON

*Still more (Buss)*  
GOVERNMENT's attempt to force one of its own bodies to toe the free market line could be stymied by — of all groups — private enterprise.

Richards Bay Bulk Storage (RBBS) has appealed against a November 6 ruling by Minister of Public Enterprises Dawie de Villiers against any agreement between it and Transnet. *24/11/93*

The company provides a bulk liquid chemical import and export warehouse for its clients at Richards Bay.

Rennies Bulk Terminal has a 50% interest in RBBS, with Sentrachem and AECL holding the balance. *(25)*

The ruling prevented Transnet from making land available in the Richards Bay harbour area for the establishment of a second storage facility. *(26)*

For the first time, Transnet was instructed by the Minister to make land available to a third party in the harbour area. It was also to ensure the allocation of this land did not put the third party, Island View Storage, at a competitive disadvantage with RBBS and that the land granted to RBBS was not in excess of its needs.

Island View Storage has spent 10 years attempting to secure a site for a bulk liquid facility.

In 1981, the harbour authorities asked interested parties to establish a single organisation to negotiate the allocation of land for a facility. This resulted in the formation of RBBS. But Island View refused to join the group as some of the members of RBBS were its customers. Since then, it has been unsuccessful in obtaining a site.

# SARCC is on right track

By JETHRO SEREISHO

GETTING on a train has become a long and risky business (269)

Trains are notorious for overcrowding and attacks on commuters, and ticket dispensing offices are infamous for long queues.

This could soon be a

thing of the past when the SA Rail Commuter Corporation instals ticket issuing machines

A spokesman for the corporation, Annemarie Strydom, said it will be possible to buy a ticket at any station for any destination. It will also be possible to use credit cards.

2/11/93  
Strydom

# New dual engine saves Spoornet R90m

STEPHANE BOUTHMA

SPOORNET will spend about R430m on 60 new locomotives over the next two years, but innovative engineering has cut original and future operating costs considerably, saving about R1,5m a locomotive.

A novel concept for large railway operation — a diesel and electric combination locomotive for shunting and use on main lines — had been developed by Spoornet engineers in co-operation with the European manufacturers of 38-Class locomotives, Spoornet assistant GM rolling stock Hannes Venter said.

Components for 50 38-Class locomotives, costing R280m, were on order from Consortium 38 in Europe and would be built

locally, Venter said

Previously, electric engines moving freight on electrified main lines had to be replaced by diesel engines for shunting on non-electrified sidings. Alternatively, diesel engines were used on electrified lines at three times the cost.

The first of the 38-Class would come into operation in the next few months with expected delivery of three a month until late 1994.

Spoornet had a fleet of 2 400 electric and 1 400 diesel locomotives.

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25/11/93  
LWU  
SPOORNET

the previous financial year of 30.00

## Air medical firm grows

810PM  
25/11/93 KATHRYN STRACHAN (269)

WITH Africa becoming an increasingly popular tourist and business destination, an air medical rescue service has boosted its operation to cope with the hazards of the continent.

Last year more than 1 000 people in need of medical care were evacuated by air charter from many African countries to SA by Europ Assistance SA, part of the world's largest insurance-linked travel assistance chain.

Europ Assistance SA assistant GM Raymond Uren said with the poor medical standards in African countries and the dangers of diseases such as malaria, it was best to bring critically ill or injured travellers to SA for expert treatment as quickly as possible.

He said the company expected the number of evacuations to rise substantially this year.

In a bid to make its air medical rescue faster, the organisation yesterday relocated its Johannesburg Operations Centre from the CBD to Grand Central Airport at a cost of R500 000.

At present, R2,5m worth of medical equipment is stored at the hangar and a shock, trauma and resuscitation centre has been set up.

## Train guards 'ill-equipped'

ADRIAN HADLAND (269)

PRETORIA — Security guards contracted by Spoornet to protect commuters and property at railway stations in Soweto had been poorly equipped and cut off from police backup, the Goldstone commission heard yesterday.

Speaking at the commission's investigation into train violence yesterday, a Springbok Patrols employee who had been on duty at Mlamlankumzi station in Soweto on November 25 last year said the two-way radios he had been issued had no batteries. B/DMM

Two people were killed and 36 injured on that day when a group of armed men attacked commuters on the Vereeniging to Johannesburg line. 26/1/93.

The security guard said there were also no telephones at the station to call for help.

The ticket office at Mlamlankumzi was burnt down in October last year, he said.

The guard said it had taken the security forces 20 minutes to reach the station after the attack. He had no idea how they were contacted.

Sgt Christoffel Germishys of Orlando's unrest and violent crime unit testified that four people had been arrested after the incident but had been released due to a lack of evidence.

The commission will conclude arguments on train violence after evidence on the Mlamlankumzi incident is heard.

# Bishop among six held in arms case

B/DMM 26/1/93.  
POLICE yesterday arrested East Rand Zionist Bishop Solomon Khumalo and five others on charges of illegal possession of firearms and ammunition, following a tip-off, police said yesterday.

Khumalo, who was recently released on bail after being charged with murder, and the other men appeared in the Alberton Magistrate's Court yesterday.

The six were refused bail and would appear in court again on March 2, police spokesman Brig Frans Malherbe said.

Malherbe said police arrested the men in Khumalo's house in Thokoza yesterday morning.

A gun with live rounds of ammunition, and with the serial number filed off, was found in the house.

The other men were Shadrack Khumalo, Nichla Chamane, Dumisani Khumalo, Fan Ramaise and Thulani Khumalo.

Meanwhile, 13 people died in violence on the East Rand over the weekend.

The Human Rights Commission said 122 people had already died in violence this year, almost 50% more than were killed in the same period last year and just below the 127 who were killed in the first 25 days of January 1991.

About 39 people died in violence in the PWV area this January while

RAY HARTLEY  
and THEO RAWANA

only 23 died in the same period last year. January 1991 saw 53 deaths in the PWV, the HRC said.

In the latest incidents of violence in the area, a municipal policeman was shot dead and robbed of his service pistol in Evaton yesterday, while a member of the Internal Stability Unit in Soweto was critically wounded in an armed attack on Sunday, Sapa reports.

The SAP said a resident had found the body of municipal Const Buti Joseph Nzandayi after hearing shots.

The policeman was shot while on patrol in Dobsonville. Soweto police spokesman Capt Joseph Ngobeni said members of the Internal Stability Unit in Soweto saw a suspect vehicle carrying 16 people.

Shots were fired at the police, who returned fire. Const Warren Hattingh was wounded and taken to Garden City Clinic, Ngobeni said.

The latest incidents brought to 14 the number of people killed violently since Friday in the PWV.

A man was killed and another injured in an attack on a train on the east Rand, bringing to four the number killed in renewed train violence this month.

Three youths were shot dead and three others injured in an attacks in Thokoza.

was after the debt write-offs. THE

## State companies to control air services

Political Staff

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CAPE TOWN — Two new state-controlled companies are to be formed to take control of SA's airports and air traffic control services.

The commercialisation of the airports and air traffic and navigation services has been on the cards for some time. Government has tabled two Bills in Parliament for this.

The state will be the sole member and shareholder of both the Airports Company and the Air Traffic and Navigation Services Company.

The Transport Department said the Airports Company Bill "envisages the transfer of all assets, liabilities, rights and obligations of the state in respect of state airports to the company, which will be responsible for managing, operating and developing these airports on a commercial basis".

The Air Traffic and Navigation Services Company Bill provides for the transfer of assets and liabilities of air traffic and navigation services to the proposed company.

The functions of the state as shareholder in both companies will be exercised by a cabinet member designated by the President. The functions of the state as regulator will be exercised by the Transport Minister and a five-person committee appointed by the Minister

6/0AM 27/1/93

# Plan to give buses to RSC

## Municipal Reporter

THE government has given notice it plans to hand over responsibility for bus commuter services to Regional Services Councils by the end of March this year — and taxi and train services later.

This could cost the Western Cape RSC more than R10m.

A CPA memo to structures under the Western Cape RSC, which came to light yesterday, notes

that the weakened economy has resulted in the government experiencing a shortage of funds to finance subsidies on bus services.

Yet in terms of an agreement between the government and the RSCs Association, "for the time being, the Department of Transport remains responsible for the subsidy it thus far has paid for this function (bus services)"

Cape Town's acting mayor, Mr Clive Keegan, said yesterday that

his council had not been told what the new source of funds would be. "Perhaps a tax on motor car licences, or an increase in the petrol price" he asked.

CT 27/1/93  
The Department of Finance was unable to provide further details yesterday. 269 (2/1/93)

Mr Keegan said the council was opposed to the entrustment of any further functions to the RSC, on which he also serves.

# Commuter safety 'not a top priority'

*B/D/My 27/1/93.*  
PRETORIA — The prevention of damage to Spoornet property was considered a higher priority by contracted security guards than the protection of commuters, the Goldstone commission heard yesterday.

Springbok Patrols director Jacob van Zyl said the company's brief from Spoornet had been to ensure that buildings and equipment at railway stations in Soweto were safeguarded.

Protecting commuters was "another thing", he said.

Van Zyl was answering questions at the commission's hearings on train violence chaired by Gert Steyn

Asked why Springbok Patrols had presented two different versions of the events on November 25 last year — when two people were killed and 37 injured at Soweto's Mlamlankumzi station — Van Zyl said only the company's senior director Wahl

*269*  
**ADRIAN HADLAND**

Bartmann could answer that.

Bartmann was on holiday in the Seychelles and could not be contacted, Van Zyl said

One witness of the incident, a hostel dweller from Nancefield, told the commission how he had escaped armed assailants in a train carriage only to be shot by a security guard.

The witness said two shotgun pellets had been removed from his neck at the Hillbrow Hospital after the incident

The hostel dweller, known as Mr C in order to protect his identity, said he had been shot by a Springbok Patrols Guard wearing a green uniform

Van Zyl said however, that the company had ceased using green uniforms more than a year before the incident.

The hearings continue.

# Action committee opposes Randburg council's vision

THE Randburg Town Council's vision of an amalgamated Randburg, Sandton and Alexandra by June 1994 has been strongly opposed by the Randburg Action Committee which has called for a referendum on the issue

In addition the committee, which consists of ratepayers, called for an election of a representative interim administration for Randburg with a mission statement "to make local government responsive and accountable to the community".

The full financial implications of an amalgamation had been kept deliberately from Randburg ratepayers who had not been supplied with budget proposals or cost estimates, Randburg Action Committee spokesman Harry Formanek said

A request by the committee for negotiations on a referendum had been rejected by the town council

The committee, which has no political affiliations, also called for an end to party-political propaganda by the council and the right of access by ratepayers to council minutes, files and budgets

The council in December accepted and implemented a "vision" that by June 1994 there would be an amalgamated municip-

**STEPHANE BOTHMA**

ality flowing from an efficient and effective single administration with a democratically elected and representative council made up of Randburg, Sandton, Marlboro and Alexandra.

Randburg's boundaries would be re-defined, a low cost and informal housing scheme would be started and the sub-region's "well-informed residents" would understand and support Randburg's direction.

"It is noted that it is not possible at this stage to establish the cost implications for Randburg and consequently the eventual cost per household," the council minuted at its last meeting.

Formanek said a large group of Randburg ratepayers would attend tonight's council meeting in an attempt to persuade the council to call a referendum.

However, a council spokesman said yesterday the issue of amalgamation was not on the agenda of tonight's meeting.

The spokesman said the possible amalgamation of the three councils still had to be discussed with Sandton, Alexandra and the people of the area.

*B/D/My 27/1/93*



# Goldstone to probe safety of commuters

STAR 28/1/93

269

By Helen Grange  
Pretoria Bureau

Steps taken by Spoornet and the SAP to safeguard the lives of commuters in view of the continuing bloodshed on trains will be scrutinised at a Goldstone committee hearing next week.

The committee, probing train violence, will be hearing closing argument from lawyers next Thursday on security shortfalls and ways in which Spoornet and the police could better protect commuters.

Evidence during an inquiry this week into a train massacre at Soweto's Mlamlankunzi station on November 25 last year pointed to inadequate policing at the time.

The attack, perpetrated by a group of men firing from the platform into a rush-hour train as it pulled in, resulted in two deaths and 36 injuries, according to police.

It emerged in testimony that there were no policemen on duty at the station, and that three Springbok Patrols security guards hired to protect Spoornet property had useless two-way radios and therefore no means to call for back-up.

Several bullets, mostly warning shots, were fired by them during the chaos, with one of the guards testifying he had "blown one man's brains out".

However, such a killing could not be established afterwards.

Yesterday, Protea police station commander Colonel Paul Looek told the committee he had met ANC members of the Train Accord after the incident, and gained the distinct impression from them that they had eyewitnesses.

However, the ANC never produced them, and an identity parade of four suspects arrested by police was fruitless.

**NEWS** "ANC shielded witnesses from co-operating" ●

# Train attack - 4 freed

*Sowetan 28/1/93*  
**Sowetan Correspondent**

■ **No witnesses to the crime, police officer tells Goldstone committee:**

SUSPECTS in a train attack at Mlamlankunzi station in Soweto during November last year had to be released because of lack of witnesses, a committee of the Goldstone Commission has been told

Lieutenant-Colonel Paul Loock of Protea in Soweto told the commission yesterday he had informed a meeting of the Train Accord Committee on January 13 this year that they had arrested four people but then had to release them.

He said the only witnesses to the attack were three guards from Springbok Patrols who had earlier testified before the committee

Loock said an identification parade was held on January 22 and the four suspects had to be released afterwards

He said he was under the impression the African National Congress had witnesses to the attack and there was a discussion with ANC representatives at the meeting about protection for witnesses

He said in the past they had experienced difficulties with the ANC shielding witnesses from co-operating with the police

Committee chairman Mr Gert Steyn told the various legal representatives, who are due to present argument on February 4 and 5, to answer certain questions in their submissions.

Among the questions were the improvements on trains, like the prototype train introduced by Spoornet on which

the legal representatives should comment. There was also evidence led that policing on trains was not always sufficient and police investigations were not always completed

A report was handed in on policing by the Witwatersrand Attorney-General and the committee wanted comment on that.

Steyn also said the committee heard evidence on specific incidents of train violence in Daveyton and Mlamlankunzi and he wanted to know any deductions the lawyers made from that. He also wanted to know whether any political party could be linked to the train attacks. The hearing will resume on February 4



# Commuters killed at stations as new train's tests delayed

*BIDM 28/1/93*  
THE testing of a new experimental 14-coach train aimed at minimising incidents of violence against commuters had been delayed until next week due to faulty video equipment, an SA Rail Commuter Corporation spokesman said yesterday.

SARCC development engineer Brian Carver said faults in the transmission of video images from coach to coach had delayed the train, but he was confident it would be tested next week. Tests were scheduled for the first week of January, but the quality of video images would be improved first, he said.

The SARCC is expected to make an announcement on the progress made with setting up a 4 000-strong rail guard next week.

Meanwhile, at least six people have been killed and nine injured in renewed train violence this year, according to police and Sapa reports.

The deaths, mainly on the Germ-

iston-Katlehong line, have dimmed hopes of peace on commuter lines following a lull in the violence over the festive season.

In the latest incident two people were killed and three injured in an attack on a train travelling between Lindela and Katlehong Stations.

Police found a dead man and four injured men during a search at the Katlehong Station. One of the injured died later in the day.

Inkatha said all the men were Inkatha members.

Police said about 2 080 police were guarding PWV commuter trains. A major problem remained the unwillingness of witnesses to come forward with information.

In another development, police said they suspected that the three men shot dead in Alexandra on Tuesday were victims of the taxi war.

## Spotlight on Natal violence

EMPANGENI — The ANC and Cosatu yesterday claimed that the KwaZulu Police and the SAP were involved in attacks on ANC-supporting communities in Natal/KwaZulu, particularly in Esikhawini township.

A Goldstone commission sub-committee is holding preliminary inquiries into political violence on the Natal North and South Coasts.

In its submission, the SAP said much of the violence was criminal but the force experienced difficulties in apprehending the perpetrators. This was because of a perception of bias, community distrust and a campaign of non-co-operation with the police.

Natal unrest monitor Mary de Haas alleged that KwaZulu Police and hit squads were responsible for at least 45 deaths in Esikhawini in the past five months.

Meanwhile, in Imbali outside Maritzburg, a woman was killed and four houses burnt down in continuing violence yesterday.

The ANC's Natal Midlands leadership met police and the Natal Provincial Administration this week to demand action against alleged Inkatha "invaders" in the township.

In Inanda, north of Durban, police yesterday arrested three people and confiscated arms and ammunition during a weapons search at Amawoti.

Peace accord representatives and UN observers accompanied police to the area. — Sapa.

## Protesting taxi drivers block street

*BIDM 28/1/93*  
PRETORIA — About 500 minibus taxis converged on downtown Pretoria yesterday after the SA Taxi Drivers' Union declared a "dispute" with the city's traffic department.

Two people were arrested for intimidation but were released.

There were no major disruptions and by 1pm most of the taxis which blocked Bloed Street had dispersed.

Union representatives handed a letter of protest to city traffic chief

*[Signature]*  
Jimmy Allison.

Regional secretary Morris Bokaba said the council had failed to meet the union's demands, which included that SAP and traffic police stop harassing its 800 Pretoria members.

The council had also failed to respond satisfactorily to demands that more taxi pickup points be established in Pretoria, and that the "unnecessarily high ticketing" of its members be stopped, he said. — Sapa.

# Airlink to challenge Comair on Rand-Richards Bay route

AIRLINK is to challenge for dominance on the route between the Reef and Richards Bay by introducing a newer aircraft and lower fares on the service which is currently operated only by Comair.

The airline announced it would start operating the busy route with its new R33m, 47-seater ATR42 turboprop from February 15. The aircraft's flying time of 75 minutes would also be shorter than that of Comair, which operates a F27 Fokker on the route.

The current return fare of R704 on Comair would be cut to R610, Airlink joint MD Rodger Foster said.

Air traffic between Johannesburg and Richards Bay is expected to increase substantially with the current expansion of the R6,5bn Alusaf smelter, which will start full production in November 1995.

Alusaf will create 1 400 permanent jobs and about 4 800 temporary jobs during construction of the 466 000 ton-a-year smelter.

Airlink would fly from Jan Smuts to Richards Bay every weekday morning, except Thursdays, and on Sundays. Return flights from the northern Natal town would be on

STEPHANE BOTHMA

weekday afternoons, except Wednesdays, and on Sundays.

Foster said with delivery of a second ATR42 from Toulouse, France, later this year, Airlink hoped to expand the service.

"We regard Richards Bay and northern Natal as one of the most important areas in the SA economy and feel the region deserves to be serviced by modern aircraft with top-notch service on board," he said.

Two air hostesses would serve light meals, snacks and free refreshments, including wine or beer, to passengers on the route.

Comair commercial director Bert van der Linden said yesterday it was too early to comment on Airlink's entry to the route.

Another new Airlink service to benefit Natal will be short-hop flights between Richards Bay and Durban, also starting on February 15.

"This service is aimed particularly at Richards Bay businessmen who have commitments in Durban. The air connection between Richards Bay and Durban will take 30 minutes and cost R110 single fare," Foster said.

269  
BIDM 29/1/93

## 'No violence' train ready in fortnight

(269) ~~269~~  
STAR 29/1/93.  
An experimental train aimed at curbing violence on PWV rail routes should be running within the next two weeks, South African Rail Commuter Corporation managing director Wynand Burger said yesterday.

The train was originally scheduled to go into operation in early January.

Burger said infra-red links between the cameras in the 14 coaches were being hampered by electrical and atmospheric interference.

The attempt to link the cameras with infra-red was a world first, he said.

At least six people have been killed and nine injured in train violence since January.

The Human Rights Commission monitoring group said earlier this month 278 people had died in at least 300 attacks on trains last year.

The experimental train has been fitted with emergency doors and cameras, windows have been modified so people cannot be thrown from them, and communications links have been set up between the driver, operations centre and police. — Sapa. 29/1/93.

# Shippers' rivalry cuts costs

THE lifting of sanctions against SA has spawned new rivalry in the shipping lanes between SA and Europe.

A large number of competitors, particularly from former Eastern bloc countries, including Russia, have entered the market on the north-south route and are slashing freight rates by as much as 20%.

About 6-million tons are shipped in two-way trade between Europe and SA, worth more than R14-billion a year in shipping costs.

They are putting increased pressure on local freight companies which have traditionally operated between the two continents, say local shippers.

Buddy Hawton, CE of Safmarine and Rennie Holdings (Safren), says it has been necessary to cut shipping rates by between 10% and 15% and sometimes even more to match their reduced tar-

iffs and there is no doubt that it is posing a problem.

He says it is impossible to say to what extent they have cut prices as this depends on the cargo mix and which routes are used. It involves the break bulk and container service.

"They are using older ships and we believe we still offer a better service and delivery. We also have a reputation built up over a long period of time."

Mike Middleton, export sales manager of Mediterranean Shipping (Medite), says any form of competition is worrying, "but it has not really affected us yet"

"New players in the market such as Besta Shipping from Russia generally offer only one or perhaps two sailings a

month, whereas we sail every week."

He says that during the past 10 years when sanctions were in place, SA's three major shipping companies did SA proud and they have remained loyal in spite of the new entries into the market. Nevertheless it is impossible to say what might happen in the future.

"It is possible that exporters or importers who have no time constraints on cargoes might use the other services."

"New shipping companies are trying to buy their way into the market by reducing rates," says Buddy Woodborne, owner representative in Cape Town for Maritime Carrier Services (Macs), a member of the SA Europe Shipping Lines Conference (Saecs).

In contrast, Unicorn Lines has seen an increase in business by offering a "feeder" service from the new lines

S Times

(BUS)

31/1/93

By DON ROBERTSON

(269)

# Safair wins Flitestar deal from SAA

STEPHANE BOTHMA

FLITESTAR has moved its multimillion-rand ramp handling contract from SAA to Safair — at a saving of about 40%.

Flitestar will annually pay almost R7m less on baggage and freight handling after entering into the R18m-a-year contract with Safair. The contract takes effect today.

Safair was the first SA company after SAA to offer ramp handling services to large aircraft, and it was a step into a new market for the freight carrier, Safair engineering and maintenance GM Chris Bester said at the weekend

The airline had invested R20m in new ramp handling equipment at all major SA airports, a spokesman said.

"The company will be exposed to modern equipment which broadens our experience and expands our service portfolio. We are confident that our clients in

this new area will be more than satisfied," Bester said.

Safair's move was in line with the general deregulation of the aviation industry, he said.

Bester said the new service had the potential of developing and generating substantial additional turnover for Safair.

Safair, a wholly-owned subsidiary of Safmarine, has two major divisions — passenger and freight, and engineering and maintenance.

Through these divisions the carrier specialises in charter passenger operations, scheduled and non-scheduled freight operations, cargo handling, aircraft maintenance and engineering, aircraft leasing, training and aviation management services.

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## Compatibility of Sasol unleaded fuel probed

EDWARD WEST

A PROBE was under way to establish the compatibility of Sasol unleaded fuel with catalytic converters, Energy Institute director Dick Dutkiewicz said on Friday.

The results of the investigation would be known in about a month, he added. Fears were recently expressed in industry circles that the chemical component in Sasol fuel would be unsuitable for catalytic converters.

In western Europe, nearly all new gasoline engine cars made in the region from the fourth quarter of 1992 would be fitted with autocatalysts, as would many diesel-engine cars, a Johnson Matthey report said.

Government had recently announced the introduction of unleaded fuel in 1995, usually a precursor to the fitting of catalytic converters in cars in developed countries.

However, Dutkiewicz said initial indications were that the effects of SA's synthetic unleaded fuel on catalytic converters would be marginal with the likelihood of a small improvement in performance over crude oil-based fuels because of the alcohol content in Sasol fuels.

Synthetic unleaded fuel was expected to have no effect on the ceramic component of the converter, unlike leaded fuels. The exhaust gases from leaded fuels plated the ceramic and rendered the converter inoperative, he said.

A Sasol spokesman said its petrol contained an oxygenate and was low in aromatics which made it superior to any crude oil-derived fuel in terms of exhaust emissions for SA vehicles not fitted with catalytic converters.

BIPM 11/2/93

ETI mid company

# Road transport dispute rages on

BIDAM 1/2/93 (269)  
THE battle between state and private hauliers rages on with Transnet's road freight business Autonet allegedly using taxpayers' money to undercut prices substantially.

Road Freight Association (RFA) spokesmen said there was no longer any justification for Autonet's existence as it was using taxpayers' money to undercut prices. This was also the case with SAA and it created unhealthy competition in the industry, they said.

RFA CE Ian Moss said yesterday the road transport industry was free from "the shackles of regulation, but the retention of Autonet was undesirable competition".

Autonet CE Jan Venter said RFA allegations were "totally unfounded" and that Autonet had no intention of closing. "It will remain a dominant player in the market, operating as a private business within Transnet," Venter said.

Moss accused Autonet of not playing by the same rules as the private sector, with government as its sole shareholder.

"Autonet is backed by government money and cannot go bankrupt. They have the ability to play with tariffs and time, and are not subject to the same discipline as private business because they do not answer to shareholders. Their existence and asset base rests on taxpayers' money," Moss said.

In reaction, Venter said rectifying steps had been taken by Transnet and Autonet management. He said personnel in the General Cargo section had been reduced by 30% and non-profitable routes had closed.

"Tariffs have been increased or agreements terminated where transport had been undertaken at non-market related tariffs. This has been criticised by clients," he said.

TRACY SCHNEIDER

Moss said government had been dragging its feet on the privatisation of Autonet. "The National Road Transport Policy Study in 1981 set as its objective the deregulation and privatisation of road transport. A White Paper on transport policy in 1986/87 called for the privatisation of road transport and found no reason for government involvement in this sector. Yet the existence of Autonet and its undercutting practices continue," Moss said.

However, he admitted these accusations were difficult to prove. "As a large organisation Transnet has the ability to cross-subsidise rates internally and make undercutting affordable. Autonet is still running at a loss and I can see no reason for their cut rates, except a desire to win business from a viable private sector," he said.

But Venter said Autonet's competitors had better access to capital and interest-free funds than Autonet.

Moss said results of an RFA investigation of the allegations against Autonet would be submitted to the Competition Board.

Venter announced in October last year that the Autonet abnormal loads division was to cease trading from the end of that month, with the exception of some Eskom contracts. This had allegedly not transpired.

"We lived with Autonet's predatory pricing structure for the past year, but hoped that the situation would normalise this year," Q Transport director Bert Hofhuis said.

But, he said, despite denials by Autonet management, abnormal load transport was still being undertaken at a rate believed to be about 30% lower than that of private hauliers. "At these rates Autonet must still be making losses," Hofhuis said.



## SAA signs Austrian deal

Own Correspondent

DURBAN — South African Airways and Austrian Airlines will enter a code-share agreement from March 31, the airlines announced yesterday.

The airlines will jointly offer two flights per week between South Africa and Austria, using an Austrian Airlines Airbus A310.

Flights will leave from Vienna to Johannesburg on Wednesdays and Fridays and leave from Johannesburg on Thursdays and Saturdays.

Regular travellers on either airlines' frequent flyer programme will be able to earn points when they take these flights.

Star 3/2/93

# Safmarine opts for decentralisation

By Stephen Cranston

Safmarine has been divided into three separate operating businesses.

Some 76 people have been retrenched from the corporate office and 50 transferred to group companies.

By decentralising operations, Safmarine hopes to reduce duplicated or unnecessary effort and address cost structures.

The corporate office will consist of a small number of executives responsible for financial and policy controls.

The three operating units are liner shipping, non-liner shipping and air interests.

Safmarine MD Tony Farr says that since the easing of sanctions, the number of international shipping operators

competing on the South African trade routes has increased, resulting in pressure on freight rates, volumes of cargo and, ultimately, on profits.

"It is therefore absolutely essential that Safmarine increase its responsiveness to customers, in order to retain and secure their transportation business, while, at the same time, remaining cost competitive with other companies in our industry."

Howard Boyd heads all liner activities, which now incorporate Safmarine's overseas liner interests.

Jan Rabie, the CE of the Swiss-based offshore subsidiary Rondeau Holdings, will head the non-liner unit called Safmarine International.

The South African arm, Safbulk, will now report to Rabie.

# Flitestar gets all-clear to run flights to India

DURBAN — The battle of the airways is set to intensify with the announcement yesterday that Johannesburg-based Flitestar has been given permission by the Ministry of Transport to operate commercial flights between South Africa and India.

In a snap survey yesterday, local travel agents said that several international airlines were currently operating flights to India via a connecting country, but the deciding factor for Flitestar will be its "cheap fares".

Flitestar's general manager in charge of international flights, Mr

U3/2/93 (269)  
Reinhart Mecklenburg, confirmed an application had been approved and that Flitestar was now awaiting a licence for landing rights in Bombay.

Mr Mecklenburg said scheduled flights could begin in July this year. Flitestar's counterpart, Air India, is expected to operate flights between the two countries this spring in March or April.

"Flitestar will get its support from the community if its flights were direct from Durban to Bombay or from Johannesburg to Bombay," said travel agent Mr M K Bobby Naidoo.

# Taxi strike draws mixed reaction *Sowetan* 3/2/93

Sowetan & Radio Metro

## Talkback

By Sipho Mthembu

YESTERDAY's taxi drivers' strike and the South African national squad's victory over Congo in Pointe Noire, Congo, dominated the *Sowetan*/Radio Metro Talkback Show on Tuesday night

The taxi strike, which followed complaints of victimisation by traffic officers, brought Johannesburg to a virtual standstill

The protest drew mixed reactions from the callers. Nazeem of Berea, Johannesburg, supported the strike. He said the inconvenience caused by the protest was "a small sacrifice".

Seunfjie of Tembisa said passengers were also to blame for the behaviour of some taxi drivers

"In most cases they are pressurised by late passengers to exceed speed limits. The South African Black Taxi Association is also to blame

"If they had seriously taken up the drivers' problems, this kind of action would have been averted," he said.

Japha of Durban said he was impressed by South Africa's performance in Congo on Sunday.

"Our guys are getting better by the day and they have now got their act together," he said.

Luciano of Tsakane said "We were not only playing against the Congo team, but against the referee, the linesmen and the pitch as well. In fact, that

"The name Bafana Bafana should stay. We are not using it derogatively. We know for a fact that our players are not small boys. We are using the name in an affectionate manner."

Luciano, Tsakane.

"We will not imitate anyone and call ourselves after animals. The name Bafana Bafana should stay."

Duba, Kwathema.

"Taxi drivers are undisciplined,

lives." Anonymous, Johannesburg

"Police behaviour aggravated the situation during the taxi strike." Cecil, Meadowlands.

"The referee and his linesmen were grossly biased. However, our boys overcame all that and I congratulate them for that. The Confederation of African Football should not have sanctioned the game to be played on that pitch." Seunfjie, Tembisa.

with Tim Modise

## Privatisation 'not stalled'

6/10/93 4/21/93  
GERALD HEILY (269)

PRETORIA — Investigations into the commercialisation of state airports and air traffic control functions had been completed, the Office for Public Enterprises and Enabling Legislation CE Jasper Nieuwoudt said yesterday.

Enabling legislation would be submitted to Parliament soon.

Currently being commercialised were bodies such as Transnet, Posts and Telecommunications, Abacor, Alexcor and the state's commercial forestry functions, he said.

Nieuwoudt denied the privatisation programme, part of government's overall economic restructuring strategy, had stalled.

A mass of preparatory work and interim measures were needed to give government and future shareholders a clear picture of the business record and performance of public enterprises.

He said the crux of the matter was that public institutions had to be transformed into businesses before any major decision on privatisation could be taken.

Nieuwoudt added political groupings, the business sector, employees and all other interested parties concerned about the way the restructuring policy was executed could rest assured only appropriate public utilities and services would be considered for privatisation.

# Roadworks 'face neglect again'

8/10/93 4/2/93

GERALD REILLY in Pretoria (269)

SA's deteriorating road network is again likely to be starved of adequate funds for essential repair and maintenance work in the new financial year, SA Road Federation president Leon Oosthuizen said this week.

In the current financial year the Budget allocation was R2,5bn for the five road authorities — the four provincial administrations, the Transport Department and the six homelands.

"We'll be fortunate if in real terms we get as much again this coming year," Oosthuizen said.

"A dedicated fuel levy is part of the solution."

He said the road system was "busy falling apart".

Meanwhile, Transport director-general C F Scheepers said it was hoped that this year's R568m for national roads "will not be reduced substantially". No major reconstruction works could be afforded, he said.

He said funds had to be provided for new construc-

tion on the N2 on the Natal South and North Coast toll road projects, as well as on the N4 from Pretoria to Brits.

However, lack of funding meant no other major construction on national roads was possible.

Asked what major works had stalled because of lack of funds, Scheepers said work on some links on routes connecting the PWV and Durban had to be done in phases.

He said about R2bn was needed to complete the N17 toll road between Springs and Krugersdorp. Work on the project had been temporarily suspended because it was no longer considered self-financing. It had to be partially funded from the national road fund.

Scheepers said Parliament had rejected a Bill in 1990 which would have made the privatisation of roads possible.

Former Finance direc-

tor-general Joop de Loor was involved in negotiations between the SA Roads Board and the private sector on redefining the role of private sector companies as government agents.

The Steinmetz committee had completed its investigation into the rationalisation of the structure for the provision, maintenance and operation of a national road system, including toll roads, and would report to Cabinet soon.

Although the privatisation of toll roads was prohibited, the private sector was widely involved in roads, particularly toll roads.

All national roads were designed, built, maintained and operated by private companies.

Scheepers said the Transport Department procured capital and money market loans and used toll income to service and redeem the loans.

WEST CHESTER (LARRY CHERRY vania) — As he looked through the Guinness Book

would continue their protest into next week, even after

Staff Reporters

The price of The Star will be increased on Monday from 80c to 90c

ark squat was shot by a contract tendered for the

# RESUME

## TODAY

### metro

Star 5/21/93

# Cycle of train violence 'broken'

Crime Reporter

New security measures implemented on Reef trains at a cost of R150 million last year have led to a substantial decrease in train violence in the last two months, the South African Rail Commission Corporation (SARCC) said yesterday. SARCC managing director

Wynand Burger said "Some of the measures have contributed to breaking the cycle of violence and... will help us to finally eliminate train violence."

However, the SARCC had not been "lulled into a false sense of security", Burger said. He noted that a number of attacks had taken place on stations or trains last month.

According to police reports, nine people have been killed in train attacks this year

The SARCC would continue to take steps this year to ensure train safety, Burger said

He said measures implemented to combat train violence included:

- Higher police profile and regular searches on trains and stations.
- Deployment of SARCC rail guards at Soweto stations.
- Security fencing at 124 southern Transvaal stations, with the remaining 34 to be fenced by the end of March.
- Better lighting, shelter and facilities at some stations
- The development of modified trains with surveillance cameras, communication networks linking guards and drivers, interleading doors between coaches, and unbreakable windows that can only be opened one third of the way from the top.
- The installation of high-security access control systems on stations.
- The establishment of a



Train Alliance Group in which the ANC, SARCC and police were looking at methods of ensuring safety on trains.

- Meetings with other groups representing train users, such as the IFP.
- Implementation of Goldstone Commission recommendations.

Burger also attributed the decrease in train violence to the recent arrest of attackers following information given by members of the public.

THIRD PARTY FM 5/2/93

## Lawyers in the dock

(269)

The Office for Serious Economic Offences (Oseo) has instituted five criminal prosecutions against attorneys for allegedly defrauding the Multilateral Motor Vehicles Accident Fund. More cases are pending and the "third party" fund has reserved the right to take civil action to recover losses. The insolvent MMF's deficit exceeds R3bn.

Oseo has not yet been able to bring a case against any insurer which acted as agent for

~~\* continue~~  
FINANCIAL MAIL • FEBRUARY • 5 • 1993 • 29

## ECONOMY & FINANCE

FM 5/2/93

(269)

the MMF. But it still has about 400 cases to sift through.

The attorneys who have appeared in Pretoria or Johannesburg regional courts on what Oseo describes as "provisional charges" are:

- Raphael Smith and David Smith, remanded until March,
- S C Mhinga;
- N M Bogoshi (Pretoria regional court), and
- D T van Rensburg — in this case the charge is no longer provisional because the Attorney-General has decided to prosecute on counts of fraud and forgery.

Restructuring of the MMF, recommended after an investigation last year by Judge David Melamet, is far from complete.

Willem Swanepoel, who was seconded to the fund to sort out the mess, returns with, he says, "a sigh of relief" to administer the SA Special Risks Insurance Association. He says his MMF job was not helped by the lack of an actuary or qualified accountant on the team.

The MMF is advertising for a new CE but, if Melamet's recommendations are followed, he will have to be appointed by a council of Transport Ministers from SA and the TBVC states. It is also necessary to appoint a new board comprising the transport D-Gs of the five states plus six private-sector members.

Matters are further complicated by the

suggestion that control of the fund should be shifted from the Transport Ministries to their finance colleagues.

Nor is there a system for allocating MMF claims to insurers known to the MMF as "agents." Part of the original quarrel was that the allocations were distorted, with Santam getting nearly 40% of the lucrative business and President, a small insurer now in liquidation, about 11%.

Melamet questioned how these allocations were made. After his report, all insurers were told their contracts would run out in April and new allocations would be made from May 1. These, which Swanepoel had hoped could be announced last August, cannot be confirmed until the new board is in place.

Without identifying insurers concerned, Melamet was critical of some agents' inadequate systems and controls. He was also scathing about some medical practitioners, attorneys and ex-policemen who processed claims against the fund.

Swanepoel was seconded when the fund's inspectorate was to be strengthened to limit abuses. He confirms that a reshuffle took place to reinforce the inspectorate but is cautious about its effect. "If our inspectors sample even 20% of cases handled by agents, it might be argued that we are simply duplicating work we should be doing ourselves."

Bryan Deans



# Improved control 'needed at stations'

(269)

ADRIAN HADLAND

PRETORIA — The ANC and Inkatha argued yesterday for improved control of railway station access and ticketing procedures as a means of preventing violence on trains.

After almost two years of evidence, various parties including the ANC, Inkatha, Spornet and the police began concluding arguments before the Goldstone commission yesterday.

ANC representative Gys Rautenbach said a police presence at railway stations, passenger searches and proper ticket and access control were "the first step to the prevention of violence on trains".

He said a monitoring committee should be formed, under the auspices of the Goldstone commission, to hold regular inspections at affected stations "The employment of a monitoring committee is probably the only manner to ensure that an objective assessment of the situation on the ground is submitted regularly to this committee."

Rautenbach also said the ANC believed there was, in some instances, "a lack of will among certain members of the police force to act against perpetrators of train violence".

He said police had not planned a satisfactory means of monitoring hostels, from where the violence sometimes emanated.

The absence of ticket controllers during peak hours was conducive to acts of terror,

Rautenbach said.

Inkatha's legal representative Louis Visser said economic reasons, including unemployment and the housing shortage, were vital factors in the violence.

Visser disputed the central role of hostels in train incidents and said only the economic and political upgrading of people's lives would end the problem.

"Hostel dwellers might not be angels, but can one generalise from a few incidents," he asked. "Violence on trains is only part of the larger spectrum of ongoing violence in black communities."

The lack of ticket inspectors or adequate dispensing procedures lay at the heart of the problem, Visser said.

When police checked commuters for tickets as well as weapons recently, the number of passengers decreased by almost 50%, he said.

He agreed that tighter control was required over access to train stations and the issuing of tickets.

Spornet lost about R600m last year through commuters travelling without tickets, he said.

Visser said there had been no evidence of the existence of a third force with regard to train violence.

"The idea of the third force was hatched for political reasons," he said.

# Domestic operations slow Safcor

572/93  
SOUTH African Freight Corporation (Safcor), suffering from a drop in operating margins, reported a 5% increase in attributable earnings to R8,1m on a 24% turnover increase to R555,5m for the half year to end-December

MD Peter Desilia said an increase in operating profits of the group's international division and higher interest income had been eroded by a sharp decrease in the results of domestic operations. This had

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DUMA-GOUBULE

affected operating margins, he said.

Turnover was up 24% to R555,5m (R447,4m), but the squeeze on margins resulted in a 5% increase in operating income to R15,4m (R14,6m). After-tax income rose by a similar amount to R8m and a small contribution from associates resulted in attributable earnings of R8,1m (R7,7m), equivalent to 35,8c (34c) a share. The payout was 19c (18c) a share.

# Cops raid Tollgate companies

**JEAN LE MAY**  
Weekend Argus Reporter

SENIOR police officers and lawyers from the Office for Serious Economic Offences this week swooped on business premises and residences to investigate Tollgate Holdings, its subsidiaries and Motor Racing Enterprises

This was confirmed yesterday by a spokesman for the Office for Serious Economic Offences

Motor Racing enterprises, which is not part of the Tollgate group, holds the rights to organise Grand Prix races at Kyalami, near Johannesburg.

It was started by a former Tollgate director, Mr Mervyn Key. He bought the Grand Prix rights from Tollgate some time before its liquidation last year.

Mr Key has denied that his house business premises were searched.

# Police seize Tollgate papers

269  
CT 8/2/93

By RONNIE MORRIS

POLICE attached to the Office for Serious Economic Offences swooped on the offices and homes of directors of liquidated Tollgate Holdings Ltd (TGH) last week and seized documents

Provisional liquidation orders on TGH and 10 subsidiary companies were made final on January 12 after an application by Amalgamated Banks of South Africa (Absa), which is owed R305 million.

Tollgate Holdings was listed on both the Johannesburg and London Stock Exchanges and there are 36 companies in the group and eight associated companies

## Probe 'at early stage'

Yesterday Mr Petrus Marais, the advocate who is heading the investigation into the group's affairs, refused to confirm the identities of the directors whose homes were searched.

"The investigation is at an early stage and it's too early to say if criminal charges will follow," he said

However it was reliably learnt that the homes of Mr Julian Askin, Mr Laurie McIntosh, Mr Alexander Wilmot-Sitwell and Mr Mervin Key were searched

Five liquidators have been appointed to wind up the various companies' affairs and it is certain that the Office for Serious Economic Offences acted on their preliminary findings.

# Massive deficit a 'horror story beyond belief'

Star of 21-93

# MMF R3-bon in red

Political Staff

**CAPE TOWN —** Millions of rands will have to be poured into the Multilateral Motor Vehicle Accidents Fund — which is almost R3 billion in the red — to keep it going.

This emerged from a special report on the ailing "third party" fund (MMF) by former Auditor-General Peter Wronsley, tabled in Parliament yesterday.

It is highly critical of shortcomings and deficiencies in the handling of the MMF and possible fraud which could involve millions of rands.

Wronsley's report — which covers similar ground to the damning Melamet Report, released to widespread outrage in June last year — warned (against the background of the present R2,9 billion accumulated deficit) that "if this trend continues, there must be serious doubts as to the fund's ability to continue".

He cited an actuarial report of October last year which indicated that the risk of illiquidity was critical, that the projected claims payments for the 1992/93 financial year will total R790 million, and that the fuel levy for that year will have to amount to at least R520 million — up from R489 million last year — to

ensure the fund does not find itself without cash resources by April 30.

Wronsley reported that the fund was so badly administered that he was unable to express an audit opinion on the financial statements.

The report, which is critical of some insurance companies involved in claiming from the fund, found that in 2 206 cases the same amount was paid for more than one claim suggesting double payments were common.

The release of Wronsley's report coincided with the introduction in Parliament yesterday of the Financial Supervision of the Multilateral Motor Vehicle Accidents Fund Bill, which provides for placing the MMF under the supervision of the Financial Services Board.

Other clauses provide for stricter control over accident claims, closer management of the MMF, and regular reports on its financial status to Parliament.

The Democratic Party supported the Bill but in a separate statement, DP transport spokesman Wessel Nel described the growing MMF deficit as "a horror story beyond belief".

"Even the South African public with their senses blunted by repeated instances of massive mismanagement of public funds cannot tolerate this"

# 'Come fly with me' — but first scout out best fares

(269)

Star 9/21/93

## BARGAIN TRAVEL

Airlines may deny it but there is a price war, and the victims are the travel agents. Consumers can benefit from bargains, but there are pitfalls. **MARIKA SBOROS** reports.

**T**HE traveller's heaviest luggage is indeed an empty purse. But there are avenues if you hope to have some cash in your pocket after the air ticket has swallowed up a sizeable chunk of your savings.

And you don't have to do too much to save money. Start by insisting that your travel agent scouts around for the best possible deal.

Some agents may be tempted to be less diligent than others, as commission depends on the price of the ticket they finally sell.

If you have the time, do some scouting around yourself. And if possible, re-arrange your travel schedule to fit in with restrictions applicable to most cheap fares: minimum stays, time of travel, advance booking and payment requirements.

Sandton travel specialist Amanda Donnelly says there are many specials now, as international airlines promote new routes, and compete for passengers in a depressed market. Travel agents may not always be aware of specials, she says.

And the cheapest deal is not always the most convenient, or the most direct route. But a circuitous route could work to your advantage, providing a free stop-over in another country.

Just The Ticket is able always to sell lower than published fares and remains

competitive by specialising in "staying on top of what the airlines are doing", and negotiating to buy up bulk seats, says Donnelly.

There's always the published fare available to the traveller for whom money is no object; for the rest, there are alternatives, and consumers should be told about them, she says.

"There's nothing more frustrating than finding out about a much cheaper fare after you have paid for yours," Donnelly says.

The biggest bargains she has secured for clients are on the Australian routes. If you travel from Johannesburg to Perth or Sydney before November 30, you can pay R2 470 or R3 050, savings of R1 219 and R1 300 respectively.

Izy Etkin, Sabena general sales manager for southern Africa, says there is an airline price war, even though the airlines deny it.

The victims are the travel agents who try to provide a professional service to the consumer.

He warns consumers not to buy cheap fares until they are sure of dates and destinations.

People see an advertisement for R2 000 for London, he says, and rush out and buy a ticket, without realising that they cannot change dates. Then they want or Edinburgh, and finally pay

more than they would have if they'd paid the published fares to the end destination or more flexible airlines.

And don't hold your breath waiting for fares to drop, just because more international airlines have set their sights on South Africa. The welcome sight of those various coloured aircraft tails dotted around Jan Smuts Airport probably won't herald plummeting fares.

And if they do, those tails will be disappearing from sight soon, says American Airlines MD Mike Tyler, as airlines go bust.

There's a good reason why the industry collectively suffered huge financial losses last year, says Tyler. Cheap fares circulating, such as the R3 000 to R3 450 to New York, cannot and should not be sustained, he says.

Tyler says that the current recession-invoked obsession with getting a "good deal" on fares can rebound on passengers, especially frequent travellers.

The joy of a so-called cheap ticket may obscure the benefits of staying with one airline, he says. Frequent flyers may fly for more now, but in future they can fly for free, on passenger-incentive schemes, pioneered by American Airlines in 1978.

The airline has 18 million members worldwide who earn kilometre-credit by flying with the airline. Mem-

bers also earn kilometres "while they sleep" by staying at participating hotels, while they drive by using participating car rental companies, and even while they write out cheques by using participating banks.

Consumers seldom appreciate the costs involved in running an airline, says Tyler, safety, security and fuel costs are non-negotiable items, for airlines that wish to stay in the business. Food is the least of costs involved.

Most major airlines are investing in more creative "load management" to ensure viability and a range of alternatives to give value for money to the consumer.

American Airlines offers a variety of fares for the same route, says Tyler. Johannesburg to Los Angeles with a stopover in London, can cost anything from R4 571 to R8 021 for an economy fare, depending on when you can travel and how long you need or want to be away.

Travel agents do struggle to keep up with specials, he says. They used to make one or two calls, now they have to make 20, and still lose the customer to a "bucket shop down the road".

He would like to see consumers using, not abusing, travel agents. "Everyone would just decide where they want to go, when they want to get there, and pay the applicable fare."

## TOMORROW

It was one of life's little whimsies that led legal eagle Donna Symmonds to broadcasting.

Star 16 12/93 (269)

# MMF scandal: six held

By Michael Chester

Five attorneys and one senior police officer have been arrested on fraud or corruption charges in the first swoop to uncover massive swindles behind the motor accident insurance scandal.

The Office for Serious Economic Offences (OSEO), whose crack team of CID and legal investigators has joined the hunt for culprits, said many more arrests were imminent.

The full-scale probe follows disclosures made in Parliament that the Multilateral Motor Vehicle Accidents Fund (MMF) — created by the Government to cover third-party claims stemming from road collisions — faced a deficit of almost R3 billion as a result of widespread fraud.

Economists fear that millions of rands of taxpayers' cash will have to be steered into the fund to keep it going.

They predict the hea-

viest burden will fall on motorists, since the MMF's main income comes from the invisible fuel levy that is added to petrol prices.

OSEO director Jan Swanepoel, head of the fraud probe, said yesterday more than 114 cases of suspected fraud were under investigation.

Scores of insurance company assessors — who estimated the size of repair bills on vehicles involved in accidents — were under suspicion.

# Claims against attorneys on the increase, conference told

B/DAY 10/2/93

CAPE TOWN — There had been a substantial increase in the number of claims lodged against attorneys in recent years, Small Claims Court commissioner Des Williams told the International Bar Association regional conference yesterday.

Claims under the Attorneys' Fidelity Fund Professional Indemnity Insurance Scheme had increased from about 200 in 1987 to about 450 in 1991, he said.

Considering there were only about 8 000 attorneys in SA, this meant the annual number of claims represented more than 5% of the total number of attorneys.

The increase was part of a worldwide trend, attorneys were handling more work and were expanding into new areas of practice which carried greater risk and exposure to claims, and clients were becoming more demanding and more aware of their rights.

About 47% of claims in 1991 related to claims under the Motor Vehicle Accidents Act, 20% were conveyancing-related, 15% related to general commercial matters and 15% to general litigation matters.

SA attorneys had automatic cover under the fidelity fund scheme, and the limits of indemnity under the scheme had been increased considerably in recent years. But many legal practices needed substantial

~~LINDA ENSOR~~ (24)

top-up cover, and some were obtaining cover of up to R1m of each claim

"A further reason for obtaining additional cover is that the scheme no longer grants indemnity in respect of the provision of investment advice. Separate cover must therefore be arranged in respect of the provision of investment advice."

Williams urged law firms to institute malpractice exposure audits, as the adoption of risk management would "almost certainly lead to a major shake-up and revision of management, administration and professional procedures".

Prof Werner Ebke of the University of Konstanz School of Law in Dallas, Texas, said several common-law courts abroad were anxious to limit auditors' liability for negligence affecting people with whom they had no contract.

Deneys Reitz partner Michael Hart said that while SA auditors had had reasonably good claims experience until the end of the '80s, and underwriters had been willing to provide professional indemnity insurance for this market, there had been an appreciable increase in the number and size of claims brought against local auditors during the past five years.

in an effort to increase the chances of prosecuting perpetrators of violence in the region. LHR director Brian Currin said the programme would counter the "top down" flow of authority in regional and national peace accord structures by "creating a culture of trust at grassroots level". ANC PWV peace section co-ordinator Robert McBride said the training programme would increase the awareness among observers of the potential role their evidence could play in securing the conviction of perpetrators of violence. Currin said the programme could also help to build trust between the police and communities that were often reluctant to give evidence to the authorities. ANC PWV official Obed Bapela said the monitors would also be expected to "sift out bad elements in our organisation" in the course of their duties. The programme would start on Saturday with a workshop on the causes and effects of violence, an LHR official said.

# High-tech anti-violence train put through test

B/DAY 10/2/93

RAY HARTLEY

A COMMUTER train equipped with high-tech security devices worth R1.4m was tested by the SA Rail Commuter Corporation (SARCC) yesterday after a delay while video monitoring equipment was improved

The train, which has new violence-proof windows and doors, a video monitoring system, a public address system and radio communication between drivers and guards, was put through a two-hour test on the

Braamfontein-Krugersdorp line.

SARCC development engineer Brian Carver said the train had proved ready for service and would carry its first passengers between Johannesburg and Soweto by the weekend.

SARCC security GM Francois van Eden said the new train would cut down on the time it took to arrest those involved in violence as guards

would react immediately to incidents shown on closed circuit television.

Carver said the new video system, which consisted of 56 concealed video cameras on a 14-coach train and a monitoring booth, would cost R500 000 a train. (269)

A further five trains would be equipped with the video system, which would then be evaluated thoroughly before a decision was made on whether or not to install the system on all trains, he said. (269)

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## Austrian Airlines in seat pact with SAA

AUSTRIAN Airlines' twice-weekly flights between Johannesburg and Vienna will be boosted by a new code-share agreement with SAA — making Austrian Airlines the sole carrier on the

**STEPHANE BOTHMA**

route with a seat allocation for SAA passengers *13/08/93*

The airline also announced low-season fares of R2 490 from Johannesburg to Vienna, Prague and Budapest *10/2/93*

In addition, Austrian Airlines later this year would introduce a third frequency from Johannesburg and the use of the latest Airbus A340, Austrian Airlines GM Thomas Zilk told a media briefing. Use of this aircraft would eliminate stops

in Kenya, he said. *(269)*

Zilk said he was optimistic about a flow of tourism to SA from Austria and other centres which were served by the airline.

"We will be aggressively marketing our eastern European routes and have recently added several new destinations to our network in that area. Today you can fly Austrian daily nonstop from Vienna to the capitals of Russia, Poland, Croatia, Ukraine, Romania and Bulgaria and we now include Minsk and Temeryar," Zilk said.

## Deregulation bites SAA

CAPE TOWN — SAA domestic passenger traffic dropped by 10% in the 1992 financial year to 4,3-million passengers, Transnet's annual report tabled in Parliament yesterday said.

The decline was largely because of the recession and deregulation of the domestic air travel market.

The number of passengers on SAA's international flights rose to 511 360 from the previous year's 487 680.

Gross tonnages transported by Spoornet dropped to 163-million tons (166-million tons). Passenger journeys had declined on average by 4% a year over the past 10 years.

Transnet MD Anton Moolman said the general reduction in passenger and freight volumes and lower profit margins had led to a reduced level of income

which, compared with 1991, improved by only 8%, in spite of a general tariff increase of about 10%.

Transnet reported turnover of R12,3bn and operating profit of R1,3bn for the 1991/92 financial year.

A R10,5bn deficit was reported in Transnet's pension fund, R3,5bn more than the shortfall it inherited from the former SA Transport Services in April 1990.

The main reasons for the increase were the 13% discount rate with which the shortage would grow until it was redeemed, contributions which were still too low and more deaths than anticipated. (269)

But Transnet's medical aid scheme, Transmed, had saved R73m on the cost of medicines through in-house dispensing in 1992. — Sapa.

Star 11/2/93

## Minister defends pension payout 269

CAPE TOWN — Transport and Telecommunications Minister Dr Piet Welgemoed yesterday said he had approved pension benefits, reportedly totalling R363 000, to the former director of the Multilateral Motor Vehicle Accidents Fund (MMF) as the benefits were due to him by law.

Welgemoed was reacting to a newspaper report in which Democratic Party spokesman on transport Robin Carlisle demanded that the pension benefits of the official, J P Oosthuizen, be withheld pending a decision by Parliament and the Attorney-General.

Welgemoed said he was advised that Oosthuizen could have resorted to litigation if he were not paid the benefit, as there had been no proof of criminality on his part, and that the court would have awarded the benefit to Oosthuizen.

FM 12/2/93

DURBAN DOCKS (269)

## Getting to the Point

**Durban's ambitious** R1bn plan to redevelop the Point has moved a step closer through adoption of a Point Development Protocol. The scheme breaks new ground by involving the community more intimately in property development.

Signing of the protocol means the project is now endorsed by a diverse group which includes the ANC, Durban City Council, the Consultative Business Forum, IFP, SA National Civic Organisation, Inyanda Chamber of Commerce, Durban Chamber of Business and Propnet, Transnet's property development unit.

It also presupposes, though it's not spelt out, that these organisations will be represented on a project steering committee. Most have a clear vision of what the Point should look like and are unafraid to say so.

The draft structure plan was published less than two years ago. It reflected Transnet's and the Durban City Council's vision for the transformation of the decaying, but potentially high-yielding, Point area on the northern fringe of the harbour.

The original plan is now dramatically changed. With the new participants in the protocol, emphasis is being placed on addressing inequalities by ensuring that the Point is developed as a resource benefiting the greater Durban population. This means balancing market requirements with community needs, such as job creation and enabling disadvantaged groups to participate in the project. For example, though greater opportunities may lie in developing the area for recreation and tourism, signatories insist that bringing housing, small industry and commercial activity into the mix should be explored.

An agency for land consolidation and development is to be established. Once that happens developers will begin to get some idea of where they fit in and then the first projects should start.

Signing of the protocol addresses an obstacle which halted progress on the project for some time — namely the ANC's concern that the disenfranchised sector of the community was not being involved in the development. It was also concerned that the land, mostly held by public bodies, should not be summarily sold to developers.

Adoption of the protocol implies that land should be offered to developers on 99-year leasehold, though there are also references to freehold tenure.

The protocol is encouraging for what has been dubbed as Durban's answer to Cape Town's Victoria & Alfred Waterfront but care should be taken to ensure that the commercial imperative is not subjugated by the development committee's high social ideals.

The signs are encouraging. In the protocol is a commitment that the development should be operated on sound business principles ■

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150-room luxury hotel by Clinic Holdings' Barney Hurwitz, and the second and third developments would entail a beachfront restaurant and shopping complex by a triad of developers consisting of Intersite, the council and consulting engineer John Zietsman. This mall-type development will include cinemas and offices connected to other developments by an elevated walkway over the railway line.

Fm 12/2/93

The council has given the go-ahead for the sale of the land for the hotel project, but mall promoter Zietsman is still searching for an anchor tenant for the proposed shopping centre. In November, the council gave Zietsman a 12-month option to purchase an adjoining council-owned site for incorporation into the centre. The development is planned to extend over the airspace of the suburban railway line which goes through Muizenberg station. Negotiations are being conducted between Intersite, the council and Zietsman over the airspace rights.

Most of the land involved in the four proposals is being put up by the council while the private sector and the Rail Commuter Corp are collaborating on the development and provision of facilities.

The fourth site, the largest and most ambitious of the projects, is a R100m joint venture between an undisclosed developer and a major finance house. Proposed is a large retail and recreation complex on the site of the pavilion and promenade. Public reaction to the proposal is being gathered and firm plans are to be submitted soon.

Intersite spokesman André Engelbrecht says the Muizenberg development is one of several proposed along the coastal railway which links Muizenberg with Simon's Town.

Development interest has been kindled by about R24m worth of townhouse projects executed by a number of residential developers on the hillsides overlooking False Bay over the past 18 months.

These include the 29-unit Cap Michel and the 46-unit Lakeview. Together with Pepkor's R10m Victorian-styled shopping complex, opened in April on Muizenberg's main road, they have led to a general surge in property prices in the area.

There are also proposals to develop 5 000-6 000 upmarket houses at about R250 000 apiece on the other side of the centre, which developer Clive Burzelman hopes to start by the year's end.

The emphasis of the new commercial development will be to make the area an all-year-round hive of activity with a full range of modern amenities for the growing number of residents and visitors. It will also help restore Muizenberg's past status as an up-market holiday resort and residential area.

Council development co-ordinator Philip Theron says the identification of strategic land within the beachfront and commercial precinct of Muizenberg has been done over a number of years as part of its development strategy to uplift the area's socio-economic environment. This resulted in a proposal call last year by council.

## MUIZENBERG

### Recapturing the past

A beachfront revival project, incorporating strategic council-owned land, is being planned for Muizenberg on the Peninsula's picturesque False Bay coast. A four-part, multimillion-rand collaboration between Rail Commuter Corp property subsidiary Intersite, developers and Cape Town City Council is in the final planning stage.

Last year the council received development proposals for four beachfront sites running from in front of the recently restored, historic railway station to beyond the beachfront promenade, including the sunken garden.

The proposals include plans for a R20m,

dex systems to maintain control over thousands of claims. They, also, will avoid responsibility, except where the Office for Serious Economic Offences can produce a watertight case.

As expected, most of Wronsley's findings duplicate those in last year's report by Judge David Melamet. But as the fraudulent and theft elements are probably accountable in millions, not the billions which the fund achieved, he focuses more closely on the insurers' (agents') procedures, finding

- In view of the large number of claims registered annually and unsettled claims carried over from year to year, Kardex is a bulky and clumsy system,
- There is no effective way of preventing claims being registered more than once. Apart from the fact that key information such as ID numbers does not appear on cards, information to ascertain whether a claim has already been registered can be obtained only by time-consuming and cumbersome checks of the cards,
- It is possible for claims to be registered at various agents, with consequential proliferation of costs;
- Since the fund pays agents advances on third-party claims without supporting vouchers, it is difficult to determine directly whether advances are based on real expenses and/or settlement amounts. That can lead to advances being paid before they are needed

MULTILATERAL MOTOR FUND

FM 12/2/93

Victorian systems (269)

Inevitably, public anger at the fraudulent events that contributed to the R3bn deficit at the Multilateral Motor Vehicles Accident Fund (MMF) has overshadowed a more important question, who now accepts responsibility for the chaotic lack of controls which allowed the mess to develop? Not, presumably, the fund's director, because he was sent home early with a R363 000 payout. Nor, judging from previous Houdini routines by Cabinet Ministers, will either of the Transport Ministers to which the MMF reported

The report released this week of (now retired) Auditor-General Peter Wronsley details astonishing ineptitude, and worse, from among the 11 insurance companies which were appointed as agents to the MMF. Eight of them were using handwritten Kar-

and paid to the claimant or attorney only a considerable time after receipt from the fund,

- There is a lack of accurate information on which actuarial calculations, and the calculation of guarantee amounts by the fund, can be based,
- Controls do not exist to prevent multiple payment of individual claims. So it is probable that the fund suffered far more from the inefficiencies of agents than from the fraudulent activities of a small number of doctors, attorneys and assessors mentioned both by Melamet and Wronsley. But Wronsley adds that many of the frauds could have been detected by agents themselves, had they been investigating claims properly,
- Signatures of claimants on forms, affidavits, powers of attorney and discharge forms were forged to the prejudice of both the fund and claimants,
- Photocopies of traffic accident reports were altered by the addition of names to the list of injured and dead and by changing the date of accidents;
- In some cases, birth, marriage and death certificates were forged;
- Medical reports sometimes exaggerated the severity and degree of injuries, and
- Touts at hospitals encouraged people who had been injured, for example, in a home accident, to consult a certain attorney who would handle their accidents as hit-and-run

cases

Control of the fund is now being removed from Transport and placed under the Financial Services Board, to which all other insurers have to prove their financial soundness. The insurance legislation is being amended so that the board can exempt the MMF from some provisions of the 1943 Act — for otherwise, there would be no option but to liquidate the fund on the grounds of insolvency ■

# NEW CORRUPTION SCANDAL

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Evidence of massive corruption, bribery and theft in the Department of Transport has been uncovered by an official from the Auditor-General's office in Pretoria. It may amount to hundreds of millions of rands.

A preliminary investigation questions the relationship between Transport Minister Dr Piet Welgemoed and a major transport company.

Transport officials are accused of receiving gifts such as holidays in Swaziland and Zambia.

The three-month investi-

## Auditor-General

Welgemoed, implicated in the reports as having given a transport company an unfair advantage, rejected any insinuation that he was party to, or involved in, decisions which favoured any party.

Regarding the allegation that there was a total lack of control systems in the Department of Transport, Welgemoed said: "No control system is perfect or fool-proof. Should reports of the Auditor-General reveal shortcomings in the present system, they will be rectified forthwith, as has been the

● To Page 3

gation was conducted by Assistant Chief Auditor Jaap Serfontein, who submitted preliminary reports to the Auditor-General in December. He must now decide what further steps need to be taken.

In his reports, Serfontein recommends the immediate appointment of a full judicial commission of inquiry. He believes the department and corrupt officials may have squandered millions of rands of taxpayers' money.

Serfontein, previously involved in investigating massive corruption in the now-defunct Department of De-

velopment Aid, says his evidence shows a lack of control measures and several cases of serious malpractice.

Deputy Auditor-General Dr J A J Loots confirmed yesterday that Serfontein conducted certain routine audit investigations at the Department of Transport, and progress reports had been submitted to his office.

"These investigations are continuing and the results will, if justified, be reported, without fear or favour, to Parliament. Some of the work done by Serfontein has not been fully completed, and needs further investigation."

By  
Jacques  
Pauw



Loots said

He said that certain of the points raised by Serfontein contained "inaccuracies", but he would not give further details.

The Star can reveal these allegations of corruption in the department just days after a special report by former Auditor-General Peter Wronsley showed that the Multilateral Motor Vehicle

Accidents Fund (MMF) — which is administered by the Department of Transport — was almost R3 billion in the red.

The report, which was tabled in Parliament on Monday, was highly critical of shortcomings and deficiencies in the handling of the MMF. Wronsley said the possibility of fraud involving millions of rands could not be excluded.

Serfontein, in his reports, says there is evidence of a lack of control measures in the Department of Transport and also of several cases of serious malpractice.

## New Govt corruption scandal

● From Page 1

219

control over the payment of subsidies and the system is open to massive corruption"

Serfontein says he found evidence that some Transport Department officials received gifts such as holidays

Serfontein says he found cases where company statements were not submitted to the Department of Transport before payment. Handwritten cheques were also issued to the same company. A similar system led to massive corruption at the Department of Development Aid, says Serfontein.

He says his investigation has revealed massive corruption, theft and maladministration at Jan Smuts Airport.

He also found evidence of a major airline company bribing Transport Department officials to avoid paying landing fees.

12/9/93

Serfontein says he is concerned that the department seems to own huge amounts of property — after expropriation of farms for the building of roads — but he cannot find an assets register.

A deputy director could not tell him how many farms the department owns, where they are, whether they are leased, to whom and for what amount.

Serfontein says he has found cases where officials and their friends are leasing farms dirt-cheaply. In one case, it is alleged, an official hired a farm, with a dairy and a house, for R10 a month.

Approached for comment yesterday, Serfontein — who retired at the end of December — confirmed that he investigated the Department of Transport. He would not comment further.

Star 12/2/93

(219)

# Massive corruption in department alleged

(269)  
ARG 12/17/93

The Argus Correspondent

JOHANNESBURG.— An official from the Auditor-General's office in Pretoria has uncovered evidence of large-scale corruption, bribery and theft in the Department of Transport.

It may amount to hundreds of millions of rands.

A preliminary investigation questions the relationship between Transport Minister Dr Piet Welgemoed and a major transport company.

The three-month investigation was conducted by assistant chief auditor Mr Jaap Serfontein, who submitted preliminary reports to the Auditor-General in December. He must now decide what further steps need to be taken.

Mr Serfontein recommends the immediate appointment of a full judicial commission of inquiry. He believes the department and corrupt officials may have squandered millions.

Mr Serfontein says his evidence shows a lack of control

and several cases of serious malpractice.

The preliminary reports by Mr Serfontein deal with, among other things, the alleged improper allocation of State subsidies to a transport company, bribery of transport officials, corruption and theft at Jan Smuts Airport and large-scale squandering of money.

Mr Serfontein says he has found evidence that some Transport Department officials received gifts. Some officials were also taken to Swaziland and Zambia, and entertained for more than a week.

● Dr Welgemoed reacted angrily today to insinuations that he was party to any decisions which allegedly favoured certain people or firms.

"I wish to point out that the information contained in this article is distorted and a misrepresentation of the facts. The matter is being referred to legal advisers for further appropriate action."



1 23 2000 10:00 AM

# 'Airport privatisation in April'

AT 13/4/93 By BARRY STREEK (269)

ANOTHER 42 international airlines want to fly to South Africa and the country's nine state airports are likely to be commercialised on April 1, the Minister of Transport, Dr Piet Welgemoed, said yesterday.

But because of "chaos" at Jan Smuts Airport it would not be possible for additional airlines to fly to Johannesburg un-

less the airport were expanded.

Dr Welgemoed said the commercialisation of the nine airports into one company would enable it to apply for loans for the urgent upgrading of the airports.

He told a press conference, called to refute allegations of corruption against his department, that the number of international airlines flying into South Africa had almost doubled since 1990.

The legislation for the commercialisation of the airports had now been approved by the standing committee of Parliament and he was waiting for the bill to be tabled in Parliament and debated.

If there were no delays in passing the legislation, his department had set April 1 as the target date for commercialisation, although it had alternative D-Day plans for May 1 and June 1 launch dates.

# Violence - proof train

Star 13/2/93

(259)

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(259)

THE train violence that plagued commuters in the PWV area last year may well be a thing of the past thanks to a new R1,4 million, high-tech security train that made its maiden run between Johannesburg and Soweto yesterday.

Commuters on the first run gave high marks to the rail authorities for launching the new anti-violence train. Students, nurses, shoppers and other passengers were at first nonplussed at the large contingent of press photographers, journalists, officials, police and even United Nations peace monitors on board the "maiden voyage."

But they soon settled in, chatting to the visitors. Most of them expressed confidence in the safety features pointed out by officials.

The prototype train, consisting of 14 coaches, incorporates four basic security systems. By far the most impressive is the integrated closed-circuit monitoring system comprising a total of 56 cameras per train — four for each coach, viewing both inside and outside simultaneously.

An operator working from a sealed compartment views a quad-split screen — either all four from one coach, or two from an emergency coach and the other two from the normal sequence of surveying the whole train every two to three minutes.

Should an emergency occur, the operator has radio contact with station security and a simultaneous contact with the 24-hour Spoornet security command centre, also connected to the

**JOE LOUW**

police. Cameras mounted within the coach activated by "panic buttons" conveniently located above the doors automatically interrupt normal surveillance, allowing the operator to evaluate the situation and then take appropriate measures.

The windows and doors in the trains have been modified to make it impossible for anyone to be thrown off the trains or for the glass to be broken. Brian Carver, spokesman for the South African Rail Commuter Corporation (SARCC), said the glass used was specially tested by the SA Bureau of Standards for toughness, and that throwing stones or bricks against it was futile.

"The polycarbonate panes are virtually unbreakable," he said. "They will withstand a force of up to two tons before they give."

Other safety features make it possible for people who might be under attack to flee from one coach to another, and flexible steel and rubber panels secure the areas between coaches.

Carver said all railway stations in the southern Transvaal would be secured with razor wire, and from next week the SARCC will be testing new metal-detection equipment at Johannesburg and Dube stations. The metal detectors will prevent firearms and other dangerous weapons from being brought on to stations.

"We are not stopping with this prototype," said Carver. "Every passenger's life is of concern to us. In April we will test another upgraded version of the present train."

# On track

# Govt may sue paper

CT 13/2/93

Political Staff

THE government yesterday denounced reports of bribery and corruption in the Department of Transport and threatened legal action against a Johannesburg newspaper.

An "angry" Minister of Transport, Dr Piet Welgemoed, said the reports were a serious reflection on his personal integrity and he was consulting legal advisers.

The auditor-general, Mr Henry Kluever, said use of "unproven information" by the Star, after his office had discussed it with the newspaper, reflected negatively on the editorial ethics of the newspaper.

He regretted the publication of the information and added, "Civil action by the affected persons/parties is consequently not excluded."

The newspaper said evidence of corruption, bribery and theft had been uncovered by an official from the auditor-general's office, which could amount to hundreds of millions of rands. It claimed a preliminary investigation questioned the relationship between Dr Welgemoed and Bophuthatswana Transport Holdings, owned by the Bophuthatswana government.

● The Automobile Association called yesterday for a judicial commission of inquiry into alleged corruption in the Transport Department.

## Tariffs on toll roads up soon

TARIFFS on toll roads are to be increased from March 1, Transport Minister Dr Piet Welgemoed announced yesterday.

He said some of the increases would be as high as 20%.

The Automobile Association slammed the increases as "inflationary".  
Own Correspondent, Sapa

# Storm over transport scandal

Star 13/2/93

(269)

## JACQUES PAUW and SAPA

IN THE face of further denials by Transport Minister Piet Welgemoed that there was massive corruption in his department, the senior official who uncovered irregularities last night insisted that the abuses could be worse than those found in the now-defunct Department of Development Aid.

Former Assistant Chief Auditor Jaap Serfontein said "I investigated the department for three months and discovered evidence of massive corruption, squandering of state money, bad financial control and maladministration

"I believe the amount of money involved may even be more than at the Department of Development Aid"

The storm broke fol-



**BITTER DENIAL: Dr Piet Welgemoed says there was no corruption.**

lowing disclosures in The Star yesterday Welgemoed held a press conference in Cape Town yesterday and accused The Star of "libellous innuendo" and "unsubstantiated allegations". He said he was considering legal action

The Star revealed that a probe into the Department of Transport by Serfontein had uncovered corruption, theft and bribery that may have cost the taxpayer hundreds of millions of rands.

Welgemoed denied there had been any improper relationship between himself and a particular transport company — something which Serfontein had questioned in his report "Allegations that I favoured any one company or that I was involved in deci-

tion Act It provides for a maximum sentence of R10 000 or 10 years in prison or both

He confirmed that Serfontein had carried out "certain preliminary investigations at the Department of Transport" but these did not "comply with the office's standards". Kluever said The Star's story contained "unproven information"

Serfontein told Saturday Star yesterday. "I had full access to most financial statements and officials of the department. I investigated every aspect of corruption as thoroughly as I could and reported my findings to my seniors at the Auditor-General's office

"I must state, however, that my inquiry is nowhere near finished and various aspects need further investigation"

Serfontein said he had discussed some of his findings with the Director-General of the Transport Department, Dr Skippie Scheepers

Serfontein said he was concerned that criminal charges had been laid against him. "I have never questioned the integrity of the Auditor-General and believe that, with the necessary commitment, the full scope of the corruption at the department can be uncovered"

Serfontein's preliminary report was submitted in December to the Auditor-General, who must now decide what further steps need to be taken. Allegations in his report include that

- A very senior department official paid over millions to a private consultant company which produced no visible results.
- There was inadequate

● **TO PAGE 2.**

P.T.O.

control over the payment of transport subsidies, opening the way to massive corruption.

- A major airline company bribed officials to avoid paying landing fees.
- The department appropriated huge tracts of land to build roads, but there was no register of these assets.
- Officials and their friends were leasing farms cheaply — in one instance, for R10 a month.

Welgemoed said at his press conference that "facts contained in the (Star's) article are distorted and a misrepresentation which cast a serious reflection on my personal integrity".

He said that although he had given The Star all the evidence he had on issues it raised with him before it published the article, he was "not even selectively quoted" in the newspaper.

"Probably The Star decided that's how they want to get at the poor Minister and his department," he said.

Welgemoed added, "I'm angry about this, yes, because it's insinuations."

He said he had been a director of Bophuthatswana Transport Holdings (BTH), the transport company mentioned in Serfontein's report, from 1974,

when he was a professor in transport economics at the Rand Afrikaans University, until September 1989, when he was appointed Deputy Minister of Mineral and Energy Affairs.

He had also served on the boards of transport companies in other independent or self-governing states.

He had resigned from all these positions when he was appointed Deputy Minister, and rejected claims of an improper relationship with BTH, either as chairman of a commission of inquiry into public transport or as Minister.

Welgemoed said that since he became Minister he and Scheepers had launched 25 investigations into various aspects of his department. Among them were checks of the financial statements of bus companies receiving subsidies, including BTH.

"I am determined to establish and maintain clean administration in my department, even if it means having to bear this sort of unpleasantness and efforts at a complete character assassination of myself and other people."

Welgemoed said his ministry, which was "a service ministry", realised it was working with the public's money — R1,8 billion in subsidies for trains and buses that it administered.

"That's why we had so many investigations," he said.

# Welgemoed lashes out at Press report

269  
ARC 13/2/83

**MICHAEL MORRIS**  
Political Correspondent  
and Sapa

MINISTER of Transport Dr Piet Welgemoed and Auditor-General Mr Henry Kluever have sharply criticised a report in The Star (and some of its sister newspapers) on alleged corruption in the Department of Transport.

Dr Welgemoed told a Press conference at parliament yesterday that The Star was guilty of "libellous innuendo".

And Mr Kluever said in a statement that the publication of "unproven information... reflects negatively on the editorial ethics of the newspaper" and that "civil action by the affected persons/parties is consequently not excluded".

Dr Welgemoed rejected any insinuation that there had been an improper relationship between him and a transport company and he was waiting for legal advice on whether to sue the newspaper.

"The facts contained in the article are distorted and a misrepresentation which cast a serious reflection on my personal integrity. The article contains libellous innuendo and unsubstantiated allegations (and) the matter is also being referred to legal advisers for further action."

The Star reported yesterday that a former official from the Auditor-General's office in Pretoria had uncovered evidence of large-scale corruption, bribery and theft in the Department of Transport.

It said his preliminary investigation "questions the relationship between Transport Minister Dr Piet Welgemoed and a major transport company" and accused transport officials of receiving gifts such as holidays in Swaziland and Zambia.

Before Dr Welgemoed's Press conference, the Auditor-General issued a statement saying the findings by former assistant chief auditor in the AG's office Mr Jaap Serfontein were "unproven information".

Transport Minister Mr Piet Welgemoed has called reports about bribery and corruption in his department "libellous innuendo" and has not ruled out taking legal action.

His report had not met the standards of the AG's office and further investigations were being undertaken. A charge under the Protection of Information Act had been laid with the police.

Mr Kluever said he took "the strongest possible exception to the manner in which the name of the (AG's) office has been linked to the news report, both directly and indirectly, in order to give it credibility".

Dr Welgemoed said that although he had given The Star all the evidence he had on issues it raised with him before it published the article, he was "not even selectively quoted" in the newspaper.

The article contained distortions and misrepresented the facts.

"Probably The Star decided that's how they want to get at the poor minister and his department," he said.

"I'm angry about this, yes, because it's insinuations".

He said he had been a director of Bophuthatswana Transport Holdings, the transport company mentioned in Mr Serfontein's report, from 1974, when he was a professor in transport economics at the Rand Afrikaans University, until September 1989, when he was appointed deputy minister of mineral and energy affairs.

He had also served on the boards of transport companies in other independent or self-governing states.

He had resigned from all these positions when he was appointed deputy minister, and rejected claims of an improper relationship with BTH.

"Allegations that I favoured any one company or that I was involved in decisions favouring such a company, are totally devoid of truth," he said.

Since he became minister he and his Director-General, Dr

Skippie Scheepers, had launched 25 investigations into various aspects of his department. Among them were checks of the financial statements of bus companies receiving subsidies, including BTH.

"I am determined to establish and maintain clean administration in my department, even if it means having to bear this sort of unpleasantness and efforts at a complete character assassination of myself and other people," he said.

His ministry realised it was working with the public's money in the R1,8 billion in subsidies for trains and buses that it administered.

"That's why we had so many investigations," he said.

Asked about claims of transport department officials receiving holidays as gifts, Dr Scheepers said that although he was unaware of the specific allegations in Mr Serfontein's report, he had "totally changed" department policy on receiving gifts since he took over as director-general last year.

He did not have any information on the allegation that land expropriated for roads had been sold off to officials at low prices.

Reacting to The Star's report

The Automobile Association of South Africa called for the appointment of a judicial commission of inquiry into the alleged corruption, and for the publication of the full report of the Auditor-General's office.

The Conservative Party called for an extensive investigation into the extent of administrative control and capabilities of Dr Welgemoed.

The PAC called for Dr Welgemoed's suspension.

The Congress of SA Trade Unions has demanded a "comprehensive independent audit" of all government departments.

# Telkom MD admits 087 was 'debacle'

**ROGER FRIEDMAN**  
Weekend Argus Reporter

TELKOM managing director Mr Danie du Toit has described the company's aborted 087 premium service as "a complete debacle".

Mr Du Toit made the admission yesterday in Cape Town where he briefed media representatives on a new, R7,5 million advertising campaign planned for the next 18 months.

Several factors had contributed to "a very disappointing year", Mr Du Toit said.

Among these were Telkom's progressive transition from a government organisation to a "sleek, business-oriented company", general uncertainty surrounding the deregulation of the telecommunications industry, rapid changes in technology and increased client demands, the fact that these problems combined to distract Telkom's attention from telephone subscribers, and the 087 service debacle.

The 087 service "caused us a lot of harm, especially in terms of account inquiries, service levels and income", Mr Du Toit said.

The problem was aggravated because the advent of this service coincided with the commercialisation of the Department of Posts and Telecommunications.

APR 13/1993  
269  
"People forgot, did not realise or chose to ignore the fact that we inherited the service," Mr Du Toit said.

Since the service was discontinued account queries had halved.

Mr Du Toit lamented that "the bashing we took in the Press" had caused the public "to perceive us in a totally negative light".

"Our image is so bad that the stage has now been reached where people simply do not wish to listen," he said.

The new advertising campaign, scheduled to be launched on Monday, would carry the message: "We had problems which we are going to put right".

The main focus of the campaign would be on television but use would also be made of weekend newspapers.

Telkom had already started improving their service, Mr Du Toit said.

They had instituted toll-free help numbers, were opening "client service centres", were adopting a more regional approach and improving staff training.

"I want to reiterate: this advertising campaign is not about pretty pictures and empty words. It is an absolutely sincere effort to keep the public informed about our new client-driven focus. It is a promise that a new era is beginning."

STimes 14/2/93 (269)

# STATE SUBSIDIES

THE government is urgently studying ways to revamp its crumbling transport policy — and for the first time, input from the black community is considered pivotal.

Admitting that corruption, mismanagement and poor planning are leading to problems on city roads, the Department of Transport is accelerating plans for a new urban transport policy.

The man responsible for drawing up the new policy, deputy director-general of

By CHARLENE SMITH

transport, Dr Malcolm Mitchell, said a major issue would be subsidisation of commuter transport, including minibus taxis.

He said a future transport policy would have to take note of the development of metropolitan areas.

"The correlation between land use and transport is a major issue. We have tended to place the poor miles away from work and transport opportunities"

He added that future policy would devolve increasingly to regional service councils, which had been asked to prepare transport plans for their areas.

Considerable thought was being given to subsidies, and it was possible that taxis would, in future, receive a share of the R2-billion transport subsidy.

The issuing of permits through local road transportation boards was also being re-evaluated. However, there were continuing complaints about the way permits were issued by the boards, and these were being examined.

## SUPPORT

Road transport policies were last revamped in 1986, three years after black minibus taxis were allowed to operate.

Since the beginning of the year, Dr Mitchell has been consulting a wide range of transport operators, including taxi associations, metropolitan transport bodies, the SA Rail Commuter Corporation and businessmen.

No new legislation is expected this year, but Dr Mitchell said the new policy would evolve over the next 18 months. If, for example, there was sufficient support for taxi subsidisation, there could be earlier changes.

The director-general of transport, Dr Coenraad "Skipie" Scheepers, said the department was "deeply concerned by allegations of the illegal issuing of permits, and implications that this was seen as a contributing factor to the present taxi violence".

The Sunday Times dis-

closed last week that corruption amounting to millions of rands was taking place in the issuing of permits by local road transportation boards nationwide. Taxi owners pay up to R2 000 for permits.

In response to further questions about corruption at the Johannesburg Local Road Transportation Board, the Department of Transport said five senior administration staff were suspended, along with a typist and administration clerk, from September last year.

This was despite the fact that the department was aware of corruption at the board since November 1991. Dr Mitchell said "the staff concerned were only suspended a year later when they began destroying records".

In addition, five senior staff, three of whom had also been suspended, were charged with fraud, corruption and contravention of the Road Transportation Act.



# Sacked fund official in pension fury

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SITIMES  
14/2/93

JOHAN OOSTHUIZEN, sacked director of the Multilateral Motor Vehicle Accident Fund, which is R3-billion in the red, is outraged by the public debate on whether or not he should receive pension benefits worth R363 000. The auditor-general says the MMF will have to fork out the money, based on Mr Oosthuizen's salary in June 1992, when he was dismissed, and calculated to his 60th birthday in 1995. But this week the press attacked Transport Minister Piet Welgemoed for authorising the payments. Mr Welgemoed maintains Mr Oosthuizen is entitled to the payments by law.

By CHARMAIN NAIDOO

Mr Oosthuizen said: "I've earned that money unfairly, it's being made to look as though the MMF is being forced to pay a negligent civil service." Angry that both his wife's bank accounts were examined as part of an Office for Serious Economic Offences investigation, Mr Oosthuizen said he was being made the scapegoat for government bungling in connection with Third Party insurance.

wanted the investment to be "protective of the capital", adding that the deal soured when the MMF probe began and the government froze the petrol levy. As a result the fund had to draw on the investment. The AG's report says "revealed serious shortcomings in the procedures which clearly resulted in material financial losses owing, inter alia, to possible fraud."

## SERIOUS

In 1987 Mr Oosthuizen inherited an organisation where senior jobs were being done by Std 8 girls, more accident claims put pressure on the petrol levy income and the R300-million reserve was being eaten into to cover expenses. By 1989 reserves were down to his bosses at the Department of Transport — first to George Bartlett and finally Piet Welgemoed — telling them of the "worsening" state of the MMF. He says his suggestions went unheeded.

He blames collusion (between MMF officials and insurance companies) and overall management and control failures to carry out on-the-spot inspections, a shortage of trained staff, deficient internal checking of Third Party claims and inadequate data processing systems. Mr Oosthuizen commented from his Lynwood Ridge, Pretoria, home this week: "I was not given a chance to implement my three-year plan, which aimed at introducing an inspectorate, recruiting and training new staff, ending unhealthy friendships between MMF staff and agents and improving data base interfacing."

## CHARGED

So far, 114 claims files involving cases of possible fraud and irregularities have been handed to the Office for Serious Economic Offences by the AG's office for further investigation. The OSEO's Johan Visser said one of five attorneys who have been charged with forgery and fraud. He said the attorneys being investigated had been reported to a law association when they were suspected of fraud. The OSEO confirmed that it is still investigating "hundreds" of lawyers, doctors, nurses, MMF officials, attorneys and police.

In late 1991 the fund was in obvious financial trouble. The auditor-general's suspicions that public funds were being used to pay fraudulent claims prompted the government to appoint the Melamet commission to investigate. In June last year Mr Oosthuizen was dismissed. He calls himself a troublemaker, an offering from his political detractors to distance himself from the furore. "If only they would accuse me of cheating or fiddling the books, I could give no details." One of the biggest criticisms — made by Mr Justice Melamet — was that Mr Oosthuizen invested the fund's R180-million reserve without "proper analysis of cash flows". Mr Oosthuizen said he-

# Four heads roll in Transport shake-up

## Political Staff

TRANSPORT minister Dr Piet Welgemoed, reacting to reports of massive fraud and maladministration, indicated at the weekend there had been a through shake-up in the top rungs of the department.

At least four senior members of the department had been laid off and new members had been appointed to the Transport Advisory Council

Departed senior departmental heads include director general Mr Ronnie Meyer, the vehicle insurance fund director Mr Johan Oosthuizen, and the director and deputy director of the Rail Commuter Corporation who lost millions in speculation on the capital markets.

Dr Welgemoed said he was angry and hurt by press reports last week suggesting he was involved in deci-

sions favoring a Bophathutswana based transport company, many of which took place under his predecessor Mr George Bartlett's administration. The DP has said it will introduce a motion in parliament this week calling for Mr Bartlett's dismissal from the cabinet.

Allegations that there was an improper relationship between himself and the company were "totally de-

void of any truth", Dr Welgemoed said, admitting that he did sit on the board of this and other companies before becoming deputy transport minister in 1989.

Auditor-general Mr Henri Kluever said in a statement at the weekend that an official in his office conducted preliminary investigations into the department during 1992, but further investigations were underway

# Senior transport officials 'laid off'<sup>(269)</sup>

CAPE TOWN — Transport Minister Piet Welgemoed, reacting to reports of maladministration in his department, indicated at the weekend there had been a thorough shakeup on the top rungs of the department

At least four senior officials, including the director-general, had been laid off and new members had been appointed to a reconstituted Transport Advisory Council

Departed senior departmental heads include Director-General Ronnie Meyer, vehicle insurance fund director Johan Oosthuizen, and the director and deputy director of the Rail Commuter Corporation who lost millions in speculation on the capital markets.

Welgemoed was forced to parry attacks on his personal integrity at the weekend, following a string of reports suggesting massive fraud in the department

He said he was angry and hurt by reports last week suggesting he was involved in decisions favouring a Bophuthatswana-based transport company, many of which took place under his predecessor George Bartlett's administration.

The DP has said it will introduce a motion in Parliament this week calling for Bartlett's dismissal from Cabinet

Allegations of an improper relationship between himself and the company were "totally devoid of any truth", Welgemoed said, admitting that he served on the board on this and other companies before becoming Deputy Transport Minister in 1989.

TIM COHEN

It would be extremely difficult to influence decisions regarding the allocation of subsidies, since these were considered by an independent statutory body, the National Transport Commission

Auditor-General Henri Kluever said at the weekend that an official in his office had carried out preliminary investigations late last year, but these did not comply with the office's standards and that further investigations were under way

Welgemoed said 25 investigations had been conducted during the 20 months since he became Transport Minister although they did not all focus on corruption.

THEO RAWANA reports that Cosatu said yesterday the latest report of "massive corruption" in government departments was the last straw for the underpaid, overtaxed and struggling majority

"Among those implicated in corruption scandals so far have been the departments of Transport, Development Aid, Finance, Education and Training, Health and Welfare, Foreign Affairs, Correctional Services, Justice, Law and Order and Defence. It is no exaggeration to say that this government is corrupt to the core," it said.

"Cosatu estimates that corruption uncovered so far in government departments and business over the last two years is in excess of R10bn. This does not include the billions lost to the country through golden handshakes and tax evasion"

Star 16/2/93

# R660-m needed for rail service

By Peter Fabricius  
Political Correspondent

CAPE TOWN — Taxpayers will have to fork out an extra amount of over R600 million in this year's budget to finance unforeseen losses in the national commuter rail service — the SA Commuter Transport Corporation. (269)

This figure is disclosed in the additional budget for the Department of Transport which was debated in Parliament yesterday.

It is one of the largest amounts in the overall R10 billion additional budget which makes up shortfalls in the main 1992/93 budget approved last year.

A memorandum from the Department of Transport explained that due to the decline in economic activity, Transnet was unable to contribute to alleviating the shortfall.

Democratic Party transport spokesman Robin Carlisle slammed Transport Minister Piet Welgemoed for the R660 million shortfall and asked how he intended financing commuter rail services.

Welgemoed argued that it was impossible to predict the gains and losses in the commuter railway which had incurred unexpected costs such as those required to combat train violence.

Star 16/2/93 (269)  
Professor Steve Rossouw had  
been appointed to investigate  
the funding of the Multilateral  
Motor Vehicle Accidents Fund,  
Transport Minister Dr Piet  
Welgemoed said. -- Sapa. (6)

Star 16/2/93

# Govt bungling funds - AA

By Brendan Templeton

The Automobile Association (AA) believes the Government is mismanaging revenue from petrol-sale levies meant for the troubled "third party" fund.

But secrecy surrounding South Africa's oil industry because of the embargo made accurate assessment of the situation impossible, said the AA yesterday.

It appealed to parties supporting sanctions to reconsider so that the Government could no longer justify secrecy in oil dealings.

Calculations made by the AA indicated that fuel sales

should be producing more income for the Multilateral Motor Vehicle Accidents Fund (MMF) than has been the case in recent years.

It also criticised the control of the fund and the way reserves had been invested.

Shocking details of gross mismanagement of the fund and a R3 billion deficit were released by Auditor-General Peter Wronsley last week.

He said the MMF fund was so badly managed that he was unable to express an audited opinion on it.

Fraud in the millions of rands had also been uncovered, he added.

The AA said it had criticised the fund's accounting

procedures as misleading and had over the past 20 years claimed persistently that the fund did not have sufficient reserves to meet claims.

Income for the fund would have exceeded expenditure if the fund had been topped up on a monthly instead of a quarterly basis and monies had been soundly invested.

"The AA has always advocated 'pay as you go' accounting principles for the fund. The fund is a 'going concern', since it is highly unlikely that it will ever be wound up and it does not require massive actuarial reserves to cover run-off," said the association.

## Airbus orders worth \$9bn

*BIOM 16/2/93*  
AIRLINER manufacturer Airbus Industrie expects to deliver almost \$9bn worth of jetliners this year, some of which will be seen in South African skies (269)

The French-based Airbus Industrie said yesterday international carriers like Austrian Airlines, Gulf Air and Malaysian Airline Systems were to introduce the new four-engined ultra long-distance A340-200 and -300 as well as the twin-engined stablemate the A330.

Negotiations were under way for the sale or lease of these new aircraft to African airlines.

Airbus expected aircraft fleet growth in Africa to be 3%-4% this year. SAA and independent Flitestar utilise Airbus Industrie's 160-seater "fly-by-wire" Airbus A320 on their routes. — Sapa.

12-16/02/93

Star 17/12/93

# Kriel defends clamp during city taxi crisis

(269)

Staff Reporter

Law and Order Minister Hennis Kriel has defended his decision to declare Johannesburg an unrest area during the city's taxi crisis, adding that the action had rescued the city from being held to ransom by "rebellious and violent" taxi drivers.

He was responding to criticism on Monday by Johannesburg management committee chairman Ian Davidson and his deputy Paul Asherson, who

slammed the imposition of a state of emergency

Addressing a council meeting, Davidson and Asherson said the declaration "left us powerless when we were on the brink of a solution".

Kriel said in a statement yesterday that the situation required immediate and decisive action by the Government, adding that his declaration was made only on the second day of the crisis — after intensive negotiations to save the city from

further violence and disruption had obviously failed.

"In view of the virtual anarchy in the city, the SA Police needed extra powers to not only halt the violence as soon as possible, but to prevent a recurrence."

Davidson yesterday denied having blamed Kriel for prolonging the recent taxi violence either by statements or by declaring the city an unrest area.

Last night, Davidson agreed he had criticised the unrest reg-

ulations imposed on the city, but denied having mentioned Minister Kriel by name.

The Star reported yesterday that Davidson and Asherson had said the taxi crisis could have been resolved within a day had it not been for the intervention of Kriel and Witwatersrand Attorney-General Klaus von Lieres.

Kriel was mentioned by name in the light of the fact that he had declared the unrest regulations.



## SAA in joint travel venture

THEO RAWANA 269

THE black travel industry got a shot in the arm yesterday with the formation of a joint venture between SAA and the Black Association of Travel Agents of SA (Batasa). *BIDA*

SAA, a minority shareholder in the new company, Fabtravel, had put up the initial R1,5m in loan finance, and would provide training for black travel operators, said SAA CE Gert van der Veer at the signing ceremony in Sandton yesterday. 18/2/93.

Batasa — an affiliate of Fabcos — would enjoy the tourism infrastructure provided by SAA locally and overseas, he said, and SAA would gain access to the massive black travel market which had been out of reach of established tourism companies.

Batasa president Joe Seakatsie said SAA's well-laid infrastructure and travel expertise, coupled with Batasa's strength in understanding the needs of the informal market, should place the new company in a much stronger position to attract new segments of the population into the travel and tourism market.

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# Court approves Greyhound sale

Supreme Court Reporter

THE provisional liquidators of Entercor Limited and Greyhound Coach Lines, subsidiaries of the liquidated Tollgate Holdings Limited, have been authorised by the Supreme Court to accept an offer of R92 million for Greyhound's assets.

Entercor's staff would not lose their jobs if the court authorised the sale, the court was told.

Mr Justice D G Scott authorised the liquidators to accept the offer.

In papers Mr Steven Malcolm Gore, a provisional liquidator of Entercor, said an agreement was reached on February 9 with Unitrans Limited to buy Entercor's business (trading as Greyhound Coach Lines) as a going concern.

Mr Gore said Absa Bank was the largest creditor of Tollgate Holdings with a claim of more than R300 million. It held a notarial bond over all Entercor's movable assets. In view of this substantial claim concurrent creditors are not likely to receive dividends.

● Unitrans buys Greyhound Coach Lines Page 13

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PIET WELGEMOED FM  
19/2/93  
**What did he know?**

**Transport Minister** Piet Welgemoed, accused of abetting graft, fraud and waste in his department, says he realised within days of being appointed in April 1991 that all was not well in the Transport Department. By that June he was trying to clean it up by ordering a number of investigations. (269)

"Which," he says, "is how I found out about the graft in the Multilateral Motor Vehicle Accidents Fund." The fund, through mismanagement and other problems, is R3bn in the red

His blunt methods, which didn't endear him to many senior members of his department, were first reported in the *FM (Business and Technology)*, May 15 1992, in a report that focused on the investigation he ordered into the way the Roads Board appointed its consultants. It also dealt with his refusal to donate R5m to the Transvaal province to investigate public transport in the PWV area because he was sceptical of its control measures

By then he had already relieved Bart Grové and Kobus Nel of their respective positions as chairman of the board of control and MD of the Rail Commuter Corp because of their ill-advised investment of R270m in the Cape Investment Bank, which later failed. He had also called for an investigation, led by Mr Justice David Melamet, into the vehicle fund, and he got the department's director-general, Ronnie Meyer, to resign.

Welgemoed has since sacked Johan Oosthuizen as director of the vehicle fund, and dissolved the Transport Advisory Council

and appointed another council more representative

The bubble burst after a report — based on a preliminary investigation of the department conducted by Jaap Serfontein, a former assistant chief auditor in the Auditor-General's office — was published last week. It alleged that Welgemoed had favoured a transport company that he had been associated with before joining the Cabinet, and that there was graft, fraud and massive waste in his department. Welgemoed, who has called in legal counsel, labelled it an attack on his integrity that "contains libellous innuendo and unsubstantiated allegations."

The AG's final report on Welgemoed's department hasn't been made available yet. The AG's office has said Serfontein's report is incomplete, doesn't comply with its standards and contains inaccuracies.

Welgemoed wants the vehicle-fund issue, including the reports of the AG and Malamet Commission, to be debated in parliament. DP spokesman on transport Robin Carlisle says Welgemoed realised something was seriously wrong with the fund when he took over. Melamet concurred.

Despite his no-nonsense approach, he can be forced to toe the party line. He has said in parliament that neither George Bartlett nor Eli Louw, his immediate predecessors, were responsible for the department's problems. He said they went out of their way to solve all the problems they were confronted with, "as can be proved by all the investigations they commissioned."

Those investigations and results, if any, were hidden from the public. Speculation is that Welgemoed was told to say this to avoid dissension in NP ranks. Bartlett is NP leader in Natal. Much of the shortfall in the vehicle fund built up during Bartlett's 1989-1991 reign but in the fund's 1990 annual report he commends its executive committee for its work

It was also Bartlett who took Grové, who had retired as GM of SA Transport Services (Sats), out of retirement and made him chairman of the Rail Commuter Corp board — after he had lost R3bn of Sats' money in ill-advised investments. ■

THIRD PARTY FM 19/2/93

Put a lid on it (269) ~~269~~

We need affordable motor insurance schemes

Third-party cover for motorists has been described by the scheme's administrator as "a Rolls-Royce system inappropriate in a Third-World country". He is right — and there has never been a more opportune time to correct the system, following the exposure of maladministration and fraud in the affairs of the Multilateral Motor Vehicles Accident Fund (MMMF)

the short-term underwriters who act as agents for the fund are terminated. Some expect renewed contracts from May 1. But before then, major decisions must be made:  If the fund is to continue in roughly the present form, which saw it run up a theoretical deficit of R3bn in five years, it will need a new director. Incumbent Willem Swanepoel is temporarily assigned and wants to return to his job as CE of SA Special Risks Associ-

ation (Sasra);  The formalities of the transfer of the fund from the jurisdiction of the Department of Transport to that of the Financial Services Board, which regulates all other insurance activity, must be completed;  A decision on the business allocations of "agents," some of which materially contributed to the mess, is necessary; and  Crucially, a drastic overhaul of claims

COATRACK

procedure is needed to prevent further losses. The favoured solution now emerging is to cap the amount that can be extracted in an individual claim and run the fund on much the same lines as the Workmen's Compensation Act.

An overhaul is obviously required, especially after the latest tales of fraudulent behaviour in the report of former Auditor-General Peter Wronsley. Those who can remember when this insurance was proved by paper discs, attached to the windscreen by complimentary plastic stickers supplied by insurers and motor manufacturers, all for R17 a year, might welcome the return of a similar system. But that system was openly flouted by many motorists.

The MMF frauds are serious but did not produce the R3bn deficit — if such a deficit actually exists. The mess was born when the State, in return for a levy at the fuel pump every time a driver tanks up, created an open chequebook to pay for personal injuries and deaths caused by motor vehicles. This created a festive environment for the legal profession and opened the door to litigation on a scale seen in SA only in US soapies.

The size of the current deficit is not the problem. Wits University's Prof Robert Vivian doubts if even R500m of the deficit was caused by the fraudulent behaviour of a minority of medical practitioners, attorneys and others who cut the MMF pie. The problem lies in the way the system is constructed.

Vivian is also cautious about the way the R3bn has been "established". Much of it is, in insurance jargon, RBNF (reported but not run off). If the fund is restructured immediately on realistic lines, these provisions could turn out to be grossly overstated.

There are three main options in motor vehicle insurance:

Third party, covered by the fuel levy which the MMF collects, relates to personal injury, disability and death. The injured party, or his estate, claims from the MMF which, in its discretion, may claim from the party which caused the damage.

The degree of compensation seems often to have been determined by the amount of legal leverage applied by claimants. The largest recorded claim against is for R7m in respect of a Japanese tourist, the damages being calculated on a scale which included the low value of the rand and the high cost of medical maintenance in Japan. The legal curiosity in that case was that the tourist was a cyclist and had thus, in all probability, contributed little via the petrol levy to the fund which ultimately paid him out.

Balance of third party, designed to cover a motorist for damage he causes to another vehicle or other property. It does not cover

his own vehicle or its contents, for which he is held responsible. Balance of third-party cover is mandatory in some First-World countries but this has been rejected in SA, though insurers see it as a potential source of new business. It has been claimed to be a racially based form of taxation, as it might be perceived to be targeting taxi owners — of whom only a minority take out balance of third party or comprehensive insurance; and  Comprehensive insurance — usual on most new vehicles and insisted on by banks on leases or suspensive sales. The nominal owner of the vehicle is covered against all eventualities, including damage to his own vehicle as well as damage or injury inflicted on others. In most cases, the nominal owner bears a proportion of the financial losses.

The MMF succeeds the MVA, which suc-



ceeded the token system. It took several commissions of inquiry to determine what elementary motor insurance was appropriate for SA. The system funded by the fuel levy became the MMF in 1987 when the TBVC countries became signatories to the agreement, so that claims transcend borders.

One outcome of inquiries into the MMF has been the proposal that control be transferred from the Department of Transport to the Financial Services Board (FSB). This week Transport Minister Piet Welgemoed announced he has appointed a special adviser to investigate the MMF's funding. The board will usually not countenance an insolvent insurer but, as the MMF has government behind it as reinsurer of last resort, the rules are being bent.

FSB manager for short-term insurance Nico Fourie can expect to find the MMF in his portfolio. He says, "If you cut out the fraud element, what do you find? Possibly a sophisticated form of cover?" That, not the element of fraud which has surfaced, may be the root of the problem.

Fourie believes there could be justification

for capping payouts. Vivian goes further: "The way the fund was created may have encouraged the US type of litigation, introducing a new type of claims mentality."

Vivian sees justification for a table of compensation similar to the Workmen's Compensation Act — so much for an arm, so much for a leg, so much for a life. But that might create even more ambiguities than now exist. One man has 12 children to support; he lives in Alexandra. Another has a Sandown life style and two children to put through university — a totally different set of needs.

Fourie says more data is needed before the MMF can be reshaped. There's a lack of appropriate medical data. "We need an actuarial viewpoint, for example, to calculate present values of future payouts."

The MMF is not the first time government has got insurance sums wrong. Sasria now has a R3bn surplus. Some insurance experts say this is too high, others, that it could be unrealistically low.

Before the MMF was set up, there was a long period when the consortium of insurers was happy to pool premiums and pay out their share of claims. When the claims ratio became too high, they requested a substantial premium increase, which was rejected and the levy system introduced instead. Naturally, agents enjoyed the scheme because it was almost impossible to lose money.

To many people, the levy made more sense, though Vivian is unconvinced that a truck owner — who uses much more fuel than a private motorist — is responsible for a proportionately greater number of accidents.

Compulsory third-party token schemes were flawed — at one stage it was estimated that fewer than half of the tokens were legitimately bought. And, though short-term insurers can take time to assess claims experience, they did in the end pronounce that the risk was not adequately covered by premium income.

The options now are limited:

Pay for the Rolls. If we insist on a first-class system with a bottomless pit of money, it must be funded. That does not imply doubling the fuel levy immediately, because, as Vivian quickly points out, a third-party scheme is not like conventional insurance. It does not need to be solvent in the same way as a short-term insurer. If ever there were an excuse for cash flow underwriting — "pay as you go," says Vivian — it would be for a State-backed third-party scheme; and

Trim benefits, drastically. This option is gaining favour because it would ensure that no victim or dependant would starve as a result of an accident.

A parallel could be drawn with the medical industry, the State providing minimal but essential benefits and those who have needs beyond this contributing to medical aid or top up insurance. Similarly, those who feel a need to provide large sums for their dependants in the event of an accident would have to understand the limitations of the State and make personal provision instead. ■

Fm 19/2/93 (295) (269)

scribes them as a panic reaction by airlines trying to fill their planes.

British Airways' SA manager Malcolm Freeman says only a small percentage of seats are sold at a discount. He cannot find tears for travel agents. "We hear that, at most, one a month goes to the wall, which indicates it's a sound industry. Passenger volumes are up (BA's were up 11% last year) They must increase their service levels and cut costs. The good guys are doing that, and they're doing well."

Airlines pay agents a 9% commission but Lunn says "it can be negotiated." Williams-world Travel MD Bob Williams agrees but adds that there are opportunities in the market for agents to maximise their commission. It makes business sense to him to punt the airlines that give the best commission. One, which he won't identify, pays 15%. "That enables agents to offer passengers a 4% discount and leaves them two percentage points better off than they would be selling tickets for airlines that stick to the regulation 9%.

"No agent should complain if he gives away his commission to compete with a bucket shop. He should rather tell his clients that if they want to buy from bucket shops they should do so, but they must take the risks."

Airlines selling tickets directly to the public also reduce profits for agents. Wilkinson believes this is wrong. "They tell passengers about only their options, whereas travel agents give realistic cost-saving advice about all the options available on the market." Lunn adds that the airlines sell only tickets and don't help passengers with getting visas and arranging car hire and hotel accommodation.

The scene isn't as hectic as painted, says Bill Botha, director of the Travel Agents' Board, which registers all agencies. There are 830 agents now, 100 more than in 1989. The board gets eight to 10 applications a month from people who want to become agents. Only seven agencies were liquidated last year, "not through lack of business, but because of financial problems; their overheads were too high and their controls too lax."

Some momma-and-poppa operations closed last year, he says, not because they went bankrupt, but simply because they weren't making as much as they thought they should. ■

TRAVEL AGENTS

**Singing the blues** Fm 19/2/93

Over the past two years domestic airline flights have been deregulated and the restrictions on international routes eased. That's been great news for travellers — they can fly almost anywhere for less than they could two years ago — but travel agents take a different view. It turns out that the people who are supposed to find you the lowest fares are not so happy about the low fares now available.

Passengers have had their pick of bargains. For a while it was possible to jet to London for under R2 000, half the normal fare. Qantas has dropped its fare by R2 300 since it resumed its flights to SA early last year. The battle between SA Airways, Fli-testar and Comair on the Johannesburg-Cape Town route has forced down fares and increased the number of flights.

Reduced fares mean reduced commissions and travel agents have to work much harder for their income because there are more airlines — 43 compared with 27 two years ago — now serving SA. There's also much more competition for those commissions because deregulation of the travel-agent business has encouraged 100 new agents to set up shop since 1989. (The minimum sales level was dropped, so agents no longer had to prove that they could sell a minimum number of air tickets every year.)

Association of SA Travel Agents president Laurie Wilkinson blames falling profits on cut-rate fares (agents sell 80% of all airline tickets) and, with the recession well into its fourth year, the size of the cake hasn't increased much.

Alan Lunn, MD of the quoted Concorde Travel, says agents are against discount fares and de-



Travel agents . . . working harder for less money

HOUSE OF DELEGATES

QUESTIONS

Indicates translated version

For written reply:  
Own Affairs

Cape Town area: sale of service station site/trading site

1 Mr A G MOHAMMED asked the Minister of Housing and Agriculture

(1) Whether any decision has been taken to sell a (a) service station site and (b) trading site in the Cape Town area to a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, if so, (i) in respect of each site, what was the (aa) market value, (bb) zoning and (cc) selling price and (ii) what is the name of the person in question,

(2) whether the person referred to above applied personally for resettlement in this regard, if so, when, if not, in what manner was the application lodged? D1E

The MINISTER OF HOUSING AND AGRICULTURE

(1) This matter is presently being investigated by the Ombudsman which renders it *sub judice*

(2) Falls Away

HOUSE OF ASSEMBLY

QUESTIONS

Indicates translated version.

For written reply  
General Affairs.

Port Elizabeth harbour: tonnage of cargo

36 Mr E W TRENT asked the Minister for Public Enterprises

(1) What was the total tonnage of cargo moved through the Port Elizabeth harbour during the latest specified calendar

(2) (a) what was the percentage use of container capacity in Port Elizabeth over this calendar year or 12-month period broken down into each month of that year or period and (b) how do these percentages compare with those in respect of Cape Town, Durban and Kaserne (Johannesburg)? B73E

The MINISTER FOR PUBLIC ENTERPRISES.

The Managing Director of Transnet Limited has furnished the following information in reply to the hon member's question:  
(1) 4 164 294 ton (1 January 1992 to 31 December 1992).

1992	(a)		(b)	
	Port Elizabeth	Cape Town	Durban	Kaserne
January	24	24	65	62
February	23	25	61	64
March	32	30	58	65
April	26	43	36	64
May	27	46	59	69
June	27	45	56	61
July	23	40	56	65
August	29	37	60	65
September	28	38	63	65
October	27	42	69	70
November	27	36	72	73
December	22	38	76	55

Portnet/Spoornet: revenue from cargo

37 Mr E W TRENT asked the Minister for Public Enterprises

In respect of the latest specified financial year or 12-month period for which information is available, (a) what was the total revenue that accrued to Portnet and Spoornet from cargo moved through Cape Town, Durban and Port Elizabeth harbours and Kaserne, (b) in what categories was this revenue accrued and

(c) what percentage of this revenue accrued directly to Port Elizabeth? B74E

The MINISTER FOR PUBLIC ENTERPRISES

The Managing Director of Transnet Limited has furnished the following information in reply to the hon member's question.

HOUSE OF ASSEMBLY

*Hansford**Hansford*

	<i>Portnet</i> (1 April 1991-31 March 1992)	<i>Spoornet</i> (1 February 1992-31 January 1993)
(a) Cape Town	R245,886 (m)	R 92,037 (m)
Durban	R921,858 (m)	R611,475 (m)
Port Elizabeth	R127,146 (m)	R198,016 (m)
Kaserne	Nil	R154,462 (m)
(b) Marine, cargo handling and ship repairs		Mm containers, containers and truck loads
(c) 9,82 per cent		15,8 per cent

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## INTERPELLATIONS UNDER NAME OF MEMBER

Burrows, Mr R M—	Justice, 56
<i>Own Affairs</i>	Nel, Mr W U—
Education and Culture, 99	<i>General Affairs</i>
Chiolé, Mr J—	Justice, 7
<i>General Affairs</i>	Pienaar, Mr D S—
Transport, 49	<i>General Affairs</i>
Gerber, Mr A—	Law and Order, 1
<i>General Affairs</i>	Rajab, Mr M—
Education and Culture, 19	<i>Own Affairs</i>
Isaacs, Mr N M—	Education and Culture, 138
<i>Own Affairs</i>	Rajbansi, Mr A—
Local Government, Housing and Agriculture, 125	<i>Own Affairs</i>
Leon, Mr A J—	Local Government, Housing and Agriculture, 142
<i>General Affairs</i>	



## Sats ordered to pay damages <sup>269</sup>

EAST LONDON. — The Supreme Court in Grahamstown yesterday ruled that the former South African Transport Services, now Transnet, pay damages to a commuter who lost both legs when a conductor threw him off a train. <sup>CT 20/2/83</sup>

Mr Bongani Naki was travelling from Port Elizabeth to his home in Cradock in August 1987 when the incident occurred. He claimed R439 434 in damages.

The claim will now be negotiated out of court.

# Nats must admit mistakes, says Carlisle

STAR 2012/93



**DAWIE DE VILLIERS:** Conceded that SATS audits were unsatisfactory.

CAPE TOWN — The Government should admit its mistakes and make its Ministers publicly accountable, Robin Carlisle (DP Wynberg) said in Parliament yesterday.

Speaking in the first reading debate on the Transport Services Unappropriated Expenditure Bill, he said the Government had made the poorest attempt yet to justify the mismanagement of the South African Transport Services.

The financial statement of the SATS had been received six months late, was inaccurate to the tune of R487 million when received, and fixed assets could not be verified to the satisfaction of the auditors.

"The fixed assets of SATS at the time were R4 billion, but there was no asset register. This amounted to atrocious management."

The Government had also had no idea how the R40 million in the ex-

pense account had been used.

"They should have known that someone was stealing the cash. With 6 million people unemployed, 7 million inadequately housed ... how can you justify this sort of thing?"

Carlisle said that instead of the Minister being made accountable, he had been moved from one department to another. Who knew what inaccuracies or absent-minded mismanagement was going on in his cur-

rent department. <sup>269</sup>  
Repeating, Minister of Public Enterprises Dr Dawie de Villiers conceded that the audits and financial reporting of the SATS had been unsatisfactory.

He said Transnet management had adjusted the system so that a team of external auditors now audited company books and issued financial reports.

"What is important is that steps are being taken to put things right." — Sapa.

# MMF fraud 'the mother of all scandals'

CAPE TOWN — The irregularities surrounding the Multilateral Motor Vehicle Accident Fund (MMF) were the mother of all scandals, Geoff Engel (DP Bezuidenhout) said in Parliament yesterday.

"Even in a country riddled with scandal-mania of Government fraud and corruption, we have never seen the likes of this before," he said in a special debate on the MMF.

"If Government has any notion of accountability, decency and democracy, political blood must flow. Its contemptible arrogance, denials and counter-accusations will not suffice"

Engel said he would show that the Transport Minister and two of his predecessors had been aware of irregularities but failed to rectify the situation or bring perpetrators to account.

Auditors had produced qualifying reports since 1990. Serious shortcomings were reported to the director in April 1990. The audit was transferred to the Auditor-General only on September 3 1991, and a commission launched on November 15 1991. "It took 19 months for the Government to react."

Engel said the Melamet report had identified inadequate financial controls, faulty book-keeping, duplication of claims, chronic over-statement of earnings and medical costs, and unscrupulous touts con-



**BARTLETT: Former chairman of the fund and also Minister of Transport.**

verting broken legs and the like into MMF claims.

Former Transport Minister George Bartlett had been chairman of the fund. "I can be no more blunt in saying that if Ministers did not know what was going on in the highest levels of their departments, they cannot have been running them properly. The Honourable Member for Amanzimtoti (Bartlett) must therefore resign."

DP spokesman on Transport Wessel Nel said the MMF deficit — R3 billion on April 30 last year — could by now be R4 billion.

Robin Carlisle (DP Wynberg) said Bartlett should be dismissed as he was accountable for the deficit because the irregularities — which far exceeded those in the former Development Aid Department — occurred while he was Transport Minister.



**WELGEMOED: No golden handshakes for dismissed Transport Department officials.**

As Transport Minister, Bartlett had neglected air safety and the debacle of the National Road Safety Council had occurred. Accountability hinged on a number of issues: was the matter significant, should the Minister have known about it, and could he have taken action? In all cases, the answer was yes.

Daan du Plessis (CP Roodeplaat) said it was clear that the Auditor-General had shamefully neglected his duty as caretaker of public funds. How was it that after a change in the fund's bookkeeping policies in the mid-1980s that the Auditor-General did not realise that the fund was bankrupt, that its statements did not make provision for outstanding obligations, and that its inspectorate had collapsed?

The Government had



**CARLISLE: Holds Bartlett accountable as the irregularities occurred while he was Minister.**

plunged the country into a culture of lies, fraud and covetousness.

CP finance spokesman Casper Uys said the country had been hit by a wave of fraud in the public and private sectors. It was time the House gave the Government a mandate to take action.

Jurg Prinsloo (CP Roodepoort) said the Transport Department should make public the contents of a taped conversation between an official in the Auditor-General's office, Jaap Serfontein, and a senior official in the MMF.

He said transcripts of the conversation had been seen by the Melamet Commission. The public had the right to know what had been said. It also had the right to know why Serfontein had left the Auditor-General's office, and about the source of tension be-

tween him and the Minister.

Prinsloo said the loss of control over the management of the fund had not taken place over a short period. "An average high school child could have exercised better control over the MMF."

Transport Minister Piet Welgemoed said a total of 2 300 files from the MMF had been forwarded to the Office for Serious Economic Offences for investigation and possible prosecution. "I think that quite a number of prosecutions will follow."

Welgemoed also said that the R3 billion deficit should be seen in perspective. It was an actuarial shortage, albeit a very important one. "There is no loss. If there were a loss on an annual basis, then the red lights don't flash, they go on and stay on," he said.

Welgemoed also announced a number of measures taken to improve the fund's efficiency.

Former fund director Johan Oosthuizen would have gone immediately had he had his way, Welgemoed said, adding that he gave nobody golden handshakes.

The MMF had to pay Oosthuizen R363 000, which was contractually owed him for 34 months' remaining service.

Nobody had, to date, been able to prove that Oosthuizen had been dishonest. — Sapa.

STAR 20/2/93 269

# 'Bartlett must go' calls grow

CT 20/2/93

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## Political Staff

NATAL leader of the National Party and Mineral and Energy Affairs Minister Mr George Bartlett is facing increasing calls for his head over his performance as Minister of Transport up to April, 1991.

The Democratic Party launched a withering attack on him during a special debate in the House of Assembly yesterday on the government's Third Party Fund

The DP had called the debate as a "matter of public importance" and its MP for Wynberg, Mr Robin Carlisle, said Mr Bartlett had presided over the Multi-lateral Motor Vehicles Accident Fund (MMF) while it ran up an accumulated deficit of between R2 billion and R3bn

"The fraud, maladministration and irregularities that occurred in the Department of Transport under (Minister) Bartlett far exceed even those in the Department of Development Aid," said Mr Carlisle

The minister should have known about the problems in the fund and taken action and was therefore accountable, said the DP MP

"You want to keep this man? South Africa does not want to keep this man," said Mr Carlisle, and asked if Mr Bartlett was being kept in his job to keep him

## Bitter DP attacks in debate on R2bn deficit

from joining Inkatha. "It is outrageous that Bartlett remains in office," he said

DP MP for Bezuidenhout Mr Geoff Engel also called for Mr Bartlett to quit.

"One does not have to be an accounting genius, which the previous minister certainly wasn't, to realise affairs were chronically off the rails several years ago," said Mr Engel.

Mr Bartlett, involved in negotiations with the IFP, was absent from the debate but Mr Jacko Maree, the NP MP for Klip River, sprang to his defence, saying it was the system that had been at fault by allowing deficits

The minister had acted once he had noted the escalation in expenses.

He could also not be blamed if, year after year, he had been given auditors' reports which did not point out irregularities

Transport Minister Dr Piet

Welgemoed revealed that a total of 2 300 files had been forwarded to the Office for Serious Economic Offences for investigation and possible prosecution

Dr Welgemoed also said that Mr Johan Oosthuizen, the former director of the MMF, would have "gone immediately" if he had got his way. Because his contract with the MMF did not allow for early retirement the fund had to pay him R363 000 which it owed for 34 months of remaining service

Dr Welgemoed said the R3bn deficit in the MMF should be seen in perspective. It was an actuarial shortage, although a very important one

"There is no loss. If there were a loss on an annual basis, then the red lights don't flash, they go on and stay on," he said

Files had not yet been opened for some of the claims included in the R3bn figure

"It is an estimated figure and that is the problem we are sitting with"

He said that swift intervention by MMF officials after the collapse of the President Fund had saved the MMF and the taxpayer R2m.

The executive director of the MMF had estimated that the final loss in the collapse would not be more than R300 000

There had been 7 000 claims files "lying around on the floors" at the President Fund offices.

# Safair forced to axe 250 workers

By AUDREY D'ANGELO

COMPETITION from Eastern European countries and the collapse of its lucrative market in Angola is forcing Safair to rationalise its operations, and retrench 250 employees, MD Braam Loots announced last night.

He said Safair had been "forced to implement this rationalisation programme because its markets have come under severe pressure and its market share has as a result diminished

"The company has identified its core business and markets and will now focus on the total utilisation of its resources in these very specific areas. This includes to an increasing extent operations throughout the African continent."

A spokesman said Safair would con-

centrate on maintenance — it maintains aircraft for a number of airlines — and on scheduled freight services and charter flights

Explaining the effect of competition from Eastern Europe, the spokesman said: "A number of former Eastern bloc countries have huge numbers of aircraft and helicopters developed for military use, and former air force pilots for whom they have no work. They can undercut Western competitors on price"

And the Angolan market, which was worth R20m a year to Safair, has "packed up completely" until the fighting is over.

Loots said Safair regretted that its rationalisation programme had to involve retrenchments "The company is, however, offering fair and generous retrenchment packages."

ICE major movements

(269)

# A working cover

By TERRY BETTY

CORPORATE insurer Concord Insurance is to offer death and disability cover for taxi, bus and train commuters. It is estimated that eight million people travel by taxi, tram and bus every day.

Concord director Basil Palmer says 100% of people surveyed say they feel most vulnerable when commuting to work, so Concorde is now going to insure just that portion of the day.

For R60 a year, or 10c a trip, the person will have R30 000 disability cover and R33 000 death cover, the extra R3 000 being for funeral expenses.

The condition of the policy is that the insured has to be a paying passenger injured while commuting in either a taxi, bus or tram.

These payments will be over and above any other

payments received from a medical aid or life cover.

Mr Palmer says the product will be marketed directly to the public, but he expects most of the business will be companies taking out group policies for their employees. "The advantage is it is tax deductible"

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# Transnet steamed up over R500m dividend

S Times (8455)

21/2/93

By CIARAN RYAN

**LOSS-MAKING** Transnet is locked in dispute with the government over whether the R500-million dividend paid in 1991 is to become an annual affair.

The R500-million forms part of the R620-million voted by Parliament this week for the SA Rail Commuter Corporation (SARCC).

According to the SARCC, Transnet agreed to pay it R500-million each year after the transport groups split into separate corporate entities in 1990, but was only able to pay about half this amount over the last two years because of poor profits

## Loss

SARCC managing director Wynand Burger says that since 1990, SARCC was forced to raise an additional R819-million on the money and capital markets — over and above normal borrowing requirements — to fund its operations, largely as a result of Transnet's inability to meet its dividend commitments. The interest on this amount is R120-million this year.

But Transnet says dividends will only be declared if its board of directors is satisfied there is sufficient profits to justify such a payment. Transnet made a net loss of R90-million last year after a profit of R534-million in 1991.

This implies that taxpayers will have to fund all

SARCC's budget requirements this year.

"There is no commitment that Transnet will pay dividends to fund the budget of the SARCC," says a Transnet spokesman.

The total debt accumulated by SARCC is now R1,7-billion, attracting finance charges of R250-million a year.

Additional security measures — including rail guards, high-tech trains, camera surveillance and tighter security at SARCC's 450 stations in the four main urban centres — will absorb R200-million this year.

This raises total state subsidies to SARCC to R1,06-billion for 1992/3. The first tranche of R560-million was voted in the Minister of Finance's March 1992 Budget. The second payment of R620-million was voted this week. It will be used to cover SARCC's operational and capital expenditure and to pay the additional finance charges built up as a result of higher borrowings made necessary because of inadequate funding in previous years.

SARCC has recovered more than half the R260-million placed with Cape Investment Bank (CIB) before it was placed in liquidation.

Mr Burger says further dividends are expected from

CIB, but it is unlikely that the full R260-million will be recovered.

Former managing director Kobus Nel was replaced by Mr Burger as a result of repercussions stemming from the CIB investment, part of which was placed with the bank by internal investment advisers.

SARCC generates R385-million a year, mainly through passenger fares and property income. The balance is funded by government.

"We generate about 25% of our costs through own income, which is well below the world average," says Mr Burger.

## Support

"The challenge is to reduce our dependence on state funding, and this requires an increase in passenger volumes and a reduction in operating expenditure."

It was decided to continue state support for SARCC when it split from Transnet because of the high cost of free market transport from townships to places of work, a legacy of apartheid which government has sworn to make good.

SARCC transports 2,2-million passengers in 4 500 trains a day, down from 2,7-million in the late 80s — largely as a result of rising unemployment and violence on trains.

## All ready for next stage at the station

S/Times (BUS) 21/2/93.

(269)

EVERYTHING favours an early start on further phases of the long-term development plan for the Johannesburg Station precinct.

Johan de Ridder, chief executive of the development company established by the major landowner, the SA Rail Commuter Corporation (SARCC), and its private-sector partners, says research, planning and viability analyses of several projects are ready.

The proposed integrated tourist, transit, convention, trade and exhibition centre will meet world standards. The first phase of the scheme was the upgrade of the Rotunda transit facility.

Mr de Ridder says that if Johannesburg is serious about its future status as the hub of Southern Africa, these facilities are not optional extras.

"The SARCC and its property arm, Intersite, have taken the view that as a major holder of undeveloped land in the CBD, we have to ensure that any devel-

opment is in the broader interests of the community.

"The SARCC is a custodian of public land.

"We are sitting with underused land and this is detrimental to the effective functioning of the city. We aim to bridge that gap in an effective and user-friendly manner," says Mr de Ridder.

### Interface

The area affected is bounded by Wanderers Street, the Queen Elizabeth bridge, De Vilhiers Street and Leyds Street — including the land around the railway lines, beneath the station and the air space rights above the tracks.

The next phase is a R40-million tourist and transit centre which will provide an interface between taxis, luxury coaches, airport road transport, long-haul and inter-city trains.

It is hoped that a rail link to Jan Smuts Airport will be established. Should the light-rail system for the city

come into being, the development is seen as a possible hub.

This stage of the project uses existing structure and could be completed by the end of 1994, if money is forthcoming by April this year.

Proposed further phases include

- A convention centre. The area is seen as ideal because it is in the centre of the transportation hub and offers easy access to the CBD and other centres.
- A luxury hotel which would be developed along with the convention centre.
- Additional transport and retail-related facilities for the 250 000 to 300 000 train, bus and taxi commuters who pass through the area each day.
- A trade centre with permanent exhibition facilities and an office tower.

Mr de Ridder says "The income to the SARCC will assist in subsidising commuter transport and the private-sector-funded developments will improve commuter facilities."



## African wars force Safair to retrench 30% of staff

STEPHANE BOTHMA

POLITICAL instability in Safair's core African markets — Angola, Somalia and Zaire — has forced SA's largest cargo carrier to retrench 30% of its staff.

Large-scale civil war in Angola had forced Safair to halt operations there, which resulted in a loss of R20m in annual turnover, a spokesman said.

Safair's UN food relief operations in Somalia had also come to an end.

Safair MD Braam Loots announced at the weekend that 250 of the company's 800 employees would be retrenched as part of a rationalisation process.

Three psychologists, aided by four financial advisers and personnel consultants, had been hired to help redundant staff.

Hardest hit was administration staff, although re-

trenchments included pilots and technical staff.

However, Safair's scheduled cargo flights between Johannesburg, Cape Town, Durban and Port Elizabeth had not been negatively affected, a spokesman said.

New markets were being developed within SA using Russian helicopters, the spokesman said.

He stressed that the agreement reached with the Russian aviation company EcoTrends late last year did not require any capital outlay by Safair.

In terms of the agreement, he said, EcoTrends would supply fixed-wing aircraft and helicopters at no charge, Safair would find work for the aircraft and crews, and profits would be split 50-50.

— ± 34% of the cases had never previously been found guilty of an offence

These particulars have only been obtained from available data and are not the result of empirical research

The Department has already established contact with the Criminology Institute of the University of South Africa with a view to co-operation in respect of empirical research into the phenomenon of recidivism

As the Department's computerization programme progresses and data which is presently still only available at certain prisons countrywide is centralized, more exact facts will be more readily available

**Tram violence: deaths**

\*24 Mr R J LORIMER asked the Minister of Law and Order *219*

How many deaths resulted from violence on trams and stations on the Witwatersrand in 1992? B181E

The MINISTER OF LAW AND ORDER  
216 deaths

**Home Affairs: criminal actions against officials**

\*25 Miss M SMUTS asked the Minister of Home Affairs

Whether, with reference to a statement made by the Director-General of his Department on or about 22 September 1992, investigations have been completed in respect of and/or steps have been taken against (a) two officials against whom departmental disciplinary action and possible criminal proceedings were being considered, and (b) three officials against whom allegations of misconduct in terms of the Public Service Act, 1984 (Act No 111 of 1984), were being investigated, and possible criminal action in terms of the Aliens Control Act, 1991 (Act No 96 of 1991), was being considered, as at the above-mentioned date, if so, (i) when were these investigations completed and (ii) what steps have been taken to date? B185E

The MINISTER OF HOME AFFAIRS

(a) and (b)

(i) The last of the investigations was completed in January 1993

HOUSE OF ASSEMBLY

(b) (i) (aa) Yes

(bb) No

(ii) No

The conventions were signed on 29 January 1993. Their ratification will be considered at a later date. Reservations can only be registered at the time of ratification.

(2) (a) — the UN Convention on the Elimination of All Forms of Discrimination against Women of 1979;

— the UN Convention on the Nationality of Married Women of 1957;

— the UN Convention on the Political Rights of Women of 1952,

In addition, South Africa acceded to

— the UN Convention on Consent to Marriage, Minimum Age for Marriage and Registration of Marriages of 1962,

(b) None

**Parsons Commission: further reports**

\*27 Mr D S PIENAAR asked the Minister of Regional and Land Affairs †

Whether the Commission of Inquiry into the 1986 Unrest and Alleged Maladministration in KwaNdebele (Parsons Commission) has submitted any further reports to the State President in addition to those already published, if not, why not, if so, when (a) were these reports so submitted and (b) will they be released for publication? B188E

The MINISTER OF REGIONAL AND LAND AFFAIRS

The Commission of Inquiry into the 1986 Unrest and Alleged Mismanagement in KwaNdebele (Parsons Commission) submitted a third report to the State President on (a) 18 September 1992 and (b) the said report will be made public as soon as the Government and the Government of KwaNdebele have jointly decided on a date for the release of the report as in the case of the previous reports

Southern Cape RSC: Site KD No 185

\*28 Mr A GERBER asked the Minister of Local Government †

(1) Whether, with reference to his reply to Question No 321 on 19 June 1992, the Southern Cape Regional Services Council has instructed its attorneys to restore the title deed conditions of Portion 2 of Site KD No 185, if not, why not, if so, on what date were they so instructed,

(2) whether the matter has been disposed of, if not, when is it anticipated that it will be disposed of,

(3) whether he will make a statement on the matter? B191E

The MINISTER OF LOCAL GOVERNMENT

(1) During December 1992 the Southern Cape Regional Services Council instructed its attorneys to arrange for the registration of the reinstatement of the deleted conditions of title in accordance with the relevant order of the Cape of Good Hope Provincial Division of the Supreme Court in Case No 13359/85

(2) The rectifying registration was done by endorsement by the Registrar of Deeds on 29 January 1993 thus disposing of the matter (Registrar of Deeds microfilm reference No 93-0107-5061)

(3) No

**INTERPELLATION**

The sign \* indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language

*Own Affairs*

**Disaster drought aid scheme**

\*1 Mr D S PIENAAR asked the Minister of Agricultural Development

Whether any special disaster drought aid scheme is applicable to self-supporting economic farming enterprises adjacent to agricultural schools, if not, why not, if so, what are the relevant details?

B79E INT

HOUSE OF ASSEMBLY

# Secret city probe into Tollgate firm

Cr 24/2/93 (269)  
By RONNIE MORRIS  
Supreme Court Reporter

A SECRET commission of inquiry into the liquidated Tollgate Holdings subsidiary Fetlar Foods, is being held at an undisclosed venue in the city.

Two Tollgate directors are among 13 people who were summoned to appear before the commission, held in terms of section 417 of the Companies Act.

The commission was appointed in terms of an order by Mr Justice L Rose-Innes earlier this month after an in camera application by Golden Arrow Retirement Plan, the pension fund of the Golden Arrows Bus Services.

Mr Justice Rose-Innes ordered that the records of the application for the inquiry — except for the court order authorising the commission — and all proceedings before the commissioner be kept private and confidential.

Mr Bertrand Hoberman, SC, was appointed to head the commission and must deliver a report on the probe to the registrar of the Supreme Court.

He was authorised to summon the following persons to be examined by counsel or an attorney on behalf of Golden Arrow Retirement Plan: Mr G MacKintosh, director of Tollgate Holdings; Mr I Lewis, director of Safegro Institutional Fund Management Ltd, Mr K Cockroft, managing director of Safegro, Mr I Hirschon, managing director of Equikor, and Mr N Blackshaw, secretary of Tollgate Holdings.

Also summoned were Mr M Key, a director of Tollgate Holdings, Mr N Cronje, chairman of Golden Arrow Bus Services, Mr R Davey, managing director of Hosken Employee Benefit Fund — a subsidiary of Hosken Consolidated — and Mr F Mayoss, Mr M Wilken, Mr B Willenberg, Mr E Roberts and Mr A Lawrence.

In terms of the court order, those summoned must produce all books, documents, records and papers in their possession, custody or control relating to their dealings with Fetlar Foods.

The Golden Arrow Retirement Plan would bear the cost of the application and inquiry.

● Police from the Office for Serious Economic Offences swooped on the homes and offices of directors of Tollgate Holdings early this month and seized documents.

It was reliably learnt that the homes of Mr Julian Askin, Mr MacKintosh, Mr Alexander Wilmot-Sitwell and Mr Key were searched.

# Govt to press ahead with privatisation programme

TIM COHEN

CAPE TOWN — Government intends pressing ahead with privatisation plans where appropriate, with Abacor and the internal wing of SAA being the main candidates in the medium term.

Public Enterprises Minister Dawie de Villiers said in an interview this week that although privatisation had become a politically contentious issue, government would continue privatising public enterprises.

Government had to be certain that the consumer would benefit by the privatisation and that public monopolies were not converted into private monopolies.

Government could not ignore the fact that a new government would be in power soon and the political sensitivities of some political players.

However, in certain circumstances the state could find itself with assets that would simply erode away in the face of competition by commercial opposition.

Abacor, which would have to compete commercially because of the recently deregulated meat market, was one such case. As a consequence, De



● DE VILLIERS

Villiers predicted, the privatisation would go ahead soon.

SAA, especially the internal wing, was in a similar position, although the time frame involved would probably be longer — about a year — because of the necessity for the internal industry to stabilise.

The position of SAA's external services was more complex, because al-

most all external air carriers were supported by the government's of their countries of origin, he said.

Plans to privatise Foscor were currently on hold because of the depressed state of the fertiliser market as a consequence of the drought, which had decreased the demand for fertilisers.

Even if plans to privatise public enterprises were not carried through to their final conclusion, government would press ahead with the commercialisation of the institutions.

State forests, none of which had been privatised, were an example of this effort, which had progressed well and was almost complete.

As the commercialisation of public enterprises progressed, options like down-sizing and franchising became possible, and would be considered.

De Villiers suggested the proposal that Eskom should pay tax was not likely to be received positively, although it was under consideration.

Eskom, currently involved in a large-scale electrification expansion scheme, required state assistance and asking the utility to pay tax would be like moving money from one pocket into the other.

# 'SAA too big': Govt to act

## Political Staff

THE government is to ensure the domestic air transport market remains viable for all players following a Competition Board report which accused SAA of uncompetitive behaviour.

Public Enterprises Minister Dr Dawie de Villiers said in a statement yesterday that "various steps" would be taken to ensure a

level playing field for all competitors

Dr De Villiers said he had discussed the board's report — which proposed SAA increase fares and decrease its flight frequency on the main routes — with SAA and other interested parties

The minister said he had been informed by the board that reductions in SAA's capacity had been

implemented and an independent auditor would be appointed to perform an ongoing audit of SAA's capacity.

"Careful attention will continue to be given to the manner in which SAA, as the dominant enterprise, functions in the market with a view to enabling the continuation of healthy competition," Dr De Villiers said.

(269)

CF 25/2/93

## Tollgate firms wound up

THE provisional liquidations of two Tollgate Holdings subsidiaries have been made final.

Mr Justice W E Cooper made the orders final yesterday in respect of Entercor Limited and Motorvia (Pty) Ltd.

In papers, Mr Julian Askin, a Tollgate Holdings director, said Motorvia's assets were valued at R104,5 million and its liabilities at R477,4m. The company was unable to pay its debts and it would be in the interest of creditors that it be wound up.

There was similar evidence for the Entercor application. *GT 25/1/93*

# Breathing life into Johannesburg's CBD

THE South African Rail Com-muter Corporation (SARCC) has set itself the task of utilising its vast property holdings to best economic advantage, while also seeking to generate employment and serve the interests of the community.

To this end InterSite Property Management Services was created to manage its property interests.

Says managing director Dirk Ackerman: "While InterSite intends to maximise return on the SARCC's property, it also

sees itself as the custodian of public property. For this reason, all SARCC property will remain in the SARCC portfolio

"InterSite is also balancing commercial gain with its social responsibility of improving commuting facilities and meeting community needs.

"In the past the SARCC property arm's responsibility was only to maximise the portfolio income. InterSite has added asset management to its tasks.

Given the vast property holdings which the SARCC holds in

its portfolio, Ackerman says development will have to take place prudently.

## Responsible

He points out that it cannot simply dump all the property on to the market at one time nor can it immediately take advantage of all the projects with which it is approached.

InterSite was formed in September 1992 and The Bridge

is its first major project.

Says Ackerman: "We hold hundreds of hectares in the Johannesburg CBD and we would like to see a whole ribbon of development taking place along the railway lines.

"We are looking at retail, office and residential developments. InterSite is using its portfolio to breathe life into the city.

"We have adopted the approach of consulting with

everyone to ensure a project is not only economically viable, but that it is used in a responsible fashion."

Ackerman points out that intermodal linkage is widely used throughout Europe and provides people with access to transport facilities such as coach, bus, taxi and rail.

Says Ackerman: "This is what we have done with The Bridge. It offers people access to taxi, bus and rail, and it is convenient for local and commuter shoppers."



Jochen Korbmann

# Lufthansa offers third city flight

267 CP 25/2/43

By AUDREY D'ANGELO  
Business Editor

GERMAN national airline Lufthansa will introduce a third weekly flight from Cape Town to Frankfurt on April 1 - making it the largest foreign carrier operating out of D. F. Malan airport.

It is also increasing the freight capacity on its SA route by 40 tons a week to cater for more export of manufactured goods such as car components and textiles.

Announcing this at a press conference yesterday, Jochen Korbmann, Lufthansa regional director for passenger sales in SA and Namibia, said the number of passengers flying non-stop from Cape Town into the airline introduced two flight a week in October succeeded all over the world.

By operating the route more often with Boeing 747-400 all passengers combined will almost double the capacity for Cape Town by the end of the year.

Korbmann said that unlike other airlines Lufthansa carried more business travellers than tourists.

Its first class and business class passenger outnumbered those flying economy class.

But Lufthansa is trying to increase its share of the tourist market.

As the local travel market is stagnating, we realised that our flight needed to be supported by income from passengers.

Our head office in Frankfurt together with the SA Tourist Board and the SA Tourist Commission are running a R2m advertising campaign to promote SA in Germany as a tourist destination.

The campaign is in full swing. Our in-flight magazine runs a 17 page feature on SA the print run is 600,000. A group of German tourists recently toured SA an advertising campaign is currently running in major German newspapers and magazines, and throughout Germany. Workshops for travel agents are promoting SA as a holiday

We have also flown in German travel agents who specialise in SA. Cape Town is known in Germany as a tourist destination.

Reports of violence and unrest were not discouraging tourists from Germany. "When the cold weather started in Europe they forgot about the violence."

Korbmann said Lufthansa could introduce a seventh weekly flight to SA in November, by putting on another flight to Johannesburg.

This would increase its overall capacity to SA by more than 50% and would mean a service every day.

It is also carrying out market research into the feasibility of introducing a service to Durban.

On the freight, Korbmann said that in previous years SA exports carried by Lufthansa consisted of two-thirds perishables and only one-third general cargo.

"This ratio has changed. SA has become competitive on the international market both in

quality and price. Our cargo now consists mainly of car components and textiles.

"Imports have traditionally been higher in volume than exports and consist mainly of high-tech goods."

"This year's target set by our freight operations is to increase the export tonnage by approximately 25% to reach the same level as imports."

Korbmann said Lufthansa started the new year by replacing the DC6 aircraft with a Boeing B747 freighter which carried 100 tons and was shared between Lufthansa and SA Airways on the incoming flight.

"The outgoing capacity is marketed entirely by Lufthansa."

Lufthansa's three Cape Town passenger flights call at Johannesburg en route. At present it would not be cost-effective to introduce a non-stop flight to Cape Town.

Korbmann said that if a Durban service were introduced it would also be by way of Johannesburg.



# Govt aims to ensure airline competition

B/01/2572/93 (269)

TIM COHEN

CAPE TOWN — Government is to ensure the domestic air transport market remains viable for all players following a Competition Board report which accused SAA of uncompetitive behaviour.

Public Enterprises Minister Dawie de Villiers said in a statement yesterday that "various steps" would be taken to ensure a level playing field for all competitors.

De Villiers said he had had an opportunity to discuss the board's report — which proposed SAA increase fares and decrease its flight frequency on the main routes — with SAA and other interested parties.

Issues raised by the board, such as SAA's profitability, further reductions in capacity and its return on capital, had already been discussed with the carrier before the report was publicised, De Villiers said.

The Minister said he had been informed by the board that reductions in SAA's capacity had been implemented and an independent auditor would be appointed to perform an ongoing audit of SAA's capacity.

The audit would establish an independent database to be used as an objective reference framework and its conclusions would be regularly scrutinised.

"Careful attention will continue to be given to the manner in which SAA, as the dominant enterprise, functions in the mar-

ket with a view to enabling the continuation of healthy competition," De Villiers said.

De Villiers, reacting to another of the board's recommendations, said the establishment of SAA as a separate financial entity was making good progress and would be completed shortly.

There was no indication in his statement that SAA would be forced to comply with other board recommendations, such as the proposal that SAA adjust its prices on the three main domestic routes.

The board suggested this should be done so that the airline's average seat yield would be restored to the level it was in January 1991 in real terms.

De Villiers said, however, that tariff adjustments in January 1993 and cost reductions as part of SAA's Project Success had resulted in the airline already showing moderate profit.

The board's report also recommended that SAA reduce its flight frequency on the Johannesburg-Cape Town, Johannesburg-Durban and Durban-Cape Town routes by the beginning of March to leave its annualised seat capacity at a level 30% lower than at May 1991.

SAA was still considering De Villiers' statement at the time of going to press.



The new boarding gates . no more dodging traffic

airline and allows it to install its own computerised check-in system. This means that when the airline is not checking in a flight, the desks sit unused, even when there is a crush of passengers trying to check in at the airline next door.

The airlines are more satisfied with the passport control "comb", which is now much easier for departing travellers to get through after be-

when it was announced in 1990. Sceptics said it was too small in scope and what was really needed was something much more ambitious to handle the airport's growth well into the next century. But to the critics' surprise, the airport is coping much better than it has in years, even though construction is still under way and traffic continues to rise. Another surprise the project has stayed within budget, allowing for inflation.

Airline officials are no longer complaining about the renovations. China Airlines' James Chang says he wasn't happy with the facility when he first came to SA in 1991, "but now that it is being remodelled I am happy with it." Malaysia Airlines' Helmi Daud says "it's as good as the Kuala Lumpur airport." Cathay Pacific's Angus Robson says "it's got better since I've been here, but it still has a long way to go." Lufthansa's Jochen Korbmann says "I'm happy with what's happening and see an improvement every day, but it should have started five years ago."

Jan Smuts handled 5,5m passengers last year, including 2m international passengers. This year should be the busiest in Jan Smuts's history, with 6m passengers expected to trundle through the gates, says airport manager Johan Cillié. When the upgrade is completed, the airport will be able to accommodate the estimated annual growth of 5% in domestic traffic and 7% in international traffic for the next 10 years. By then, it will be time to think about building another terminal, says Transport Minister Piet Welgemoed.

The improvements at Jan Smuts, Africa's biggest airport and the 82nd largest in the world, have come on line one by one over the past year. Last month saw the commissioning of the renovated international departure facilities, which were redone at a cost of R30m. But the airlines say there are still improvements that should be made.

The Airline Operators' Committee wants a linear check-in system installed, with the check-in desks arranged in a line instead of the current horseshoe pattern. And to increase flexibility, it wants the desks equipped with Common-User Terminal Equipment, so that any airline can use any desk.

The current system allocates desks to each

ing substantially enlarged, and the new first-floor holding area, where international passengers who have checked in and gone through customs wait to board their planes.

The new holding area, which houses the duty-free shopping complex, can accommodate the passengers waiting to board four flights. The old area, on the ground floor, could cope with the passengers of only one jumbo aircraft.

Another plus for passengers and one that three years ago caught some flak as being unnecessary, is the new snorkel-type boarding gates which allow travellers to walk directly on to the plane rather than walk across the tarmac or board a bus. There is little need to protect passengers from the weather in Johannesburg, which is what loading gates are most useful for in Europe and elsewhere, but mixing passengers with the vehicles driving around the tarmac has been a recipe for disaster. Some departing passengers will still take a bus to their aircraft, but now there is a bus station connected to the building by lift and escalator.

For arriving travellers, the gates will give a much better first impression of SA than does having to walk down stairs and across the tarmac, like a scene out of *Casablanca*. But the gates are not yet used for disembarking passengers.

#### Four jets at once

The ground-floor arrivals hall, where passengers are held for passport control, and the adjoining room, where they collect their luggage and go through customs, are next in line for upgrading, Cillié says. They certainly were not designed to cope with four jets from overseas landing within minutes of each other, as happened on Sunday morning February 7.

The number of passport-control checkpoints will be doubled to 26 and more than R8m will be spent on improving the international baggage-retrieval and customs area, Cillié discloses. An additional conveyor belt will be installed and the existing belts will be moved further apart to ease crowding. They will be lengthened so that the luggage can be loaded on the tarmac instead of, as is the case now, in the basement. ■

## JAN SMUTS AIRPORT (269) Upgrade for the Nineties

It won't be voted the world's best airport — that honour usually goes to Changi in Singapore — but Jan Smuts should stop being the butt of jokes once its R127m upgrade is completed by this time next year.

The project came in for harsh criticism

# MMMF scandal grows

Star 26/2/93.

## Further massive losses revealed

Further mismanagement and negligence in the already bankrupt Multilateral Motor Vehicle Accidents Fund (MMMF) has cost taxpayers additional millions of rands.

By Jacques Pauw



The MMMF found after the insolvent President Insurance company's affairs were wound up in November that it did not have a surety in place as determined by the Third Party Claims Agreement. The surety had lapsed last April and the MMMF's failure to spot this means the loss of vast amounts of money.

But to compound matters, the MMMF tried to deal directly with 6 500 unsettled President-assigned claims — some more than 10 years old — and is now being taken to court for acting illegally.

All this means more bad news for the Department of Transport, which administers the MMMF.

This month The Star revealed allegations of massive corruption and bribery in the department.

The Star has now learnt that the MMMF, already some R3 billion in the red, appointed 34 additional personnel to try to settle the claims it had to take back from President.

But the Association of Law Societies yesterday said in a statement that it was il-

● To Page 3

## Further massive MMMF losses

● From Page 269

ment after the liquidation of President Insurance that no claimant would suffer losses "But under the circumstances the normal routine has, however, been disrupted. The MMMF requests claimants to be patient for a short while."

In a letter dated December 4 which he sent to the insurance companies, Swanepoel admitted, "The files at President are in a particularly bad state, and until a week ago some 6 000 files were literally lying around on the floor."

Swanepoel also said that in terms of clause 3 of the agreement, President should have had a surety in place "As it

yet been taken on the question of whether the MMMF would itself handle any claims.

The chairman of the society's standing committee on motor vehicle assurance matters, Bloemfontein attorney Dudley Honey, said he spoke to Transport Minister Piet Welgemoed in Cape Town on January 26.

"The Minister informed us that he had no knowledge of the 34 new appointments and gave an assurance that no decision whatsoever had as

been taken on the question of whether the MMMF would itself handle any claims.

"There appears to be a lack of communication between the MMMF and the Minister," said Honey.

By late yesterday afternoon neither Welgemoed nor MMMF acting director Willem

Swanepoel said in a state-

Swanepoel had responded to questions put to them by The Star.

A group of third party claimants last week brought a Supreme Court application against the MMMF, saying it had no right to settle claims itself.

The claimants fear that settlement of their claims, already long delayed through income tax by President, may eventually take years to settle.

Lawyers have warned that the country may be seeing a repeat of the AA Mutual de-

happens, President does not have the requisite surety in place."

He said the MMMF was, therefore, not able to compensate agent companies for work taken over from President.

Honey said in the Association of Law Societies statement that the decision of the MMMF to settle claims "is premature and not in line with the recommendations of the Melamet Commission" (which reported on its probe of the MMMF last year).

President Insurance was one of 12 agent companies appointed by the MMMF to settle claims on its behalf. President had an 11,2 percent share of the claims market.

In terms of the agreement, an agent is paid a handling fee of R550 for each claim registered with the fund and another R550 as soon as a claim has been settled.

This excludes other costs, such as legal fees.

The MMMF has paid President a handling fee of R550 for each of the 6 500 unsettled cases.

This amount of R3,5 million is almost certainly missing as a result of the fund's failure to discover the lack of a surety.

Although the MMMF has instituted a civil claim against the insolvent estate, sources say President was merely an empty shell and the fund will not be able to recover its money.

# Airport tariffs set to rocket by 62 percent

CAPE TOWN — A 62 percent increase in airport tariffs would be phased in during the next three to four years to ensure airports became commercially viable, Minister of Transport Dr Piet Welgemoed said in Parliament yesterday.

Introducing second-reading debate on the Airports Company Bill, which provides for the privatisation of the country's nine airports, Welgemoed said present tariff levels would only yield about R146,4 million of the R236,4 million required to operate the airports during the 1993-94 financial year.

The remaining R90 million would have to be raised by increasing airport tariffs.

Because the required 62 percent tariff increase would have a major impact on airlines and airport users, the Government had decided to phase the increase in over the next three to four years, Welgemoed said.

The Bill also provides for the establishment of an independent five-member committee to regulate airport tariffs and oversee service standards.

The Government, the sole shareholder in the airport company, would in future restrict itself to setting and monitoring aviation safety standards. However, the State would retain ultimate control over airspace and the designation of airspace.

The Government had to subsidise the R12 million shortfall incurred by the Department of Transport in operating State airports during 1991-92.

The cost of providing air-traffic and navigation services during the same period had been R45 million.

"It is the Government's intention to apply the user-charge principle and bring an end to this general subsidisation by the taxpayer. This implies an increase in tariffs to ensure that the airports are financially independent from Government and commercially viable."

Airports and air-traffic and navigation services could support the local aviation industry properly only if they were privatised and managed on commercial principles. — Sapa.

# Tariff hikes planned to fund airport operating expenses

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Government had to subsidise the R12m shortfall incurred by the Transport Department in operating state airports during 1991/92.

Introducing the second reading debate on the Air Traffic and Navigation Services Amendment Bill, Welgemoed said these services would

have to raise about R70m in the 1993/94 year. He said the services had been provided free and in the 1991/92 year the taxpayer had subsidised users to the extent of R45m.

Welgemoed estimated that R204,6m would be required in 1993/94 for capital projects.

"I do not foresee that we will be able to fund these essential expenditures without a commercialised company where users, instead of the general taxpayer, can pay for these services."

He said a new tariff structure had been designed to raise revenue for the services company. It would consist of an en-route charge as well as a landing and airport charge.

A programme of transparent subsidies would be stretched over a fixed number of years and end once the goal of full commercial tariffs had been achieved.

One regulation committee would be established to deal with tariffs for both airports and services. — Sapa.

# Rail corporation debt 'a threat to the fiscus'

THE indebtedness of the SA Rail Commuter Corporation held "serious financial implications" for the state, the auditor-general warned in his report released this week.

Describing the SARCC as "non-viable", the report criticised its borrowing policy.

Its borrowing activities could spell trouble for government, as all its liabilities carry a government guarantee. It had an operating deficit of R1,2bn in the 1991/92 financial year.

The report, noting that the interest burden had surged, criticised the policy of financing operating deficits with interest-bearing loans. The net interest burden of R162,6m represented 10,83% of expendi-

15/04/93 26/2/93  
GRETA STEYN

ture, from only 1,72%. (269)

The report said it appeared from an investigation into the financial relationship between Transnet Ltd and the SARCC that, if the policy of financing operating shortfalls with interest-bearing loans was continued, spending on interest would exceed total expenditure within five years.

While the SARCC's activities on the money and capital markets had diminished, it remained a source of concern that the "non-viable" corporation had to make up its shortfalls by means of loans instead of

state subsidies.

The report added that a substantial amount — R170,5m — of the money lost from depositing with the now defunct Cape Investment Bank had not yet been recovered.

The report said it was unable to determine the correctness and completeness of the fare income collected by Spoornet and paid to the SARCC. An audit opinion from Spoornet's external auditors on fare income had shown "a variety of serious shortcomings and deficiencies". There were also audit queries on the valuation of fixed assets and the fairness of rentals collected by Transnet for the SARCC.

# More Third Party bungling costs taxpayers extra millions

269

ARG 26/2/93

**The Argus Correspondent**

JOHANNESBURG — Taxpayers have had to fork out millions more to offset more mismanagement and negligence in the already bankrupt Multilateral Motor Vehicle Accidents Fund (MMF)

The MMF found after the insolvent President Insurance company's affairs were wound up in November that it did not have a surety in place as determined by the Third Party Claims Agreement. The surety had lapsed last April and the

MMF's failure to spot this means the loss of vast amounts of money

But to compound matters, the MMF tried to deal directly with 6 500 unsettled President-assigned claims — some more than 10 years old — and is now being taken to court for acting illegally.

All this means more bad news for the Department of Transport, which administers the MMF. Earlier this month allegations of massive corruption and bribery were revealed

in the department.

The MMF, already R3-billion in the red, appointed 34 additional personnel to try to settle the claims it had to take back from President.

But the Association of Law Societies yesterday said in a statement that it was illegal for the MMF to settle claims.

The society said this would lead to both an escalation in costs and a delay in settling claims.

# Flying in the face of fair play

SITimes (BUS) 28/2/93

THE Competition Board's findings that SAA must conduct itself on a commercial basis and produce a return for its shareholder may seem like a statement of the obvious. But it raises an important question: to whom must state-owned corporations answer?

The government, the consumer or the principles of fair play?

In the end the principles of fair play are most important, not lower fares born out of ruinous fare-cutting, since this confers a passing benefit to consumers. If the price war drives competitors out of business, you again revert to monopolistic pricing and consumers are penalised. Fair play implies a duty to make sound commercial decisions which reward the providers of capital and do not threaten the capital base of the company.

In SAA's case, the state is the sole shareholder. The transformation from a state-owned monopoly plied with cheap capital to state-owned corporation subject to the same rules as everyone else is an uneasy one.

On the one hand, it must fight off the competitive challenge and on the other make a return for its shareholder.

One can understand the instinct to jealously protect its markets, but SAA lost sight of which master it is answerable to.

The Competition Board report on

The Competition Board's report on SAA's commercial conduct establishes important principles governing the competitive behaviour of state-owned corporations.

Comment by CIARAN RYAN

deregulation of the domestic air transport industry establishes the ground rules for the competitive behaviour of state-owned corporations

"SAA is required to establish itself on a commercial basis," says the report. "It is expected to conduct its business in such a manner as to yield an appropriate return on assets employed, as well as produce a dividend to its shareholders."

## Dominant

SAA has made losses since the commercialisation of parent Transnet in 1991. Flitestar entered the market on the basis that SAA had been instructed to operate its domestic routes on a commercial basis.

As SAA was already making a loss on these routes when Flitestar began operating, one would have expected the dominant player and price leader to increase prices and reduce capacity.

Instead, SAA threw itself further into the red by increasing capacity

and lowering fares, despite its requirement to act commercially.

Although Flitestar is making losses, the report states that SAA is not the sole cause. Flitestar's yields have consistently been below those of SAA. "This may be an effect of SAA's superior service frequency, but may also have its roots in poor marketing by Flitestar." The recession is also blamed for Flitestar's losses.

The Board suggests a regular review of domestic fares to place SAA on a profitable footing and restore seat yields to January 1991 levels. SAA says it has already implemented many of the recommendations, and fare increases were announced in January.

The report answers several questions which had been raised over the privatisation of state corporations. It is reassuring to note that there is no cross-subsidisation between Transnet and SAA, and that SAA's assets were acquired at fair market values. There were fears that SAA would

steal competitive advantage by acquiring its assets at below market rates.

The Competition Board notes that SAA increased flight capacity by between 12% and 15% last year, but this was less than anticipated by Flitestar.

Other state corporations which have bumped heads with the private sector are Denel, in the telemetry field, and Transnet, which made a foray into the laundry business and stopped a competitor from acquiring land at Richards Bay.

## Vigilance

Telkom is getting its first taste of competition with the introduction of cellular phones, and CSIR, careful to avoid accusations of unfair competition, could throw its more than R600-million research assets and over 2 000 scientists at the private sector.

The private sector, which has much to lose, is quick to cry foul play when the public sector enters its markets. Provided this is not a departure from its core business, there is nothing to stop parastatals competing on the same terms as everyone else.

Vigilance is required by the Competition Board to ensure that the rules of the game are respected by the newly commercialised participants as well as the old.



SITimes (RUSS) 28/2/93.

# Safmarine all at sea

THE diversified Safren Group suffered from a tumble in its freighting subsidiary, Safmarine, to record an 18% drop in attributable profits for the interim period to December.

Taxed profits dipped to R109,4-million from R133,3-million, which chopped earnings to 202c a share from 248c. Good news for shareholders, however, is that the half-year dividend has been kept at 65c a share. In spite of the modest 2,7% increase in turnover to R2,3-billion, Safmarine's results were down by 46,5% at the same time last year.

■ SMALDEEL Coal's listing on the JSE has been suspended with effect from tomorrow due to a lack of published financial information from the company, the JSE said on Friday.

269 ~~352~~

# Safmarine's earnings plunge 46 pc

By Sven Lünsche (269)

Safren, the holding company of Safmarine, Rennies and Kersaf, was hard hit by Safmarine's poor performance. It reports an 18 percent fall in interim earnings to R109,4 million (R133,3 million).

In the six months to end-December Safmarine's contribution plunged by 46,5 percent to R24,2 million (R45,2 mil-

lion) as the poor economic conditions worldwide led to falling cargo volumes and lower freight rates

The cargo air operation was detrimentally affected by the resurgence of hostilities in Angola, while Flitestar "incurred substantial losses as a result of over-capacity and uneconomic air fares on the major domestic routes."

The contributions from Kersaf was also lower,

falling by six percent to R61,5 million (R65,4 million), while Rennies contribution improved slightly by 8,8 percent to R23,5 million (R21,6 million).

Safren's total earnings per share dropped from 248c to 202c from which an unchanged interim dividend of 65c is being paid.

The group received R5,5 million for its sale of insurance brokers Willis Faber Enthoven to PFV.

1 sm 7 DUE 11 26/11/93

# Tollgate's Askin<sup>(269)</sup> apparently in UK<sup>(212)</sup>

MR Julian Askin, the Cape-based chairman of Tollgate Holdings which collapsed recently because of debts amounting to R370 million, has apparently fled to the UK.

Mr Askin is being investigated by the Office for Serious Economic Offences for his role in the demise of the conglomerate.

Speaking from his London home, Mr Askin told yesterday's Sunday Telegraph he was advised by his lawyers to "stay in Britain".

He said he was convinced the reason for the raid on his (Cape Town) home early last month and the investigation "lay deep within Absa".

"Tollgate is not the issue. It was kicked into touch by a much larger affair. It is about the last days of white South Africa and a last stand by the Afrikaners. If an Afrikaner was running Tollgate, we would still be in business," he said.

DEPARTMENT OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

1992/93 financial year

Cape Province	13,94%
OFS.	4,18%
Natal	4,46%
Transvaal	14,57%

Port Elizabeth/Uitenhage: population numbers

209 Mr E W TRENT asked the Minister of Home Affairs

How many (a) male and (b) female (i) Whites, (ii) Coloureds, (iii) Asians and (iv) Blacks were there in the magisterial districts of (aa) Port Elizabeth and (bb) Uitenhage or the Port Elizabeth/Uitenhage metropole as at the latest specified date for which information is available?

The MINISTER OF HOME AFFAIRS.

(aa)	(a)	(b)
(i)	70 983	73 318
(ii)	76 963	82 415
(iii)	4 286	4 211
(iv)	182 517	175 960
(bb)	(a)	(b)
(i)	19 746	19 854
(ii)	21 937	23 189
(iii)	506	545
(iv)	48 614	48 160

1991 Population Census, 7 March 1991 Final data after having been adjusted for over- and undercount.

Mortality figure

215 Mr M J ELLIS asked the Minister of Home Affairs.

(a) What was the mortality figure in each province for the 1991 calendar year and (b) what percentage of the total population in each province does each such figure represent?

The MINISTER OF HOME AFFAIRS:

Cape Province	(a)*	(b)
Natal	50 610	0,8
Transvaal	26 330	1,1
Orange Free State	62 958	0,7
	14 484	0,7

HOUSE OF ASSEMBLY

ment made in each of the two categories referred to in subparagraph (iii) above?

The MINISTER FOR PUBLIC ENTERPRISES

The Managing Director of Transnet Limited has furnished the following reply to the hon member's question.

- (1) No
- (2) Falls away

Bophuthatswana: guarantees/sureties given by State

227. Mr K M ANDREW asked the Minister of Foreign Affairs.

(1) Whether any guarantees or sureties were given directly or indirectly by the Government or any Department or agency of the Government to any person or organization for (a) loans granted, (b) lines of credit granted and (c) other specified financial services rendered to (i) the Government of, (ii) any Government Department of, (iii) a development corporation in and (iv) any other specified person or organization in Bophuthatswana in the 1991-92 financial year; if so,

(2) (a) what amounts were involved in each case and (b) what was the total amount outstanding in terms of such guarantees or sureties as at the latest specified date for which information is available,

(3) whether foreign currencies are involved in any of these guarantees or sureties, if so, (a) what currencies, (b) how much is involved and (c) who is responsible for bearing the potential cost of exchange rate fluctuations?

The MINISTER OF FOREIGN AFFAIRS.

- (1) No.
- (2) and (3) Fall away.

Transnet: office accommodation

232. Mr R V CARLISLE asked the Minister for Public Enterprises.

(a) What proportion of the office accommodation owned or leased by Transnet in cer-

tain buildings, particulars of which have been furnished to the Minister's Department for the purpose of his reply, is currently utilized by Transnet in respect of each such building and (b) in respect of what date is this information furnished?

The MINISTER FOR PUBLIC ENTERPRISES

The Managing Director of Transnet Limited has furnished the following reply to the hon member's question

(a)	Paul Kruger Building, Johannesburg	100
	South Station Building, Johannesburg	100
	Park Chambers Building, Johannesburg	100
	Union Square Building, Johannesburg	61
	NZASM Building, Pretoria	91
	Station Building, Pretoria	100
(b)	23 March 1993.	

Children in Port Elizabeth/Uitenhage

242. Mr E W TRENT asked the Minister of Home Affairs

How many (a) White, (b) Coloured, (c) Asian and (d) Black children of school-going age in the (i) pre-school, (ii) primary school, (iii) secondary school and (iv) 18 to 22 years age categories were there in the Port Elizabeth/Uitenhage metropole as at the latest specified date for which statistics are available?

The MINISTER OF HOME AFFAIRS.

(a)	(b)	(c)	(d)
(i)	7 342	13 844	585
(ii)	18 776	32 564	1 391
(iii)	15 166	22 795	936
(iv)	16 973	23 691	867

Notes  
The age categories are compiled as follows.

- (i) 3 to 5 years
- (ii) 6 to 12 years
- (iii) 13 to 17 years
- (iv) 18 to 22 years

HOUSE OF ASSEMBLY

Star 2/3/93

# Security drive as rail deaths rise

(269)

By Bronwyn Wilkinson  
Crime Reporter

~~228~~

An SARCC statement said the corporation believed the only way to break the vicious cycle of violence which had taken its toll on train commuters was to improve access control.

be tested include hand-held metal detectors operated by security guards, screening arches at stations, four types of lockable turnstiles, security booths and special search areas

In the wake of another fatal train attack on the West Rand yesterday, and a shooting at Merafe station in Soweto on Sunday, the South African Rail Commuter Corporation has announced plans to spend about R26 million testing new security systems at the Johannesburg and Dube stations.

Yesterday the bodies of two men, who had been thrown out of a moving train, were found next to the railway line between Lenasia and Midway stations.

Nkosi explained that although the machinery involved was not new, the configurations of the systems would be tested to determine which was the most effective, without slowing down commuter movement or endangering commuters in the event of a rush or stampede.

SARCC spokesman Connie Nkosi said the systems, which would aim at controlling access to trains and stations, would be tested at the two stations later this month.

And on Sunday, two railway guards were shot and wounded in an attack at Merafe station. The guards believed they managed to wound one of their attackers when they fired back. The access-control systems to

● Police have asked anyone who witnesses a train attack to call the toll-free number 080-111-0141.



Star 2/13/93

# Taxi red tape cut, court told

(269) (2)

By Philip Zolo

A senior Johannesburg Department of Transport official, charged with fraudulently approving taxi permit applications, altered 45 written Local Road Transport Board decisions because he wanted to cut red tape, his lawyer claimed in the Johannesburg Magistrate's Court yesterday.

Board secretary Gustav Vorster (28) has pleaded not guilty to 105 charges, including fraud, corruption and contravening the Road Traffic Ordinance.

His lawyer, Thys Kotze, told the court that Vorster admitted changing the board's decisions on applications for taxi permits.

But Vorster, who is charged with receiving money, burglar bars and groceries for the alterations, would deny in his evidence that anything had "passed under the table", Kotze said.

He said Vorster's actions, between September 1990 and August 1991, had been in line with the policy of the board and the department.

## Irregularities

"It is clear that the practice of *laissez-faire* issue of permits had become culture in the department. Permits were being issued left, right and centre," Kotze said.

Cornelia Wilsenach, a senior administration official in the department, said she discovered irregularities in the issue of taxi permits after being appointed to investigate the matter in December 1991.

She said applications for taxi permits were granted or rejected by the Local Road Transport Board. As secretary, Vorster would send a letter of approval or rejection to the applicant. A letter of approval would then be used to obtain the permit.

She said Vorster changed 45 of the letters, some to allow the applicants to collect permits for more taxis than approved, and others to allow the applicants to obtain permits when their applications had been rejected outright.

Kotze said 96 percent of rejected applications succeeded on appeal to the National Transport Commission, and that Vorster knew that his actions would cut red tape.

The hearing continues tomorrow.



Puddle jumpers . . . soft rains soaked most of the PWV area yesterday, forcing these commuters to tread carefully along a temporary footpath outside Bank City in Pritchard Street, Johannesburg. Picture Ken Oosterbroek

## More rain to come for PWV tomorrow

Staff Reporter

Continuous widespread rain over the eastern parts of the Transvaal since 8 am yesterday is soaking deep into the parched earth and more showers are predicted over the PWV late tomorrow after a break in the morning.

According to the Weather Bureau "everything is happen-

ing" in the Transvaal, northern Natal and Mozambique. The remainder of the country is mainly dry.

Graskop had 191 mm from 8 am to 8 pm yesterday, Pretoria reported 17 mm and 27 mm at the Willows, and in Johannesburg, Parkhurst reported 40 mm up to this morning. Greymont had 17 mm, Bryanston 18 mm and the southern suburbs 24 mm.

A bureau spokesman said although the widespread soaking rain had not broken the drought, it had brought down temperatures.

Records show rainfall in February over the PWV was lower than the 102.5 mm long term average for the month, but slightly above the 67.5 mm measured in February last year.

March is the last rainy month of the summer season with the long term average of 106 mm, the Weather Bureau said.

Bureau climatologist Mike Lang said while farm dams could benefit from the latest downpour, major dams would only start filling up once their catchment areas reached saturation point which allowed run-off to the reservoirs.

## Station security test

2769

THE South African Rail Commuter Corporation is spending millions on a test of several high-security access control points at Johannesburg and Dube stations in a bid to reduce the threat to the lives of commuters on its trains

Sowetan 2/3/93

It said yesterday R2,6 million would be spent on testing seven access control systems incorporating metal detectors and turnstiles which would be installed "shortly" — Sapa.

2769

# Askin denies fleeing

26

CR 2/3/93

From JOHN CAVILL

LONDON. — Mr Julian Askin, chairman of Tollgate Holdings in Cape Town, has denied he fled South Africa in the wake of the company's collapse and investigation by the Office for Serious Economic Offences.

The conglomerate collapsed recently because of debts of R370 million.

"I am here on a normal trip," Mr Askin said from his home here yesterday. "I have certainly not fled South Africa nor have I had any advice on the subject from my lawyers."

"I have no reason or wish not to return and will be going back after a business trip to the US and a short skiing holiday."

Mr Askin's palatial Cape-Dutch Constantia Nek home was raided by police early last month as part of a nationwide swoop on the homes of top Tollgate directors.

He did not wish to comment on possible action by Tollgate.



# Flitestar targets new routes

(269)  
STEPHANE BOTHMA

FLITESTAR is expected to increase its international passenger service substantially this year. It is targeting at least 15 new routes.

The carrier's domestic operations had suffered major losses during last year — ascribed to SAA's "predatorial and uncommercial attack" However, Flitestar had captured about 25% of the domestic market since its inception just over a year ago, MD Jan Blake said.

Planned new foreign destinations include Sweden, Pakistan, India, the Far East and Indian Ocean islands, according to the latest Government Gazette.

Flitestar licence applications indicate it plans to offer fares to Europe of between R1 950 and R4 500 return. Return flights between Johannesburg and Abu Dhabi in the United Arab Emirates would cost R2 000, while fares to Bombay, Delhi and Madras in India would cost R3 000.

The airline currently serves one overseas destination — Bahrain. A Flitestar spokesman says equipment limitations make it impossible to introduce new inter-

national destinations immediately.

Conditions stipulated by the Air Service Council for granting Flitestar licences to serve Mediterranean and Indian Ocean islands (including Seychelles) and African destinations include that the carrier undertakes to withdraw service when SAA has satisfied authorities it is capable of serving the routes.

Flitestar will be allowed to carry individual passengers and tour groups, and freight to the remaining payload.

Other licences applied for by Flitestar include services to Mombasa in Kenya, Jeddah in Saudi Arabia, Reunion, and Kilimanjaro and Zanzibar in Tanzania.

Our Durban correspondent reports SAA will increase fares on its "daylight" Johannesburg-London flight by more than R400 from April 1. A spokesman said the service was introduced last year as an alternative to the more popular night flights. Introductory fares of R2 190-R3 130 would increase to between R2 641 and R3 550.

2/3/93  
BIDAM

**In SA to sign deal** (26)

THAILAND's Deputy Foreign Affairs Minister Surin Pitsuwan is in SA on an official five-day visit. Pitsuwan would sign a bilateral air services agreement with Transport Minister Piet Welgemoed in Cape Town on Thursday, a Foreign Affairs spokesman said.

B/10/18  
2/3/93

# Bank calls a halt to Elfi bonanza

Blom, 3/3/93

~~Blom~~ ~~3/3/93~~ 269

TRANSNET will announce today that the Reserve Bank has banned foreign investment in its Equity-Linked Fixed Investment (Elfi) stock in a move to protect the balance of payments (BoP).

Transnet spokesman Johan van Schoor declined to comment on market talk of the move, saying an announcement on the issue would be made today.

However, Reserve Bank exchange control GM John Postmus confirmed the Bank had decided to stop foreign investment in Elfi as it was proving too costly for the country. Postmus said foreigners, who invested through the financial rand, were earning excessive returns on the stock through the commercial rand. They were attracted by the abnormally high yield on the "bear tranche" of the stock which, Postmus said, was unacceptable given the country's BoP position.

He declined to quantify the cost to SA of the above-market returns offered by Transnet, saying it was up to the transport utility to disclose the information. But he added an investigation into the BoP implications of the Elfi market had begun shortly after the last Elfi issue just more than a year ago and there had been in-depth discussions with Transnet representatives.

Elfi is the major source of funding for

GRETA STEYN

Transnet and the Bank's action comes as Transnet prepares to launch its fifth issue of the stock.

Transnet is expected to say today whether it will go ahead with the issue on the domestic market, or whether it will shelve Elfi and replace it with an instrument that meets Reserve Bank approval. Market talk is that the withdrawal of foreigners could spell the death knell for the Elfi market, estimated at about R2bn.

The move could put the finrand under pressure, as maturing Elfi stock in foreign hands could not be rolled over by reissuing the same instrument. The pressure would be alleviated, however, if Transnet replaced Elfi with a stock that complied with exchange control regulations. The finrand was slightly weaker yesterday, closing at R4,5625 from R4,5450 on Monday.

Elfi provides investors with a gilts and equity market investment, as it is a fixed-interest instrument whose price is linked to stock exchange movements. It is similar to a futures contract and much of the demand for the stock came from arbitrageurs and operators who wanted to hedge futures market positions.

# A new govt 'must work to secure long-term survival of the navy'

CAPE TOWN — It was vital for the government of a new SA to maintain its naval forces, an Institute of International Affairs conference heard yesterday.

Navy chief V-Adm Robert Simpson-Anderson stressed the importance of politicians giving their active support to secure the long-term survival of the navy

The conference heard that the navy's share of the defence budget had steadily been reduced from a high of about 17% in 1977 to its present 7%.

Simpson-Anderson said budget cutbacks had meant that in the period 1985 to 1993, the navy's personnel had been reduced from about 15 000 to about 9 900. The aim of the retrenchments was to allow major acquisition projects to continue and to secure the future of the navy.

However, while the navy had been hard hit by the prolonged reduction in its budget, it had still maintained its short-term operational efficiency.

Simpson-Anderson said that despite the cuts, the types and numbers of ships had remained unchanged.

B10m 4/3/93  
269  
LINDA ENSOR

Ship replacement programmes were deferred or cancelled.

"The navy has now, however, reached the point where further major cuts would unavoidably alter its character. More importantly, the navy has reached the point where it is absolutely vital that the problem of renewing its ships be addressed."

Former chief of the navy V-Adm Glen Syndercombe emphasised that the present "absurd disparity between the budgetary allocations of the navy and other fighting services should be corrected without delay."

Simpson-Anderson said naval forces would be essential to win a war or handle a crisis, both of

which required a combined combat capability of the army, navy and air force.

The navy also had a variety of peacetime roles such as supporting diplomatic initiatives, disaster relief, search and rescue, fishery protection, pollution control, customs and excise tasks, combating piracy and support of scientific programmes.

Sapa reports that the navy has launched a recruitment drive in black communities.

Currently 2% of its personnel is black, said Simpson-Anderson.

He also announced that the navy planned to have a number of surface ships of the Corvette size built in SA, to replace the strike craft which were too small to cope with the seas off the SA coast.

6/10/93  
4/3/93  
Am. IC  
**Rail corporation  
curbs borrowing**

GRETA STEYN (269)

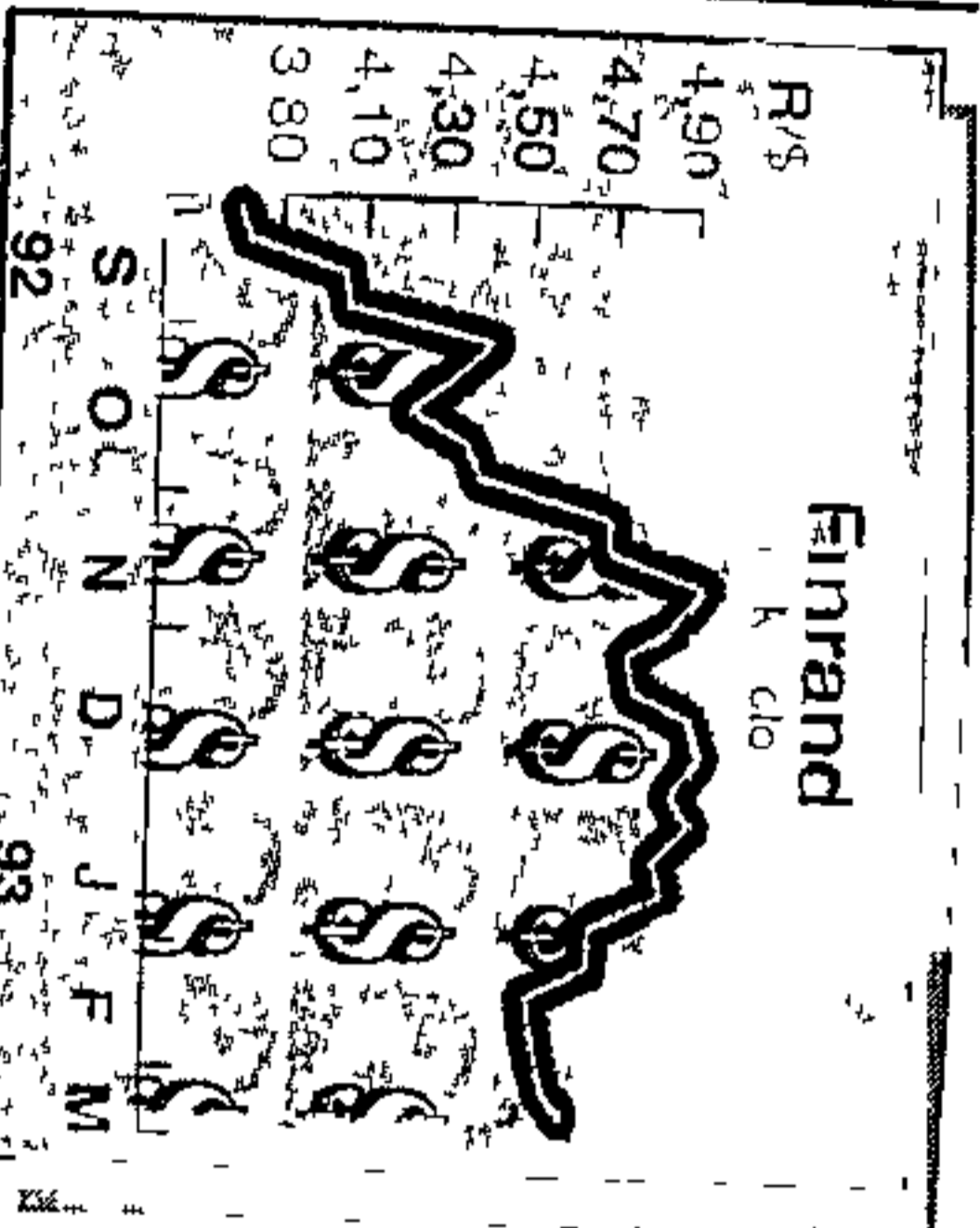
THE SA Rail Commuter Corporation had ceased raising funds in the money and capital markets because the interest burden was mounting too rapidly, SARCC MD Wynand Burger said yesterday.

He was responding to criticisms by former auditor-general Peter Wronsley, who warned that if borrowing was not stopped, it would have "serious financial implications" for government, which guarantees the SARCC's liabilities.

Burger said Wronsley was referring to the 1991/92 fiscal year. The SARCC had already acted on certain key criticisms, and changed its modus operandi.

Instead of making up shortfalls with loans, state subsidies were used and only historical shortfalls were financed by loans. Burger added the money lost from depositing with the now defunct Cape Investment Bank would be less than expected. The amount had been reduced to R131m, and it should be reduced further through dividends paid.

In his report Wronsley referred to the SARCC as a non-viable corporation, Burger said. The situation was similar to rail commuter services elsewhere where cost recovery through fares did not cover operating costs. Nonetheless, the SARCC aimed to increase cost coverage from about 25% by an average of 1%-2% a year. If achieved in the next 10-15 years, it should be within the margins of similar services in other parts of the world, Burger said.



# Bank's Efi move stirs up a storm

TIM MARSLAND 269

Graphic: LEE EMERTON/SONNET

A ROW is brewing over the Reserve Bank's refusal to allow foreign participation in Transnet's planned Efi V issue, which was to have replaced the maturing Efi III issue.

At a meeting convened by Transnet last night, about 60 broking and banking representatives voted in favour of the equity-linked fixed interest (Efi) instrument continuing. They said they would press for the Efi V issue to get the go-ahead.

The Bank has said it will not allow foreign participation in a new Efi issue because of the harm to the balance of payments.

Efis are split into a bull and a bear franchise and are linked to the JSE's all share index. The bear is negatively linked, which means the capital value declines as the all share index rises.

To make it attractive, the bear tranche offers a 25% coupon, which attracts non-residents who make the initial investment via financial and blocked rands but are paid interest in commercial rands. Only the interest can exit the country.

An investor who bought the Efi I issue and held it for the full three-year maturity would have recovered just 21% of initial capital value, excluding coupon payments.

After the meeting, Transnet treasury manager Johann van Schoor said about 30% of the Efi III and IV issue was held by foreigners. This meant a potential outflow of R75m a year.

However, Van Schoor pointed out that only about R30m would be due to the Efi issue, since this represented the difference

Efi 01007.413/93

between the Efi coupon rate of 25% and that offered by other fixed interest securities such as the 15% on the Umgeni 55 bond.

Van Schoor said Transnet had considered reducing the coupon rate to between 16% and 18%. However, the Bank would not agree to that.

Van Schoor told the meeting foreign participation in the Efi IV issue would still be allowed. Foreigners would also be allowed to switch from the maturing Efi III into the Efi IV. He said Transnet would continue to offer carry facilities in the Efi stock, but this would be at a lower rate than the current 14.5%.

Van Schoor said Efis could not be listed on the JSE as the exchange could not differentiate between resident and non-resident transactions. Consideration was being given to listing the instrument on the SA Futures Exchange.

Asked if Efis could function as a non-listed instrument, brokers agreed this could work, but not very well.

Releasing details of Transnet funding requirements for 1993/94, Transnet group GM Eugene Kruger said about R900m would be required from the local debt market. A total of R5.4bn had been repurchased, but R2.9bn of this had been prefunded, while R1.6bn would be generated internally. The R5.4bn consisted of capital expendi-

From Page 1 269

ture of R1.3bn, a R400m repayment of a European loan, R2.1bn in repaying the T002 and the Efi III issue, a R600m repayment under the third interim debt arrangement, and R1bn in bridging loans.

The R400m European loan, which fell due in the middle of the year, would probably not be rolled over but this would depend on prevailing interest rates and the political situation. The terms of the R600m under the debt standstill had still to be negotiated by the Bank.

Van Schoor said Transnet had R4.1bn in offshore loans, and R16.1bn in local loans. Of the local loans, R1.2bn was in the money market and R14.9bn in the capital market with 58.4% in the long area.

The bulk of pre-funding at R1.7bn had been done in the short area of the market. Transnet would focus on making its T001 issue more popular.

He said turnover by Transnet in its own bonds as a result of its market-making activities was R245bn, with total turnover about R700bn. It had turned over R180bn in other bonds as part of hedging activities.

The Einrand lost 6c in early trade on the Efi move from its overnight close of R4.5625 but recovered to close at R4.6010. Despite Bank intervention, the commercial rand closed at a record low of R3.1535 from R3.1513.

Star 4/8/93

# Transnet may test fifth issue of Elfi on Safex

Transnet will not proceed with the fifth issue of its Equity-Linked Fixed Investment (Elfi) gilt stock following the Reserve Bank's ban on foreign trading in it, the group said yesterday.

A spokesman said continuous trading of Elfi IV stock would not be affected by the Reserve Bank's objections.

Transnet was looking at alternative instruments for Elfi V that would satisfy the central bank's concern at capital outflows on the balance of payments.

At a meeting called by Transnet last night bankers and brokers voted in favour of proceeding with the Elfi V issue.

The Transnet spokesman said, however, that the group had already examined numerous alternatives to proceed with Elfi V, one of which was the

(269) (182)

possibility of testing Elfi on the SA Futures Exchange (Safex)

An announcement on this issue would be made before March 15 and its portfolio would be very similar, he said.

The meeting was also told that about 30 percent of Elfi III and IV stock was held by non-residents, resulting in a yearly outflow of R75 million.

## Index-linked

The Elfi fixed interest stocks consist of bull and bear tranches which are linked to changes in the JSE overall index

Transnet general manager Eugene Kruger also told the meeting the parastatal's cash requirements for the 1993-94 financial year were R5,4 billion, due largely to the repayment of loans

Of this, R1,6 billion would be funded internally, R2,9 billion had already been pre-funded through various actions in the financial markets. This meant R900 million was still outstanding

Transnet's loan portfolio of more than R20 billion consisted of R4,1 billion in foreign loans, and rand-denominated loans of R16,1 billion, mainly raised from the money and capital markets.

Pre-funding already undertaken, was at an average cost of 13 percent. Of the R2,9 billion borrowed, 80 percent was raised in medium-term issues on the capital market.

To extend the range of available medium term securities, Transnet would immediately create a market in its T001 (2002) stock — Sapa

# Row brews over Transnet's Elf issue

From TIM MARSLAND

JOHANNESBURG — A row is brewing over the Reserve Bank's refusal to allow foreign participation in Transnet's planned Elf V issue, which was to have replaced the maturing Elf III issue.

At a meeting convened by Transnet last night, about 60 broking and banking representatives voted in favour of the equity-linked fixed interest (Elf) instrument continuing. They said they would press for the Elf V issue to get the go-ahead.

The Bank has said it will not allow foreign participation in a new Elf

issue because of the harm to the balance of payments — leading Transnet to announce yesterday that it was cancelling the issue.

Elfs are split into a bull and a bear tranche and are linked to the JSE's All Share index. The bear is negatively linked, which means the capital value declines as the All Share index rises.

To make it attractive, the bear tranche offers a 25% coupon, which attracts non-residents who make the initial investment via financial and blocked rands but are paid interest in commercial rands. Only the interest can exit the country.

An investor who bought the Elf I issue and held it for the full three-year maturity would have recovered

just 21% of initial capital value, excluding coupon payments.

After the meeting, Transnet treasury manager Johann van Schoor said about 30% of the Elf III and IV issue was held by foreigners. This meant a potential outflow of R75m a year.

However, Van Schoor pointed out that only about R30m would be due

to the Elf issue, since this represented the difference between the Elf coupon rate of 25% and that offered by other fixed interest securities such as the 15% on the Umgeni 55 bond.

Van Schoor said Transnet had considered reducing the coupon rate to between 16% and 18%. However, the bank would not agree to

(289) CT 4/3/93

Van Schoor told the meeting foreign participation in the Elf IV issue would still be allowed. Foreigners would also be allowed to switch from the maturing Elf III into the Elf IV. He said Transnet would continue to offer carry facilities in the Elf stock, but this would be at a lower rate than the current 14.5%.

Van Schoor said Elfs could not be listed on the JSE as the exchange could not differentiate between resident and non-resident transactions. Consideration was being given to listing the instrument on the SA Futures Exchange.

Releasing details of Transnet funding requirements for 1993/94, Transnet group GM Eugene Kruger said about R900m would be required from the local debt market. A total of R5,4bn had been required, but R2,9bn of this had been prefunded while R1,6bn would be generated internally.



# SARCC opts out of funds markets

CT 4/3/93 From GRETA STEYN (769)

**JOHANNESBURG.** — The SA Rail Commuter Corporation had ceased raising funds in the money and capital markets because the interest burden was mounting too rapidly, SARCC MD Wynand Burger said yesterday.

He was responding to criticisms raised by former auditor-general Peter Wronsley, who warned that if borrowing was not stopped, it would have "serious financial implications" for government, which guarantees the SARCC's liabilities.

Burger said Wronsley was referring to the 1991/92 fiscal year. The SARCC had already acted on certain key criticisms, and changed its modus operandi.

Instead of making up shortfalls with loans, state subsidies were used and only historical shortfalls were financed by loans.

Burger added the money lost from depositing with the now defunct Cape Investment bank would be less than expected. The amount had been reduced to R131m and it should be reduced further through dividends paid.

In his report Wronsley referred to the SARCC as a non-viable corporation, Burger said. The situation was similar to rail commuter services elsewhere where cost recovery through fares did not cover operating costs.

Nonetheless, the SARCC aimed to increase cost coverage from about 25% by an average of 1%-2% a year. If achieved in the next 10-15 years, it should be within the margins of similar services in other parts of the world, Burger said.

# Tough on the road

FM 5/3/93

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When the economy turns, transport companies will be early beneficiaries

If transport shares have been seen as high-risk and cyclical, the state of the industry emphasises this. The Nineties have been characterised by casualties. The Sure Group, Supertans, Lyntex and now Racy have been sent to the JSE's delisting abattoir.

The transport sector has been hit by recession, rising fuel costs and higher vehicle replacement costs. Road tonnage is down 30% from its mid-1989 peak, reflecting the effects of the recession and drought on the main generators of freight.

The JSE's Transport index, which has been driven by Trenchor, doesn't reflect accurately the dire state of the industry. A more appropriate yardstick is individual company performance against the Industrial index.

Like Trenchor, Unitrans has outperformed the Industrial index — but these two companies are not the sector. Trenchor has become more of an industrial conglomerate and Unitrans is the industry leader. The other companies all reflect tough times in the transport business. However, when the economy does turn, transport will be one of the first sectors to react.

The changing needs of the industry's clientele, the economic viability of smaller inventories and the emergence of sophisticated measures such as the "just-in-time" concept have hampered long-distance hauliers

Deregulation was expected to provide a major boost but most road transporters are disillusioned. Its implementation coincided with poor economic conditions; that meant more competition chasing fewer goods. Though the transition has been lengthy — since the mid-Eighties, in fact — government's road transport quality system (RTQS) is still not fully in place and when established will be difficult to enforce. RTQS consists of laws regulating aspects

## BEWARE POTHOLE!

	1990	1991	1992
<b>Unitrans†</b>			
Turnover (Rm)	216	257	327
Pre-tax profit (Rm)	67,1	72,5	89,7
Operating profit (Rm)	42,3	41,8	52,9
Earnings (Rm)	28,4	26,4	32,4
Earnings (c)	78,0	72,5	88,9
Dividends (c)	19,5	23,5	25,6
<b>Cargot‡</b>			
Turnover (Rm)	175	180	182
Pre-tax profit (Rm)	37,2	30,8	21,9
Operating profit (Rm)	15,7	7,6	0,7
Earnings (Rm)	7,5	0,1	(3,1)
Earnings (c)	37,3	0,5	(15,4)
Dividends (c)	13,0	3,5	nil
† 1990/1991 year-end to March 31			
‡ 1992 to June 30 (annualised)			
‡ Year to February 29			

of the industry, such as professionally trained drivers and overloaded vehicles. It is based on the quality of the transport service and replaces the commodity-based permit system. Formerly, transport permits had to be fought for savagely and were issued only where Transnet (when it was Sats) did not provide alternatives.

Even so, rail transportation threatens private hauliers. Some of them believe the increased financial penalties, along with a higher fuel levy and the steep rise in licence costs, will simply perpetuate protection for the railways. But neutral observers accept that some changes are necessary — and rationalisation, better management and aggressive marketing by Spoornet are making rail transport more cost-effective and attractive.

Even so, it will take years before Spoornet transports as much freight as road hauliers — despite the massive tonnage of coal, ores and minerals conveyed by rail. The anomaly of increased volumes carried recently by rail reflects the movement of maize to drought-stricken areas.

Excess capacity for this cost-conscious industry means that price competitiveness is the key marketing strategy. The combination of growing competition and a shrinking market has placed great pressure on mar-

gins.

Professor Wynand Pretorius, head of Transport Economics at RAU, says. "The industry has an interesting mix of a large number of small operators and a few bigger players. This uneven distribution, and the different cost structures associated with each, allows the small fleet owner to undercut bigger competitors. But it's not sustainable, all parties must cover total costs and benefits of economies of scale are limited in this industry."

Pretorius says return on investment has diminished almost to vanishing point — in some cases hauliers have averaged negative returns. Industry players believe the long-term trend toward road transport will continue. The RTQS system imposes an additional overhead for ancillary transporters where haulage was previously a medium-technology, medium-capital, easy-entrance sector for small entrepreneurs, the higher costs and skills needed to manage fleets are raising the threshold.

"Over the next 10 years we will see the emergence of owner-drivers, as has happened in Canada, the US and Australia. About 80% of long-distance hauliers in Australia own their own vehicles," says Pretorius. "A benchmark in SA is the taxi industry."

SA Breweries has adopted the owner-driver concept at some of its newer depots. But drivers may find it difficult to meet finance costs on their vehicles and this can lead to excesses such as working overtime to meet costs and overloading. RTQS legislation is intended to control these problems.

Leadership among hauliers in the JSE's transport sector vests firmly with Unitrans, which has a fleet of 850 trucks, 1 200 trailers, employs about 3 500 people and achieved annualised turnover of R327m in 1992.

Unitrans has been highly successful. Attributable profit has grown by an annual average of 37% over the past five years. The business is well structured and managed, though there are concerns that it is a one-man show run by CE Eduardo Gutierrez-Garcia. Its tendency to invest in specialised vehicles has helped Unitrans to improve margins and retain a competitive edge. The December 31 balance sheet shows R15,9m cash and R18,2m debt.

Garcia believes implicitly the importance of market share "cannot be underestimated" in a highly competitive industry such as transport. Hence the group has expanded into the Cape, with the acquisition of two businesses in 1992 and, last month, Greyhound CitiHiner from failed Tollgate Holdings.

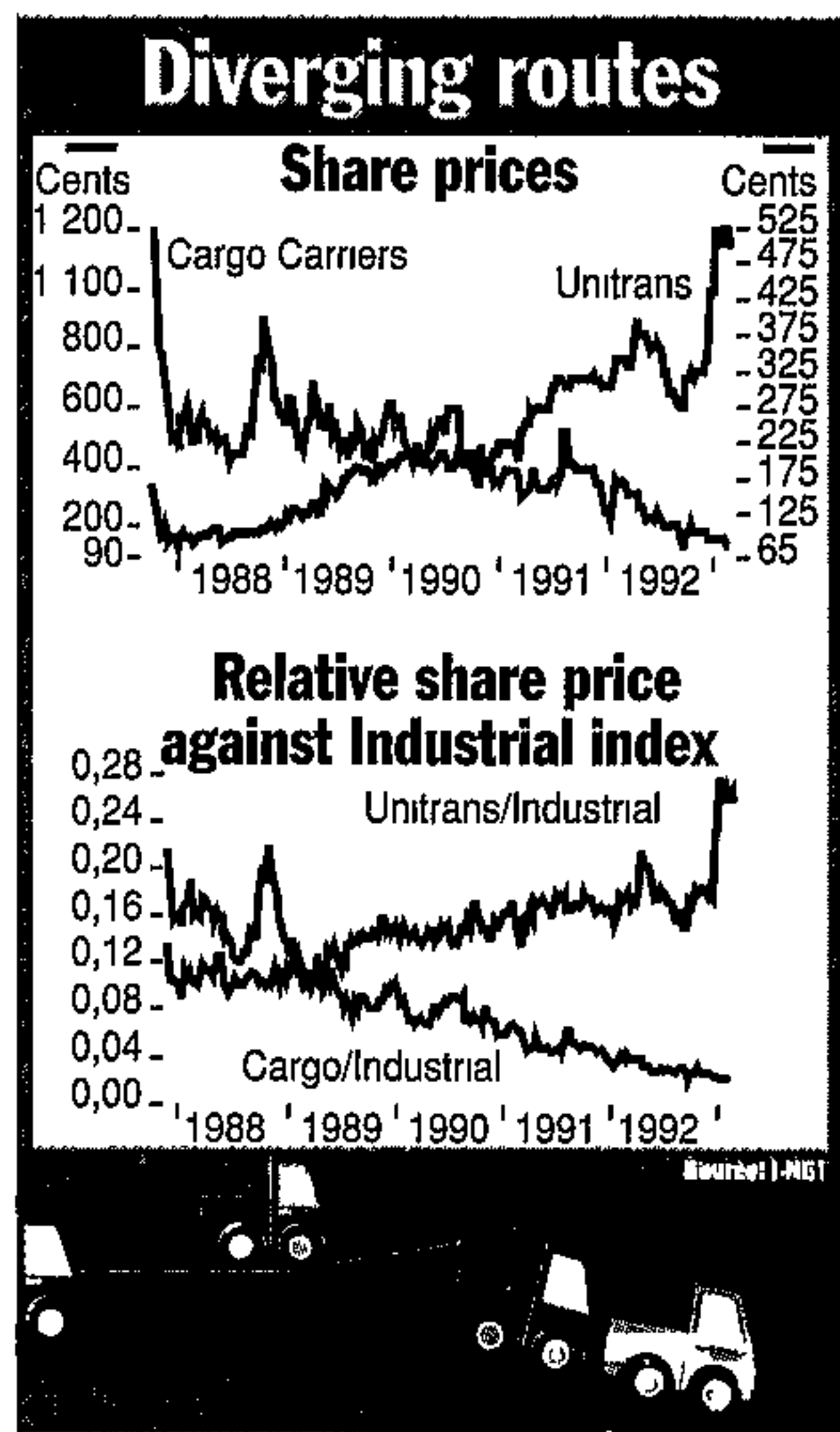
The share's earnings and dividend yields are 7,9% and 2,3% respectively and the p.e is 12,7. The price is at a 12-month high of R12, up from a low of 610c, and offers particularly good value in view of its rerating potential.

Loss-making Cargo Carriers is the second largest listed private haulier, with a fleet of 570 trucks, 850 trailers and 1 670 employ-

ees. Cargo's poor performance over the years has been attributed to the age of the fleet and management's failure to negotiate tough deals. Joint MD Murray Bolton disagrees: "The fleet age is between six and seven years against an industry average of 12 years and the advance in technology is such that there is little difference between a truck rebuilt by Cargo and a new unit." He adds that Cargo has an ultra-conservative depreciation policy.

Bolton does admit the group draws much of its income from contracts with steel companies and does not have a diverse spread. But he claims there are advantages in this for picking up business in transporting finished steel products.

Cargo has been hurt more than its competitors. Margins have declined since 1990,



but the group has been scaled down and asset management tightened. Reserves, which include tax losses estimated at R21m to set off against future income, have kept the company going for some time. In the year to February 1992, Cargo lost 15,4c a share against the year-ago EPS of 0,5c.

Despite market pessimism, the Bolton brothers believe they can turn the company around by using potential "pockets of opportunity" in the domestic market and regionally. Positive effects won't be visible until February 1994.

But the market seems doubtful. The share, at 80c, is down nearly 40% since January 1992. It holds little appeal to investors given its track record since listing in 1987.

Though transport was the original Trenchor business, its continued classification in this sector is a misnomer since it is no longer strictly a transport company. Its exceptional earnings growth since the mid-Eighties has been derived substantially from exports and

offshore interests. Less than 10% of total income is now derived from its three transport businesses; the listing should be moved to another sector.

Trenchor's transport arm, though particularly strong in the western Cape, is active throughout southern Africa, where it provides transport services to various mines. The group's fleets are similar in size to Cargo Carriers.

Despite its broad base, Trenchor has not escaped recession — evidenced by squeezed margins and the fall in pre-tax profit. Export growth has slowed as foreign competitors have increased and world trade has contracted. Benefits of hard-currency earnings have been undermined by the decline in dollar prices.

But the balance sheet is strong and liquidity high. Says transport division CE Dion Blignaut: "Trenchor has built up a good client base. We now have to sit and wait for the economy to turn. The reduction of costs remains a priority but an improvement in profitability is difficult to achieve with no increase in tariffs and a shrinking market."

With overcapacity emerging in the container industry, increased competition and Trenchor's dependence on Geis (General Export Incentive Scheme), analysts feel the share price may have reached a ceiling.

Long Rail and Laser are the cheaper stocks. Long Rail operates in four main areas — long distance, shorthauls, retail and service and warehousing — recovered during financial 1992 from the previous year's slide in turnover. With a healthier cash position, financial director Andre Pretorius says management intends to fund purchases of new equipment from cash. But gearing remains high, partly due to fleet upkeep and investment in new trailers.

A low p.e, high yield and large discount to NAV (share price of 36c) suggests the share may have value. But, with management intending to increase dividend cover to 2,5 from 1,9 now, dividends won't rise in line with earnings.

Laser Transport, which owns Stuttford Van Lines, Pickfords and Frasers, is a furniture removal specialist and, as such, is not strictly comparable with the other listed companies. Laser was one of the first listed companies to feel the recession and finance costs have spiralled.

In September, controlling shareholder and MD Denis Kaye left Laser with his 53% direct and indirect shareholding still intact, leaving chairman Peter Thomas to step in as CE. What happened next was a game of musical chairs. Kaye found a buyer in Tony Cotterell (now MD of Laser) for 32% of his shares, retaining 26% which secures his position in the company (returning as GM), though he's not on the board. At 75c, the share is a long way off its peak of 490c in October 1987 and there's little to indicate a reversal of this trend.

Until recovery, transport tarpaulins have been uniformly tightened and the emphasis is on streamlining.

Marylou Greig

# Rail body stands to lose R100-m

Star 5/13/93  
269

CAPE TOWN — The eventual loss of the South African Rail Commuter Corporation after the final liquidation of the Cape Investment Bank (CIB) would amount to roughly R100 million, Transport Minister Dr Piet Welgemoed said yesterday.

Speaking during a special debate on the report of the Joint Committee on Public Accounts, he said that at the time of liquidation, the corporation's investments, including interest, with CIB amounted to R269 363 169.

The outstanding amount at the end of January 1993, after interim payments by the liquidator of CIB, was reduced to R131 041 560.

Welgemoed said the corporation had borrowed more money than was required to meet its shortfall. Excess funds were then invested in financial institutions to make a profit to reduce the shortfall.

CIB was one of the institutions in which the corporation invested its funds.

DR deputy finance spokesman Jasper Walsh said it was appalling that no commission of inquiry had been set up yet to look into the SARCC's massive loss.

He said the joint committee had recommended six months ago that the State President appoint such a commission.

"This is a dereliction of duty and yet another failure of this Government," Walsh said.

"It makes nonsense of the State President's resolve to fleck corruption to the bone, and we ask why? Who has what to hide? Why are the facts being deliberately withheld?"

continue to give "careful attention to the manner in which SAA, as the dominant enterprise, functions in the market." He has appointed an independent auditor "to perform a continuing audit of all the available capacity on domestic routes and the occupancy levels to establish a database that can be used as a reference framework"

Says Myburgh: "The audit still has to be done, but we have done our sums and feel we're already complying with the board's demands."

Myburgh, who believes the way to produce a profit is not to hobble the opposition but to improve productivity and reduce costs, maintains that SAA is now a leaner machine than it was four months ago, when he started a programme — Project Success — to get the airline back in the black. He is well on his way to reducing the R750m-a-year wage bill by 20%, having secured 82% of the 2 200 applications for voluntary retrenchments he wanted by the end of this month.

That has slashed costs but he says. "We need to retrench another 400 people by the end of March to stay on target. It was only in three departments that we didn't get all the requests for voluntary retrenchments we sought. We will now move to forced retrenchments. Once we have secured those, the uncertainty that existed over who would lose his job and who wouldn't will be a thing of the past.

"The profits we made in November, December and January — I wasn't expecting one in January — were made despite paying out hefty retrenchment packages. We're not showing a profit on our international services yet because the full effect of the retrenchments and other cost-saving methods haven't percolated through the system yet."

He won't say how much profit the domestic services made in those months and how much international services lost. But he says the figures will be published in June, after SAA's financial year ends on April 1.

Myburgh believes that SAA's biggest problem now is "a backlog of low morale," which he says was to be expected after the four months of uncertainty. He hopes to correct that problem soon. But before things can stabilise at SAA, the airline might be in for more turbulence. De Villiers says SAA's domestic services could be privatised within a year.

Piet van Hoven, MD of Comair, which, even though its fares are lower than SAA's and Flitestar's, is operating profitably with a leased SAA jet and crew, is sceptical about privatisation prospects.

Jan Blake, MD of Flitestar, which had no qualms about taking on SAA and then called on the Competition Board to investigate SAA when it found the going

rough, is delighted that "De Villiers will ensure that the domestic airline industry becomes viable; we're delighted with the protection we are being given."

He is not unduly impressed by SAA's three months of profit, saying: "To be profitable, it will have to show profits for 12 months."

"It must be shown in an audited account, prepared in accordance with generally accepted accounting principles, showing a reasonable return on capital."

Blake declines to disclose Flitestar's losses "They're substantial but we're a private company and don't have to disclose them." ■

SA AIRWAYS FM 5/3/93

**Leaner and meaner** (269)

**SA Airways'** new CE, Mike Myburgh, has taken the heat off Public Enterprises Minister Dawie de Villiers by implementing nearly all the demands made on the airline by the Competition Board in January and by showing a profit for November, December and January on domestic operations.

The board had called on SAA to increase its fares and reduce the number of available seats on some routes to make it easier for Flitestar and Comair to compete (*Business & Technology* January 22). The board's recommendations were severely criticised for suggesting that government should intervene in the highly competitive industry.

De Villiers, responsible for the board and SAA, says SAA has already reduced its capacity (fares were increased at the beginning of the year) and he promises he will



**Higher fares, fewer seats ... and finally profits**

## STORMY SEAS

Six months to	Dec 31 '91	Jun 30 '92	Dec 31 '92
Turnover (Rm) .....	2,31	2,39	2,37
Pre-int profit (Rm) ...	338	434	335
Pre-tax profit (Rm) ..	337	406	310
Attributable (Rm) . .	133	198	109
Earnings (c) ... ..	248	369	202
Dividends (c) .....	65	190	65

FM 5/3/93.

ships were bought and commissioned (269)  
Safren chairman Alistair Macmillan says losses incurred by Fhtestar also contributed to Safmarine's earnings decline. These losses remain undisclosed.

Recession and violence in SA depressed Kersaf's hotel room revenues, and the unregulated rash of illegal casinos reduced cash flows across the gambling tables. Attributable profit from Kersaf slipped 6% to R61,5m. Macmillan also points to the disruption of trading caused by construction at Sun City and the Wild Coast Sun.

Rennies was the only division to increase its attributable earnings. Macmillan says that, aside from the gains from a rationalisation programme implemented last year and increased efficiencies at freight terminals, Rennies benefited from handling additional cargoes of grain for drought relief.

With the R2,4bn capital spending programme completed, the drain on Safren's cash resources is over. Borrowings will tend to decrease as cash flows improve. The interim balance sheet shows a 34% rise in long-term borrowings compared to a year ago. This accounts for the increase in net interest paid, without which (despite the additional depreciation) pre-tax profit would have been roughly maintained.

Macmillan says the Lost City at Sun City is enjoying an occupancy rate of well over 80% (at a room rate of about R650 a night), but adds that occupancy rates throughout the group's hotels are not what they were a year ago. He expects closure of the small casinos will improve the position.

An earnings improvement for Safren depends heavily on the performance of Safmarine which, in turn, relies on international trade. Given the continuing international and domestic recessions, the heightened competition between sea carriers, and between SA's domestic airlines, Macmillan expects Safren's full-year EPS will decline more than the interim 18,6%.

The market seems to have anticipated this outlook rather late. In January the share traded at 9 925c. At R84 now, if EPS decline 20%, the projected p/e will be about 17 against the present 13,6. It suggests that the share could weaken further. *Gerald Hirshon*

SAFREN FM 5/3/93.

### Worse to come (269)

**Safren's results** for the six months to December are disappointing but not unexpected. The deterioration in world trade was bound to hamper its core shipping activity and it's no surprise that the recession at home has hit most of Safren's businesses.

Safmarine, the division which has been the biggest profit earner, suffered a 46,2% fall in attributable earnings. Its cargo volumes were hampered by near-zero growth in international shipping volumes, reduced freight rates and the squeezed margins that follow in their wake. But there were other factors.

In particular, depreciation was raised by almost a third. This was partly because new land-based assets were brought into operation after the large capital spending of the past two years, and partly because four new

# SAA's story in black and red

51017 5/3/93  
 SAA's domestic service had shown a profit over the festive season, although, on international operations, the airline was still in the red, a spokesman said yesterday.

However, despite the successes, the airline would press ahead with the forced retrenchment of 400 employees this month in order to achieve a 20% cut in its R750m-a-year wage bill.

The retrenchment of a total of 2 200 employees by the end of March was announced four months ago as part of Project Success. The project was aimed at improving productivity and reducing costs.

STEPHANE BOTHMA

The airline confirmed it had received 82% of the desired voluntary retrenchments, but said another 400 people needed to be retrenched to achieve the target.

Airline spokesman Leon Els said domestic fares had been increased by 7%-9% in January, and the frequency on some of SAA's more lucrative inland routes had been reduced.

The increase of fares, the reduction of seat capacity, and SAA's need to be economically viable, were in line with recommendations made by the Competition Board earlier this year

aimed at levelling the playing field in the domestic aviation market.

Public Enterprises Minister Dawie de Villiers earlier appointed an independent auditor to check all available capacity and occupancy levels on domestic routes to establish a database to be used as a reference framework.

Although the audit had not yet been completed, SAA was already complying with the board's recommendations, Els said.

Profit made by SAA on its domestic service was not disclosed, but will be published in June after the airline's financial year-end on April 1.

# MMF admits bungle by staff cost millions

Star 9/3/93

269

By Jacques Pauw

The Multilateral Motor Vehicle Accidents Fund (MMF) has admitted that negligence by its personnel cost taxpayers millions of rands.

Acting MMF director Willem Swanepoel made this admission in response to an article in The Star on February 26 in which it was reported that the insolvent President Insurance company, whose affairs were wound up in November, did not have a surety in place as determined by the Third Party Claims Agreement.

The Star reported that the surety had lapsed last April and that the MMF's failure to spot this meant the loss of vast amounts of money.

Swanepoel said the MMF had paid R3,3 million to President Insurance for handling 6 500 unsettled claims.

The fund had now instituted a claim for nearly R4 million against President's insolvent estate in an effort to get its money back.

The Star reported that the MMF was now trying to deal directly with the 6 500 unsettled claims and was being taken to court for acting illegally.

The MMF, already some R3 billion in the red, appointed 34 additional personnel to try to settle claims it had to take back from President.

Swanepoel confirmed the appointments and said "The mess we had to take over from Presi-

dent has almost been cleared. All payments are up to date, but some of the less important correspondence has not yet been attended to."

The Star reported that a group of Third Party claimants recently brought a Supreme Court application against the MMF, saying it had no right to settle claims itself.

Swanepoel said the MMF could settle claims more cheaply and faster than insurance companies appointed as agents.

Commenting on a claim by the Association of Law Societies that it was illegal for the MMF to settle claims, Swanepoel said a senior advocate had advised the fund that it was entitled to settle claims itself.



I think in this debate we should not focus on who those 200 doctors are, because they were acting within the terms of the present Act. What they did, was quite legal. I should like to repeat myself

~~Mr M RAJAB~~ Mr Chairman, may I ask the hon the Minister a question?

The MINISTER: Mr Chairman, the hon member had his opportunity [Interjections]

The point he raised was that not mentioning these names gave the impression that all doctors were guilty of this. This is not what I implied

Mr M RAJAB: The hon the Minister could then be guilty of being an accessory after the fact

The MINISTER: Yes, and this is not what I implied. That is why I am saying that if doctors themselves would come forward and say that this is unacceptable, and would themselves defend the principle and investigate its soundness, it would be to their own benefit.

Debate concluded

#### QUESTIONS

†Indicates translated version

For oral reply.

General Affairs

Prison at Umzimto: tenders

\*1 Mr M RAJAB asked the Minister of Correctional Services

Whether, with reference to the reply to question No 1 on 29 April 1992, tenders for the building of the prison at Umzimto have been accepted, if not, why not, if so, (a) to whom was the tender awarded, (b) what is the cost involved and (c) when is it anticipated that the work on this prison will be completed?

D49E

The MINISTER OF CORRECTIONAL SERVICES

Mr Chairman, at the outset I should like to say that I received certain requests in this regard from *inter alia* the hon member for Um-

HOUSE OF DELEGATES

SAA: flights to/from India

\*2 Mr A RAJBANSI asked the Minister for Public Enterprises:

Whether the South African Airways have applied or intend applying for permission to introduce flights to and from India; if not, why not; if so, what are the relevant details?

D52E

The MINISTER FOR PUBLIC ENTERPRISES

The Managing Director of Transnet Limited replied as follows to the hon member's question:

No, the South African Airways does not intend introducing flights to India, as another South African airline has already been granted permission to operate services between the two countries.

Braemar: death in prison cell

\*3 Mr M RAJAB asked the Minister of Law and Order.

(1) Whether a certain person of Braemar in Natal, particulars of whom have been furnished to the South African Police for the purpose of the Minister's reply, was at any stage detained in a police cell during February 1993; if so, what is this person's name;

(2) whether this person was found dead in a cell one morning; if so, (a) in which police cell and (b) when was he (i) arrested and (ii) found dead;

(3) whether a pathologist's report has been received in regard to his death; if not, why not; if so, what were the findings?

D73E

The DEPUTY MINISTER OF LAW AND ORDER

(1) Yes

Kader Shank

(2) Yes.

(a) Sowati

(b) (i) At 15:40 on 15 February 1993

(ii) At 05:15 on 16 February 1993

(3) Yes, the finding of the state pathologist

was that the cause of death of Mr Shank was consistent with that of a heart attack. The histological report is still outstanding

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's reply, could he please tell us whether the pathologist's report was, in fact, communicated to the family of the deceased?

The DEPUTY MINISTER: Mr Chairman, to my knowledge this has not yet been done, because we are still awaiting the histological report as well.

Islamic/Hindu marriages: legislation

\*4 Rev C PILLAY asked the Minister of Justice

(1) Whether he will consider introducing legislation to recognize Islamic and Hindu religious marriages, if not, why not, if so, when,

(2) whether he will make a statement on the matter? D76E

The DEPUTY MINISTER OF JUSTICE:

(1) and (2)

A project dealing with Islamic marriages and related matters was placed on the programme of the South African Law Commission during July 1986. The project committee appointed for the purpose of the investigation considered a working paper. A copy will be handed to the hon member immediately after the question period. A study of comparative law is presently being conducted. All interested parties are welcome to submit proposals in this regard to the Secretariat of the Law Commission.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Deputy Minister's reply, is he prepared to tell us why the Government is dragging its feet on this, while the ANC and the IFP have officially announced that they will recognise these marriages, and while the NP recognises that there is freedom of religion in this country?

The DEPUTY MINISTER: Mr Chairman, there is no doubt as far as the commitment of the Government is concerned. The fact is that this project has been launched and is being conducted [Interjections]

HOUSE OF DELEGATES



Dr Piet Welgemoed . .  
ready to talk in Zambia.

## Urgent Star 11/3/93 bid to release trucks

Political Staff

CAPE TOWN — Government officials flew to Lusaka yesterday for urgent discussions over the release of a large number of South African freight trucks on their way to central Africa — many of them loaded with perishables — which have been delayed at the Zambian border for a week

Deputy Minister of Foreign Affairs Renier Schoeman and senior Foreign Affairs and Department of Transport officials are in the Zambian capital trying to resolve the deadlock

The trucks were headed for Zaire, Burundi and Malawi

Department of Transport officials were baffled by the Zambian action as no official reason has yet been given

### Invited (269)

They said Transport Minister Dr Piet Welgemoed had invited his Zambian counterpart, Andrew Kashita, to visit South Africa as soon as possible and Welgemoed had offered to go to Zambia if necessary

South African carriers are required to pay about R380 to enter Zambia and a further R380 if they are passing through to Zaire and Malawi

Zambian carriers do not pay to go in and out of South Africa

South African carriers pay R150 to cross the Zambezi River on the ferry between Botswana and Zambia at Kazangulu, while Zambian carriers pay R12,50

Zambian visas cost R30 but South African visas are free.

South African carriers are also pressured to form partnerships.

Star 12/31/93

# SAP defended as train bandit sent to prison

By Susan Smuts

The police had done everything they could to solve a 1991 train attack, a Rand Supreme Court judge said yesterday as he sentenced an Inkatha member to eight years in jail for attempting to murder a commuter.

Various allegations had been made that the police had deliberately neglected their duties in investigating train murders, said Mr Justice J Els. However, he was satisfied the police probe in the case before him had been thorough.

The judge found Albert Dlamini (30) of Mazibuko hostel, Katlehong, guilty of attempting to murder a commuter on a Germiston-bound train on October 9 1991 and of illegal possession of a firearm and ammunition. Dlamini was jailed for eight years for attempted murder and two years for illegal possession of the gun and ammunition. The sentences are to run consecutively.

ELFI V

FM 12/3/93

## Is there a future?

269

There's still an outside possibility Transnet will be able to go ahead with a JSE listing of its next equity-linked fixed interest instrument (Elfi V) — if a way can be found to satisfy the Reserve Bank that non-residents will not be able to invest in the instrument through the blocked or financial rand and take interest payments out through the commercial unit

So the JSE is currently looking at ways in which deals on the exchange could be policed. Transnet treasury head Johan van Schoor says "It's hard to trace financial and blocked rand funds which are already in the country."

Alternatively, Transnet can turn to the SA Futures Exchange (Safex) for a listing because the latter has a policing system. In Safex's early days, non-residents were barred from investing through the financial rand

CE Stuart Rees says all clients are registered by identity number or company number before they are allowed to trade, so it is a simple matter to monitor non-residents.

In addition, Safex can block a deal if payment is to come from a financial or blocked rand account. Safex is currently polling its members about the desirability of listing Elfi V.

Rees thinks there are advantages for Elfi V holders in listing the instruments on Safex:

- Because the instrument would not be scrip-registered, administration costs for Transnet would be greatly reduced and the savings could be passed on to investors,
- There are no risks of tainted scrip, and
- A true spot market in bonds would be created, opening the way for forwards

In addition, Rees feels it's in Safex's inter-

## ECONOMY & FINANCE

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ests to see the listing go ahead, since liquidity in the All Share index futures contract would probably be enhanced.

However he says: "There are some who feel it detracts from our futures volumes. Furthermore, the issue's success may be reduced by the delay in issuing it" Elfi V was due to be issued on April 1, but the Bank's decision has delayed the launch. Transnet needs a listing for some of the larger institutions to invest in it

The Bank's decision to limit Elfi to deals through the commercial rand does not affect existing Elfi issues (III and IV). The Bank was motivated by the high coupon attached to the bear tranche on previous issues. The coupon on the bear tranche of the Elfi III is 25%, about 9%-10% above medium-term rates of 1991. It has become a popular method for non-residents to move funds out of the country

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criticisms of the third party system detailed in the recent Melamet report

Late last year, President Insurance, which had been allocated 11% of the MMF's agency business, was liquidated on the initiative of the Financial Services Board. Subsequently, says the fund's acting CEO Willem Swanepoel, he instructed that the files from President be recovered and processed by his own staff

"My staff have taken a tremendous amount of flak recently. No doubt there were serious deficiencies in the way the fund used to be run. But we took files which were scattered on the floor among builder's rubble, got them into order and finalised the claims within two months. Our people did a splendid job and in the process saved the MMF and motorists millions of rands."

There is still uncertainty how the system will operate in future. The lucrative existing allocations to agents end on April 30. A decision on reallocations, if any, can be taken only when there is a new board for the MMF and that is dependent on the written agreement of the relevant Ministers in SA and the TBVC countries.

Swanepoel says there could be delays in getting all the pieces in place and he has been requested to continue his temporary secondment to the fund until a board has assembled. One possibility is that the existing agents will be allowed to continue settling their quotas until the board is ready to make changes.

One thing is certain — there is a great deal of scrambling from insurers to get their quota of the business. It's possible there is some connection between that scramble and the legal challenge to the MMF's right to settle claims without assistance.

Swanepoel says perpetuating the present arrangements will give rise to reinsurance problems. "Whenever we go overseas to negotiate reinsurance for the fund, the first question always asked is whether we still allow claims settlement with our chequebook by our agents. Reinsurers are uncomfortable with that idea."

MMF FM 12/3/93

## **A win at last**

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**A judgment** in the Pretoria Supreme Court this week vindicated the action of the Multilateral Motor Vehicles Accident Fund (MMF) in seizing more than 6 000 files from the offices of a defunct agent

The action was brought by a Witbank attorney on behalf of three claimants against the MMF. It was argued that the MMF had no legal powers to settle claims itself but that this authority was delegated to agents — which are, in practice, insurance companies. This view was also advanced recently in a widely publicised media statement by Bloemfontein attorney Dudley Honey who said that "such handling is unlawful" and was also critical of the MMF for increasing its staff complement to process claims

This week Justice M C Botha found in favour of the MMF and awarded costs against the applicants.

The Act, which established the MMF, actually confers on the fund the task of settling hit-and-run cases without using agents. The job of settling other claims was shared out to a pool of insurers, supposedly under the scrutiny of the MMF inspectorate. The inadequate supervision by the fund and the lack of suitable systems in some of the insurance companies were among the many

# Accused 'paid to kill train commuters'

By Susan Smuts

A man charged with attacking train commuters in 1991 said he had received guns and money to do his "work" from an East Rand hostel, a witness told the Rand Supreme Court yesterday.

Alfred Dlamini (30) of Katlehong has pleaded not guilty to murdering

three commuters, attempting to murder nine, and illegal possession of a firearm and ammunition. He was allegedly one of a group which attacked commuters on a train to Germiston in October 1991.

Witness Simon Komane told Mr Justice J Els he was an ANC supporter. He had been in-

jured in the attack and taken to hospital. On suspicion of having taken part in the violence, he was taken to Modderbee prison where he was put in a cell with Dlamini.

Dlamini told him they would have to get lawyers because "we have been caught".

"He said that when we leave the prison we must

go and collect money. He said he had to collect R90 000. He said they had been given money and guns from the Kwesine hostel."

Komane said Dlamini told him he had attacked commuters because "it was the work they were given to do".

The hearing continues.

STAR 4/3/93

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# Probe into plane crash could take many months

By Gien Elsas  
West Rand Bureau

The cause of a plane crash near Westonaria could take months to be established because pieces of the wreckage and post-mortem results of the three people who died have to be carefully scrutinised

A spokesman for the Department of Civil Aviation said yesterday that parts of the Piper Seneca 2 twin-engined plane would be sent for tests to, among others, the South African Bureau of Standards.

The accident occurred at about 4.45 pm on Wednesday when Garth Coetzee (26) of Oakdene, Johannesburg, Hans Ruschewski (43) of Randburg and David Tebbutt of Robertsham, Johannesburg, were flying over the Waterpan Plots.

Coetzee is believed to have piloted the light aircraft which had taken off from Germiston's Rand Airport shortly before the crash

## Mangled

Witness Eddie Edwards (55) was standing in his garden when he saw the plane flying overhead. It suddenly lifted "as if it wanted to flip" and started breaking up, he recalled.

There was no explosion but parts rained down over a wide area around the mangled cockpit, which landed in a concrete culvert just metres from the busy Potchefstroom-Johannesburg highway

Other witnesses rushed to the scene but could do nothing to save the men.

All are believed to have died on impact.

The area was cordoned off and Civil Aviation officials began their difficult detective work last night.

A Department of Transport spokesman said the only crash statistics available were those for the 1990-1991 period, in which there had been 107 incidents — including five fatal accidents — involving light aircraft.

"We have to look at the aircraft parts, have them tested, see the autopsy reports of the dead passengers and study the eyewitness statements before a finding can be made," she said

STAR 12/3/93.

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A plethora of confusing rules and regulations controls SA's 10 000 km coastline, and the industries that make their living off the sea have long wanted the situation changed. For the past year, a five-member committee has been navigating this legal morass to develop a comprehensive maritime policy.

The committee, appointed by government, is not due to make recommendations to Transport Minister Piet Welgemoed until June. But the proposals will be discussed at the third National Maritime Conference, to be held in Durban on March 24 and 25.

It was at the first conference, in Cape Town in 1989, that an overall policy was first mooted.

The policy will cover issues as diverse as the extent of territorial waters, pollution, fishing, promoting exports, shipbuilding, harbour operations, salvage and search and rescue missions, maritime fraud and piracy and the protection of historical shipwrecks

FM 12/3/93.

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DUN

**BUSINESS & TECHNOLOGY**

It would reframe legislation in a more logical form rather than rewrite laws

Committee chairman, former Stellenbosch University academic Bernal Floor, says current legislation has developed on an ad hoc basis over the years. "Maritime administration has grown like Topsy without a coherent policy." The private sector now wants coherence.

There is particular concern over the status of the ports and Transnet's ambiguous role as both administrator of the ports and a profit-motivated carrier — using the ports and competing with other transporters. "The feeling is that port administrators cannot pursue the same aim as a profit-orientated company and serve the interests of the country at the same time," Floor says.

A maritime policy, he adds, would clearly define the line between the two roles.

Another important aspect of the policy is that it would clearly state SA's rights and obligations under international maritime law, ahead of the long-awaited ratification — possibly by the end of next year — of the Law of the Sea Convention. The convention will cover such contentious issues as territorial limits and fishing rights.

The policy is expected to deal with several other issues.

- Establishing a coastguard to take over the now-diffused responsibilities for coastal policing, safety and rescue operations,
- Providing tax concessions and other assistance to shippers in acquiring vessels, including replacements for the antiquated fish-

ing fleet,

- Whether SA should actively promote its own carriers — coupled with the training of sailors,
- The financing, use and administration of minor harbours, and
- The co-ordination of navigation and communications facilities (there is no single navigation authority)

Floor won't give a hint of the committee's recommendations, but he is adamant that the aim is not to carve out a bigger role for government in maritime affairs.

Streamlining, reorganising and rationalising a hodgepodge of laws is fine, but if the result is more interference in one of the country's biggest industries, the exercise will be self-defeating. ■



# The man FW would dearly love to sack

**JOHN MACLENNAN**  
Political Staff

NATAL leader of the National Party George Bartlett has become a source of immense embarrassment to the party. But President De Klerk dare not fire him for fear of his leading a defection of Nats to Inkatha

In the latest development Mr De Klerk has even been accused of misleading parliament in an attempt to cover up for his colleague

Mr Bartlett's controversial performance as Minister of Transport came back to haunt Mr De Klerk during parliament's first experiment with free-fall question time this

week. In terms of this MPs can ask questions of Mr De Klerk without giving prior notice of their content.

Mr De Klerk was equal to his questioners until the DP's Ken Andrew quizzed him on ministerial responsibility and specifically the role of Mr Bartlett. That's when the wheels came off. Mr De Klerk was clearly ill at ease and he fumbled for words. Critics also say he also either made a mistake or deliberately bent the facts as he tried to defend Mr Bartlett.

The case against Mr Bartlett is only now taking proper shape as evidence of his maladministration continues to

mount. In essence it is that he should have known about and eradicated two scandalous situations which occurred while he was "on watch" at the Transport Ministry. His successor, Dr Piet Welgemoed, did just that by launching a clean-up within three weeks of taking over.

One involves the Railway Commuter Corporation. This was set up with no proper financing other than the vague and disputed agreement that Transnet would fund the corporation to the tune of R500 million a year. Transnet made actively one payment, found it was short of cash and then denied it had to make any further

payments

As a result the corporation's officials started making investments and playing money markets and it is sure the corporation will eventually lose at least R100 million

The other instance of bad management involves the Multilateral Motor Vehicle Accident Fund. The auditors gave only a qualified report on its finances because, among other things, a provision for R1 000 million was not reflected in the balance sheet.

But in the same annual report Mr Bartlett pays tribute to the directors and staff of the fund for the way in which they

performed their duties and thanks members of the executive committee for the efficient manner in which they exercised their supervisory powers over the financial position, operation and management of the fund. In fact it had an accumulated deficit of R1.2 billion

His successor, Dr Welgemoed, was instrumental in obtaining a judicial probe by Mr Justice Melamet. The judge noted that the committee so highly praised by Mr Bartlett had "failed lamentably" in doing its job.

According to the DP's Robin Carlisle, "Mr Bartlett has presided over the worst adminis-

tered department in South African history. It means he is unfit to be a minister."

He went along with his senior officials even though his successor found it necessary to fire the heads of both the insurance fund and the commuter corporation, among others.

Mr Carlisle blames him also for related chaos in the department. The National Road Safety Council received R23 million in 1989/90, but found it could only spend R16 million

Airports were allowed to run down and had a loss of R50 million before they were commercialised, again by Mr Bartlett's successor

There was also huge corruption in the issuing of taxi licences and Mr Carlisle says this led directly to the taxi wars and the resultant deaths

Mr Carlisle, who has the distinction of calling for Mr Bartlett's resignation 17 times in parliament during the past six weeks, says "His appalling leadership has cost the taxpayers hundreds of millions of rands. Until Bartlett goes, the concept of accountability has no meaning in South Africa and if we don't breathe life into the concept now, its corpse will smother any attempt to build a decent government in the future"

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Mr Carlisle 13/3/95



BARTLETT... Nats haunted by his past.

but dare not

## g gear fault: ircles city

Staff Reporter  
ying 82 passengers had to circle  
utes yesterday when its landing  
raction system failed after take-  
Airport.

Tony Thirsk, said the failure  
ff at 7.40am, and he was forced  
nd circle before he could acti-  
system manually.

Ms Jani van Vuuren said: "The  
nd crew members were not in  
age."

been no question of running out  
craft carried enough extra fuel  
ute changes in destination.

plane, Ms Hesley Harmse, said:  
s, but the most harrowing idea  
wouldn't come out — or would  
g time."

# Secret probe launched into Tollgate Holdings

By PETER DENNEHY

A SECRET commission of inquiry into the affairs of Tollgate Holdings Limited, which is now under liquidation, and all other companies in its group, was convened yesterday by order of the Supreme Court

Mr Justice H L Berman granted an order to this effect after an application was placed before him by Mr Lambertus Bester and Mr Tjaart du Plessis, who are liquidating Tollgate.

Mr Bertrand Hoberman, SC, will be the commissioner of the inquiry, to be held under Section 417 of the Companies Act

CT 13/3/93 (269)

He will be empowered to summon before him former Tollgate director Mr Julian Askin — except that Mr Askin is still in Britain.

Others the commissioner will be able to summon are Mr Mervyn Key and Mr G L McIntosh, who were also Tollgate directors, and Mr A Wilmot-Sitwell, Mr Nigel L Tose, and Mr Dave McGregor, who were all directors of Tollgate or of other companies within the group

The inquiry follows the secret inquiry late last month into Fetlar Foods, a liquidated Tollgate Holdings subsidiary

## Don't miss sports news

DON'T miss Monday's Cape Times for a complete wrap-up of a bumper weekend of sports highlights

These include:

● The South African Formula One Grand Prix — first event on this year's world championship calendar.

● Western Province's opening tour rugby match against Western Australia in Perth.

● England Premier League soccer match between Manchester United and Aston Villa

● The final day of the Giro del Capo international cycling tour

# Mandela calls for united peace force

CT 13/3/93

Own Correspondent

DURBAN — ANC president Mr Nelson Mandela has called for an internal national peace force to be established to combat the violence

No single armed force had the confidence of the whole population, Mr Mandela told residents at two meetings in Wembezi, Estcourt, and Bruntville, Mooi River, yesterday

The peace force's commander should be appointed by the United Nations, with other international organisations, like the Organisation of African Unity and the European Com-

munity, controlling him, Mr Mandela said.

"This peace force must be comprised of people committed to peace and security in South Africa"

He would discuss the idea with UN secretary-general Dr Boutros Boutros-Ghali and hoped he would accept and support it

The first day of Mr Mandela's trip to Natal was marred by a scare when the plane in which he flying developed engine trouble — and by the news later that the car of an ANC official

To page 2

# Angola calls on Goldstone

CT 13/3/93

THE Angolan government has appealed to the Goldstone Commission to investigate involvement of alleged South African mercenaries as the SA Police announced yesterday they had opened a docket into mercenaries and mercenary recruiters here.

The SADF has said they are aware of 25 South Africans fighting in Angola.

The Angolan government disputed that the wounded former SADF members, Mr Nico Bosman (earlier named as Basson), Mr Hermanus Ferreira and Mr Geoffrey Lansberg were fighting for the MPLA and said they were Unita mercenaries

The claim has been supported by 32 Battalion founder Colonel Jan Breytenbach.

A former SADF Military Intelligence officer known to the Cape Times has been recruiting mercenaries for Unita

● Unita support claim — Page 2

# SA freight blocked at Heathrow

S Times (Byss) 14/3/93

By CIARAN RYAN

A SOUTH AFRICAN freight forwarding company is boycotting British Airways and Heathrow Airport after 14 freight consignments in transit through Heathrow were held back by British customs officials for inspection.

British customs ordered one consignment to be held in lieu by British Airways at Jan Smuts Airport after erroneously allowing it onward passage to Johannesburg.

Other freight forwarders are expected to join the boycott unless British Customs officials allow in transit goods uninhibited passage to SA.

Most of the consignments were destined for aircraft companies and parastatals, including the Atomic Energy Corporation.

None, however, are believed to have any military application.

Graham May, air freight director with Eagle Freight, says the action by British Customs is unprecedented — even during the sanctions era.

Eagle Freight has instructed its worldwide partners not to use British Airways and to route consignments through third countries such as France and Germany.

## Clarity

“One reason suggested to me for the delays is that there is a surplus of customs officials running around with nothing better to do. This has hap-

pened before, but not on this scale,” says Mr May.

Four of the 14 consignments withheld for inspection by British Customs officials are being handled by Eagle Freight.

“We want clarity on the situation and assurances that this behaviour will stop before we use Heathrow and British Airways.”

One importer contacted, Derek Wilson, confirms that a consignment of spares for satellites had been impounded for a week.

“They demanded all sorts of technical specifications for the consignment. This means that all shipments transiting the UK can be stopped by the authorities there,” says Mr Wilson.

“It is surprising that they have adopted this attitude, because the US — where my consignment originated — is ruthless in monitoring cargo to SA.”

Louis Liebenberg, forwarding executive at Renfreight, says he is aware of consignments being stopped by British Customs officials, but these were generally released after one day.

## Action

“We are still using British Airways and Heathrow,” he says.

Malcolm Freeman, British Airways’ manager in SA, says he is not aware of any boycott of the airline or Heathrow.

“There was one consignment which was held up, and that was released on Friday.”

John Doble, British consul-general in Johannesburg, says, “I only heard about this on Thursday and took immediate action. I am not aware of any others, but will take the necessary action should they be brought to my attention.”

“On the consignment that I was involved with, the requisite documentation was not sent on from the country of origin.”

Mr May claims Britain is treating goods in transit as if they originated in the UK.

“No other country deals with goods in transit this way.”

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# AIRLINES PAMPERING THE FLY BY NIGHTS

ELEGANCE, comfort, convenience and all the gimmicks are the latest fads in executive travel

At more than R12 000 for a first class return ticket to London, compared with about R3 000 for an economy class ticket, you can get pampered, have the staff call you by your first name, have extra centimetres of leg room space, have a spritzer and a hot cloth to refresh your face

SAA even offers video games for executives travelling first class.

British Airways general manager for SA, Malcolm Freeman, says continuous monitoring of customer requirements has shown that business travel preference has shifted dramatically from one of unceasing business drive in the early 80s to a more relaxed attitude

"Today's business travellers are looking for an environment that recognises their individuality and gives more choice of both comfort and space, with the facilities to relax and regenerate"

The key themes are entertainment, greater choice and flexibility, comfort and reducing stress on the ground Stress-reducing perks in-

## By TERRY BETTY 14/3/83

BA has in its first and business class sections personal high-definition seat-back videos. The passenger can choose between eight video channels

## SIMILAR 269

SAA and British Airways, although competitors on the London-Johannesburg route, offer remarkably similar products for almost identical prices

BA's first class flight and SAA's Blue Diamond first class costs R12 363 (at time of going to press)

They both charge R8 616 for their business class flight, called Club World by BA and Gold Class by SAA.

Economy class tickets vary in price between R2 900 and R7 500, depending on the time of travel, booking conditions and regulations, and these are subject to change. Although the two airlines package their products differently, their

goods are remarkably similar

BA has in its first and business class sections personal high-definition seat-back videos. The passenger can choose between eight video channels

This is compared with economy class, where the passenger has to watch whatever is being shown on the big screen

SAA has these video screens in its first class section, but with only six channels. But it is planning to install them soon in their Gold Class section. Apart from the high-tech gadgets, a high priority is placed on the food served.

BA has a new "Well Being in the Air" programme for its first class and Club World passengers aimed at reducing fatigue

A brochure suggests what the passenger should eat and drink during the flight as well as giving tips on exercise and relaxation techniques to prevent fatigue.

It also gives passengers a Comfort Kit consisting of a cold eye compress, a lip balm, face spray and rehydration gel to minimise the effects of dry cabin air

Economy class passengers just get wrinkles and dehydrate.

SAA offers its passengers a choice for all of its six food courses, together with praline and liqueurs.

The two airlines are also competing on the snooze stakes

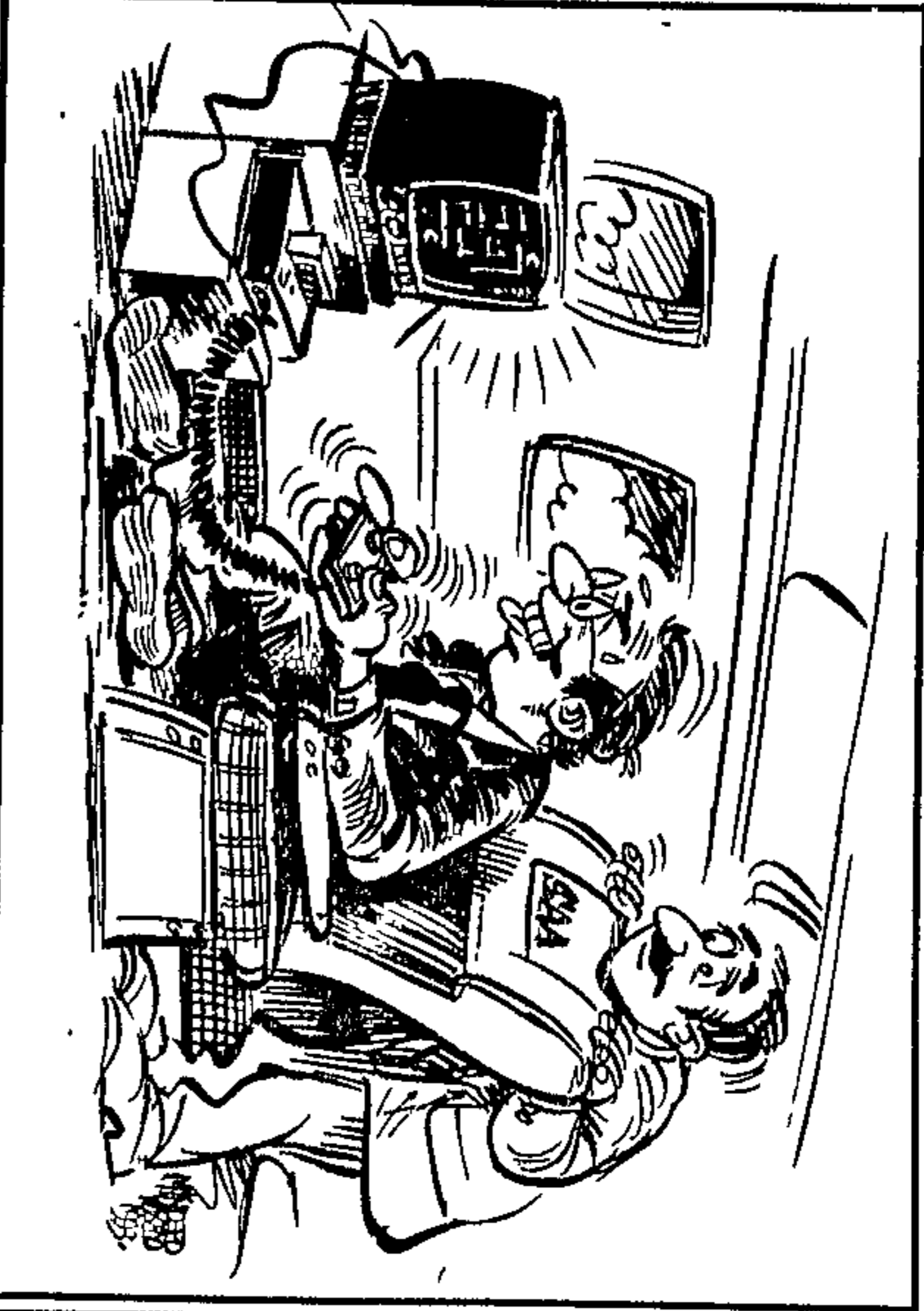
While economy class passengers have to squirm and squash up in their seats, first class passengers get a sleeping kit to make them more comfortable.

## QUALITY

SAA offers an amenity bag, with socks and slumber shades and also gives passengers two pillows and a blanket. BA offers passengers a sleeper-suit and a specially dressed sleeper chair on all long-haul flights that leave after 7pm and are under nine hours' duration

Apart from all the n-k-naks airlines can offer, one of the most important is quality of service and whether it is done willingly and with a smile

This cannot be quantified in a brochure, so the discerning businessman will have to decide on that for himself



# Iata calls for jet fuel price cut

SITimes (Russ) 14/3/93

INTERNATIONAL Air Transport Association (Iata) officials met Mineral and Energy Minister George Bartlett recently to persuade him to drop jet fuel prices in SA, according to Petroleum Intelligence Weekly.

Jet fuel prices in SA are at least 25% higher than European prices. Iata hopes the government will drop prices in an effort to promote air traffic and tourism, says the report

Jet fuel consumption in-

## Business Times Reporter

creased 15% to 22 000 barrels a day in the first few months of 1993, after growth of 11% last year

(269)  
"One major factor propelling jet fuel use at Jan Smuts Airport is the shortage of jet kerosene supplies and even higher prices in many other African countries, which force an increasing number of airlines to maximise their

uplift from SA," says the report

It adds that some airline officials expect a megaboom in tourism next year.

"Increased democratisation of the political system has resulted in a near doubling in the number of airlines servicing routes to SA over the last two years, from 20 in early 1991 to some 40 at present."

New airlines to stop in SA include Brazil's Varig, Dubai's Gulf Air, Egypt Air, West African Air Afrique,

and carriers from Malaysia, Namibia and Madagascar.

Russia's Aeroflot, German Condor, Affretair and carriers from Pakistan and Chad are expected to commence service to SA in the near future

"The economic downturn of the last two years, coupled with an extremely severe drought, has led to a 62% decline in non-scheduled air movements, which last year accounted for about 65% of total air traffic, and now comprise only about 35% "

# R35-m buses ride to nowhere

Star 16/3/93

The Government has over the past three years paid more than R35 million in compensation to a private bus company — despite the fact that the company's buses were not running because of a 10-month boycott.

The company is Bophuthatswana Transport Holdings (BTH), a subsidiary of Bophuthatswana Transport Investments (BTI).

A Star investigation has revealed that Transport Minister Dr Piet Welgemoed and prominent civil servants have either served or still serve on the boards of the BTI group of companies.

The relationship between the officials and BTH has been slammed by former assistant chief auditor Jaap Serfontein as "potentially embarrassing". He conducted

By Jacques Pauw



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ed a three-month investigation into the Department of Transport late last year.

Serfontein found that BTH had, over the past few years, entertained officials from the department and given them gifts including expeditions, liquor and rugby tickets are mentioned.

Welgemoed yesterday confirmed that the Government had paid R35,8 million in compensation to BTH over the past three years.

But, in fact, BTH's buses were not in use because of a boycott (between April 1991 and January 1992) after tariff increases. Welgemoed has, however,

denied that there was any improper relationship between himself and BTH. He said the compensation to BTH was paid according to guidelines drawn up by the Cabinet. These set out exact circumstances and conditions for such payments.

BTH chairman S T Prinsloo said yesterday that because of fuel increases and the reduction of subsidies, the company had to raise its tariffs by up to 40 percent in April 1991. This resulted in a loss of R106 million for BTH.

Prinsloo said to ensure the continuation of mass passenger transport, BTH asked the Government for money.

Democratic Party transport spokesman Robin Carlisle yesterday called for an immediate inquiry into the alleged favouring of BTH and the possible conflict of interests of its directors.

Carlisle said there had been "disquiet" about subsidy payments and compensation for a long time.

He felt that the compensation payment to BTH was "suspect" and should be investigated.

Welgemoed was a director of at least five BTH companies before becoming a Deputy Minister in September 1989, but became chairman of the parliamentary standing committee on transport in 1987.

A former Director-General of Transport, Adrian Eksteen, and former Director-General for Development and Rôux Raath, were appointed directors after leaving the State's service.

A former Deputy Director-General of the Department

● To Page 3

## R35-m Bop bus ride

Star 16/3/93

● From Page 1

ment of Transport, H J Claassens, was made a BTH director while still a civil servant.

Claassens, who in the meantime has resigned his directorship, is now a member of the National Transport Commission (NTC), the statutory body recommending the allocation of bus subsidies.

Claassens is also a paid consultant to the Bophuthatswana government's department of transport, which holds shares in BTH.

According to a Department of Transport memorandum, the payment to BTH was recommended by the NTC and approved by Welgemoed.

Welgemoed said in his comment yesterday that the Cabinet had not yet changed the guidelines.

"These guidelines are followed to the letter by the department and the NTC when recommendations are made to the Minister," he said.

According to Welgemoed, compensation had also been paid to other bus companies, but Ser-



DP spokesman Robin Carlisle... called for an immediate inquiry.

fontein says in his previous reports that only two other companies received nominal compensation. Welgemoed refused to comment on the three officials' relationship with BTH.

Serfontein says that Welgemoed became chairman of the parliamentary standing committee on transport in 1987 — two years before resigning his directorship of BTH. He finds this worrying.

Serfontein severely criticises Claassens for being a BTH director while being the Deputy Director-General of Transport.

Claassens said yesterday he served in his "official" capacity on BTH's board of directors and had the Minister's permission.

He said that at the time officials served on various boards of directors to protect the State's interests.

Claassens said an official also served on Putco's board of directors, but Putco managing director Dr Jack Visser said yesterday that no transport official had served on its board.

Prinsloo said none of the mentioned directors had ever held shares in BTH.

No dividend was paid to any individual and all funds were ploughed back into infrastructure development.

He said BTH, in the normal course of business, handed gifts to officials during the festive season. He confirmed that officials were entertained at a booth at Loftus Versfeld, but denied that the company had a farm where officials had been entertained.

# 'Inactive' bus company given R35-m State aid

~~SA 11/11~~ (269) (409) ARG 16/3/93  
The Argus Correspondent

JOHANNESBURG — The government has paid more than R35 million in compensation to a private bus company over the past three years — despite the fact that the company's buses were not running because of a 10-month boycott.

The company is Bophuthatswana Transport Holdings (BTH), a subsidiary of Bophuthatswana Transport Investments.

An investigation has revealed that Transport Minister Dr Piet Welgemoed and prominent civil servants have either served or still serve on the boards of the BTI group of companies.

The relationship between the officials and BTH has been slammed by former assistant chief auditor Mr Jaap Serfontein as "potentially embarrassing". He conducted a three-month audit investigation into the Department of Transport late last year.

Mr Serfontein found that BTH had, over the past few years, entertained officials from the department and presented them with gifts. Hunting

expeditions, liquor and rugby tickets were also mentioned.

Dr Welgemoed confirmed yesterday that the government had paid R35,8 million in compensation to BTH over the past three years. But, in fact, BTH's buses were not in use because of a passenger boycott (between April 1991 and January 1992) after tariff increases.

But Dr Welgemoed has denied that there was any improper relationship between himself and BTH. He said the compensation to BTH was paid according to guidelines drawn up by the Cabinet. These set out the exact circumstances and conditions for such payments.

BTH chairman Mr S T Prinsloo said yesterday that because of fuel increases and the reduction of subsidies the company had to raise its tariffs by up to 40 percent in April 1991. This resulted in a loss of R106 million for BTH.

Mr Prinsloo said to ensure the continuation of mass passenger transport, BTH requested financial help from the government.

## R35m govt aid to bus firm 'corrupt' — claim

OT 17/3/93  
A R35-MILLION government compensation payment to a private bus company when its buses were idle during a 10-month boycott was further evidence of corruption in the Department of Transport, the DP alleged yesterday.

(269) ( )  
The DP's Mr Robin Carlisle demanded a neutral probe of reports that department officials were on the board of the Bophuthatswana company that received the subsidy. Transport minister Dr Piet Welgemoed said the allegations were "untested".



## Bus subsidies 'approved 29 by Cabinet'

LLOYD COUTTS

SEVERAL bus companies affected by passenger boycotts and violence had received financial assistance from government in terms of strict guidelines determined by the Cabinet, Transport Minister Piet Welgemoed said yesterday.

Welgemoed was responding to a newspaper report yesterday which said government had paid out R35,8m in compensation to Bophuthatswana Transport Holdings (BTH) — of which he is a former director — in the past three years.

He said the subsidy was aimed at keeping public bus transport operational during difficult trading conditions. B/DAY

He said the subsidies were determined by external auditors who made recommendations to the National Transport Commission. 17/3/93

Welgemoed said he was a director of BTH from June 1985 until September 1989.

The DP charged yesterday the R35,8m paid to BTH was further evidence of maladministration and corruption in the Transport Department, our political staff reports.

DP Transport spokesman Robin Carlisle called for an independent investigation into reports that public servants were serving on the board of Bophuthatswana Transport Investments which serves as the BTH parent company.

Sapa reports BTH yesterday declined to comment, saying the matter had been referred to its lawyers.

Star 18/2/93

## Approval for transport reforms

There has been qualified approval for the decision to devolve commuter transport to Regional Services Councils and to channel a fuel levy of 1c for every litre of petrol and diesel sold to the RSCs in order to fund this new responsibility. The decision to decentralise transport planning was announced in the Budget Review yesterday.

Johannesburg councillor Paul Asherson, who heads the transport committee of the Central Wits RSC, welcomed the announcement that RSCs would have an independent source of revenue for transport. — Political Staff.

Star 18/2/93  
**Approval for transport reforms**

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The decision to decentralise transport plan-

# Minister defends subsidy system

Star 18/8/93

**T**RANSPORT Minister Piet Welgemoed has twice in the past month issued public statements in reaction to articles in The Star about the administration of his department.

The latest one was issued on Tuesday after it was revealed that more than R35 million had been paid to a private bus company whose vehicles had not run for 10 months because of a passenger boycott.

He admitted the accuracy of this figure but claimed there was nothing untoward about this payment and that the Government's subsidy system operated in a manner above reproach.

The subsidy is basically intended to recompense companies for the passengers they carry.

But, said Welgemoed, several companies which claimed subsidies on the basis of passenger boycotts or violence were helped.

"It is important that their services should continue in the interests of workers/commuters, employers and the economy of a region."

A Star investigation has revealed that Welgemoed and prominent civil servants have either served or still serve on the boards of the Bophuthatswana Transport Investments (BTI) group of companies, including Bophuthatswana Transport Holdings (BTH).

The relationship between the officials and BTH has been slammed by former assistant chief auditor Jaap Serfontein as "potentially embarrassing". He conducted a three-month audit investigation into the Department of Transport late last year.

Welgemoed has denied the suggestion of an improper relationship between BTH, himself and the officials named. He was a director of at least five BTH companies before becoming a Deputy Minister in September 1989, but became chairman of the parliamentary standing committee on transport in 1987.

The officials named are a former Director-General of Transport, Adriaan Eksteen,

Transport Minister Piet Welgemoed (right) has again taken issue with The Star on its reporting of allegations of corruption in his department and the question of compensation for a private bus company.

JACQUES PAUW analyses what the Minister says and what the paper has reported.



and a former Director-General of Development Aid, Roux Raath, who were appointed directors of BTH after leaving the State's service.

A former Deputy Director-General of the Department of Transport, H J Claassens, was appointed a director of BTH while still a civil servant.

Claassens, who in the meantime has resigned his directorship, is now a member of the National Transport Commission (NTC), the statutory body recommending the allocation of bus subsidies.

Claassens is also a paid consultant to the Bophuthatswana government's department of transport, which holds shares in BTH. The company pays his fee.

Welgemoed said on Tuesday that Claassens had been a BTH director from November 11 1986 until April 1 1989.

He had been nominated by the Government as a director of the former Economic De-

velopment Corporation. When in 1986 the SA Economic Development Corporation transferred the shares of BTI to the development corporation of the Bophuthatswana government, the SA Transport Department was requested to nominate a director for the BTI board. (269)

Welgemoed said that both Claassens's nomination as a BTI director and the termination of this office took place before he (Welgemoed) took office as Minister of Transport.

According to a Department of Transport memorandum, the payment of compensation to BTH was recommended by the NTC and approved by Welgemoed.

He is believed to have said "this must come to an end at some date".

In his statement on Tuesday night, Welgemoed said: "With reference to allegations that I, as a member of the parliamen-

tary standing committee on transport, could improperly influence its decisions on subsidies, (I must point out) that the committee does not deal with departmental finances and can, therefore, not approve subsidies or payments to any person or company.

"The analysing and evaluation of subsidies are done in conjunction with external auditors. This evaluated information is then presented to the National Transport Commission... which decides how much subsidy passengers should receive.

"After this, the NTC makes a finding which is presented to the Department of Transport's director-general, who then presents it to the Minister."

Welgemoed pointed out on Tuesday that — as was the case during his press conference on February 12 — there was still no audited report from the Auditor-General about the alleged irregularities in the Department of Transport.

"I am thus compelled to react to untested allegations and insinuation. Nonetheless, both the State President and myself requested the Auditor-General some weeks ago to expedite as a matter of urgency his investigation of the department, so that we may deal with the facts.

Yet, Welgemoed, in spite of not having the facts, has accused The Star of distortion and/or misrepresentation.

In his official comment to The Star last week, in advance of publication of the article on bus subsidies, he said "May we kindly request a copy of the reports by Mr Serfontein from which you quoted extensively and which have not been made available to me or my department".

In spite of the complaints about The Star's articles, Welgemoed has

● Agreed that the Government has paid R35,8 million in compensation to BTH over the past three years for a service that was not running.

● Confirmed the directorships or former directorships of

civil servants in BTH companies.

● Confirmed that the National Transport Commission, of which Claassens is a member, decides on the subsidies.

● Confirmed that these decisions are presented to the director-general of the Department of Transport, who presents them to the minister (Welgemoed).

● Confirmed that since he became Minister of Transport (in August 1991), he had prompted more than 20 investigations into *knelpunte* (bottlenecks) which he identified in the department.

"These were intended to identify irregularities, to evaluate systems, bring about improvements etc."

Further, the acting director of the Multilateral Vehicle Accidents Fund (MMF), which is administered by Welgemoed's department, has admitted the accuracy of an article in The Star on February 26.

It revealed that negligence by MMF personnel cost taxpayers millions of rands. They failed to spot that the surety of President Insurance, whose affairs were wound up in November, had lapsed last April.

The official, Willem Swane-poel, said that the MMF had paid R3,3 million to President Insurance for handling 6 500 unsettled claims.

The fund had now instituted a claim for nearly R4 million against President's insolvent estate in an effort to get its money back.

Also, the National Party MP for Germiston, Derek Christophers, who is a member of the standing committee on transport, has talked about a meeting which he had with Welgemoed, Auditor-General Henry Cluver and three legal advisers about an investigation of the MMF. He described the meeting as "highly unsatisfactory".

"They treated me like a puppy and said it was okay as they know what is going on, everything is under control, I don't have to concern myself about it. These guys are following a strange path." □

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REPUBLIC OF SOUTH AFRICA

# GOVERNMENT GAZETTE

269

## STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

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Vol 333  
CAPE TOWN, 19 MARCH 1993  
KAAPSTAD, 19 MAART 1993

STATE PRESIDENT'S OFFICE	KANTOOR VAN DIE STAATSPRE
No 452. 19 March 1993	No 452. 19 March 1993

It is hereby notified that the State President has assented to the following Act which is hereby published for general information.—

No 27 of 1993: Transport Services Unappropriated Expenditure Act, 1993

Herby word bekend gemaak dat die State President se goedkeuring gegee het aan die onderstaande Wet op Onbepaalde Uitvoerdienste, 1993.

# WET

Tot goedkeuring van sekere uitgawe deur die Suid-Afrikaanse Vervoerdienste aangegaan gedurende die boekjaar wat op 31 Maart 1990 geëindig het.

*(Engelse teks deur die Staatspresident geteken )  
(Goedgekeur op 11 Maart 1993 )*

**D**AAR WORD BEPAAL deur die Staatspresident en die Parlement van die Republiek van Suid-Afrika, soos volg —

## Goedkeuring van sekere uitgawe

1. Goedkeuring word hierby verleen vir die uitgawe ten bedrae van  
5 R703 620 832,57 ten opsigte van die boekjaar wat op 31 Maart 1990 geëindig het  
en waarvoor daar nie in die Vervoerdienstebegrotingswet, 1989 (Wet No 28 van  
1989), of die Addisionele Vervoerdienstebegrotingswet, 1990 (Wet No 4 van  
1990), voorsiening gemaak is nie. Sodanige uitgawe word nader omskryf in  
10 paragrawe 4(3) en 5(1) op bladsy 7 van die Verslag van die Ouditeur-generaal  
oor die Rekenings van die Suid-Afrikaanse Vervoerdienste vir die boekjaar wat  
op 31 Maart 1990 geëindig het.

## Goedkeuring van sekere verdere uitgawe

2. Benewens die uitgawe gemeld in artikel 1 word goedkeuring verleen vir  
uitgawe ten bedrae van R265 656,74 ten opsigte van die boekjaar wat op  
15 31 Maart 1990 geëindig het en waarvoor daar nie in die Vervoerdienstebegrotings-  
wet, 1989 (Wet No 28 van 1989), of die Addisionele Vervoerdienstebegrotings-  
wet, 1990 (Wet No 4 van 1990), voorsiening gemaak is nie. Sodanige uitgawe  
word nader omskryf in paragraaf 5(2) op bladsy 7 van die Verslag van die  
Ouditeur-generaal oor die Rekenings van die Suid-Afrikaanse Vervoerdienste  
20 vir die boekjaar wat op 31 Maart 1990 geëindig het.

## Kort titel

3. Hierdie Wet heet die Wet op Onbewilligde Uitgawe vir Vervoerdienste,  
1993

# ACT

To approve certain expenditure incurred by the South African Transport Services during the financial year ended 31 March 1990.

269

*(English text signed by the State President )  
(Assented to 11 March 1993 )*

**B**E IT ENACTED by the State President and the Parliament of the Republic of South Africa, as follows —

### Approval of certain expenditure

1. Approval is hereby granted for the expenditure in the amount of R703 620 832,57 for the financial year which ended on 31 March 1990 and for which no provision was made in the Transport Services Appropriation Act, 1989 (Act No 28 of 1989), or the Transport Services Additional Appropriation Act, 1990 (Act No 4 of 1990) Such expenditure is more particularly specified in paragraphs 4(3) and 5(1) on page 7 of the Report of the Auditor-General on the Accounts of the South African Transport Services for the financial year which ended on 31 March 1990

### Approval of certain further expenditure

2. Apart from the expenditure referred to in section 1, approval is hereby granted for the expenditure in the amount of R265 656,74 for the financial year which ended on 31 March 1990 and for which no provision was made in the Transport Services Appropriation Act, 1989 (Act No 28 of 1989), or the Transport Services Additional Appropriation Act, 1990 (Act No 4 of 1990) Such expenditure is more particularly specified in paragraph 5(2) on page 7 of the Report of the Auditor-General on the Accounts of the South African Transport Services for the financial year which ended on 31 March 1990

### Short title

3. This Act shall be called the Transport Services Unappropriated Expenditure Act, 1993

THEY WANT THE MONEY BOUND.

## 'Too early' for <sup>(219)</sup> back-seat belts

MAKING back-seat passengers wear seat-belts would be "premature", says the Department of Transport. **APR 19/3/93**

More publicity about the proposal was needed, the department told the United Municipal Executive in a letter.

The executive wanted the government to make it compulsory for passengers to wear rear seat-belts where fitted. — Municipal Reporter.



TRANSPORT

FM 19/3/93

## No bonanza

(269)

**Transport** Director-General Skippie Scheepers wishes the 61% increase in his department's R3,2bn allocation is his to use at his discretion. But it isn't. Because there is no department for the post office, his department is being used as a conduit for R500m allocated to it. And R700m is an extra subsidy for the SA Rail Commuter Corp — necessitated by its continuing loss of patronage, spurred by violence on trains, to black taxis.

When those two amounts, totalling

*Continued on page 29*

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FM 19/3/93

(269)

*Continued from page 26*

R1,2bn, are deducted, this year's allocation is R2bn — in nominal terms the same as last year's R1,998bn. So it is down in real terms.

Scheepers's comment on the R523m allocation to roads, also the same as last year's in nominal terms, is. "*Ons boer agteruit*" (We're losing ground).

This saddens André Jacobs, executive director of the National Association of Transport Operators, whose members (who move their own products) own more trucks and transport more goods than professional hauliers

"People don't understand that an investment in transport infrastructure is a precursor to economic growth. If we could get enough to strengthen bridges on main roads, we could increase axle loads, which would reduce the unit cost of road transport."

PWV motorists and road hauliers might have to absorb additional transport costs of 0,7c/l for petrol and 1,3c/l for diesel fuel on April 1 when Petronet, Transnet's fuel pipeline company, and Spoornet, its rail transport company, increase their tariffs.

Transnet says these should have been raised on January 1.

# 49 W Cape rail stations close

By ANTHONY JOHNSON  
Political Correspondent

269

CT 19/3/93  
March 12 this year Another four stations had been earmarked for closure

AN average of one railway station has been closing down in the Western Cape every month for the past four years, the Minister of Public Enterprises, Dr D de Villiers, disclosed yesterday

He said Transnet figures showed 49 stations were closed between January 1, 1989 and

In reply to a question from Mr Jannie Momberg (ANC Simon's Town), Dr De Villiers said the affected stations were.

Berg River, Bonnevale, Bot River, Bredasdorp, Calvina, Carnavon, Dal Josophat, Darling, De Doorns, De Hoek, Eendekuil, Elgin, Fisantekraal, French Hoek, Gouda, Goudini Road,

Graafwater, Groot-Drakenstein, Heidelberg, Hermanus, Hermon, Het Kruis, Hopefield, Hutchison, Kalbaskraal, Klawer, Klipdale, Klipheuwel, Ladismith, Langebaan Road, Langeheid, Leeu-Gamka, Lutzville, Malmesbury, Montagu, Napier, Nelspoort, Nuy, Orchard, Paarl, Porterville, Prince Albert, Prince Alfred Hamlet, Riebeeck West, Saldanha, Sandberg, Simondium, Touws River, Tulbach Road, Victoria West, Villiersdorp, Wellington and Williston.

# Local postmen may go

Staff Reporter

269

CT 19/3/93

POSTMEN braving aggressive dogs and enduring extremes in the weather to hand-deliver post to suburban homes may soon become a thing of the past if plans currently being studied by the post office are implemented

Post office managing director Mr Hennie Diedericks said yesterday that

the post office is studying plans which could result in the construction of central "clusters" of post office boxes from which suburban families could collect their own post.

This, he said, would make home deliveries unnecessary.

Western Cape post office spokesman Mr Shawn Bell confirmed that the plan could come into effect in the next two to three years

## Govt slated on accounts

### Political Staff

THE government and various departments have been strongly criticised by the all-party Joint Committee on Public Accounts for the lack of control

The committee, whose latest report was tabled in Parliament yesterday, unanimously expressed "concern" about various administrative deficiencies, which had previously been reported by the Auditor-General

In particular, it criticised deficient overall management and control of the Multilateral Motor Vehicle Accidents Fund, its improper planning, serious procedural shortcomings and its poor financial statements

et 19/3/93  
The committee said it had noted the steps taken to rectify the fund's deficiencies and shortcomings but it remained concerned about "the progressive weakening financial position of the fund".

# New locomotive has good export potential



The first of the 50 class 38 locos handed over to Spoor-net.

By Derek Tommey

269

STAR 19/3/93

Siemens and its South African partners, Union Carriage and Wagon, are investigating export markets for the new "state of the art" Class 38 locomotive which they are supplying to Spoornet.

These locomotives are "electric/diesel electric" and are capable of operating on both electrified and non-electrified track. They are also competitive in price with locomotives of similar quality made elsewhere in the world.

The export possibility was announced by Rainer Stubenrauch, head of Siemens' main line rolling stock division at a function yesterday at which four of the 50 Class 38 locomotives on order were handed over to Spoornet. The Spoornet contract is worth about R250 million.

Siemens is one of the world leader's in electric locomotive technology. Stubenrauch said that only this week his division, in cooperation with its American partners, General Motors, had secured an order for 350 diesel electric locomotives from the Burlington Northern railway system.

Stubenrauch said that South African could produce high quality locomotive parts at 60 per cent of what they would cost in Europe and other parts of the world.

Siemens was seriously investigating the sale of the locomotives to South Asian countries.

Siemens and Union Carriage have additional orders from other organisations in South Africa for the Class 38 locomotive, and was using these orders as references in seeking further business in these other countries.

B Bingham of Union Carriage and Wagon, which is based at Nigel, said that the lifting of sanctions against South Africa had opened many markets for South African-made rolling stock. His company would like to export about R100 million of equipment a year.

However, he warned that South Africa could face competition from countries producing lower-priced and less technically advanced equipment. The cost of finance to the purchaser could also be a major consideration.

The Class 38 locomotives will lead to the ending of steam traction in Spoornet's commercial operations. Switching to three phase AC drive-system has resulted in better utilisation of available adhesion than from DC drives.

Other benefits include better energy utilisation, lower sprung mass on rails for the same installed power, less maintenance and better availability.

## Roads 'neglected' by Budget

THE South African Bitumen and Tar Association has attacked the Budget for the low allocation to the country's crumbling road network, which has a backlog of more than R20 billion.

Executive director Mr Piet Myburgh emphasised that the association and other interest groups had argued for years that the public would be prepared to accept a taxation directed towards the upkeep of roads which, as in the United States, Switzerland and elsewhere, could be collected specifically from fuel levies.

"South Africa's economic health needs more than the milch-cow tax increases on South Africa's traditional whipping boys — motorists and hauliers," he said.

"These increases must cause damage to the economy by exerting significant upward pressure on an inflation rate which was being brought, at last, under some semblance of control.

"The funds allocated in the last Budget to roads — just over R2 billion — constituted less than half the necessary expenditure required on rural roads alone."

Provincial authorities reported that

existing funds did not even satisfy maintenance needs, let alone any new construction.

"We welcome, however, the minister's commitment to socio-economic rehabilitation in areas such as education, housing and the provision of employment.

"But once again, South Africa's roads, the arteries to link those sectors to the economy, have been neglected, and yet motorists are paying more tax than before."

If Finance Minister Mr Derek Keys was serious about kick-starting the economy, he simply had to address the poor health of the country's fundamental infrastructure.

The association was supported in this view by the authoritative voices of international aid agencies, and the experience of Eastern Europe and developing countries in southern Africa.

"Congested and deteriorating roads are sadly becoming a familiar sight on our neglected R100 billion road network, which may affect the prospects for economic recovery as severely as the drought, international recession and the unsatisfactory US dollar gold price." — Sapa

269 ARG 20/3/73

## R500 m urgently needed to keep roads up to scratch

Municipal Reporter (269) ARG 20/3/93

THERE is a R500 million shortfall in funds for road maintenance countrywide.

Small, rural local authorities are expected to be hard-hit because provincial administrations will be unable to maintain provincial and district road networks.

The Cape Province Municipal Association warned it was a "very expensive process" to allow roads to decline and then repair them.

The long country roads in the Cape were the life-blood of rural areas and if they were allowed to deteriorate, isolation and economic devastation would result.

The United Municipal Executive resolved yesterday to ask the government to give urgent attention to the crisis. A dedicated road fund should be set up, they said.

# Mandela to get final bill demand

CT 20/3/93 (269)  
Own Correspondent

**DURBAN.** — Telkom will next week send ANC president Mr Nelson Mandela a final demand for a R23 000 telephone bill, even though he denied responsibility for the account run up by his estranged wife, Winnie.

Telkom spokesman Mr Gert Schoeman yesterday said the account consisted of metered telephone calls worth just over R19 000 and more than R4 000 for a telephone switchboard still in Mrs Mandela's home in Soweto.

The account is in Mr Mandela's name although he has not lived in the house since the couple separated last year.

Guards employed by Mrs Mandela refused Telkom technicians access to remove the equipment this week.

If Mr Mandela does not respond to the demand, legal action could follow.



# Transnet is off

## the dividend

S/Times (Bus) 21/3/93

269

# rails - yet again

GOVERNMENT has

or given loss-making Transnet its R500-million annual "dividend" for the second year in a row. It will get the money from taxpayers instead

The dividend was to have been used to fund the SA Rail Commuter Corporation (SARCC), which was split from Transnet in 1991. Transnet traditionally cross-subsidised SARCC, which is 25% self-funded

SARCC ran up debts of R1,7-billion, more than half of it because of Transnet's inability to pay interest charges on this amount are R280-million a year

SARCC will receive R1,18-billion this fiscal year to cover operational spending - nearly R600-million more than in the 1992 Budget. In February this year, just prior to the end of the 1992 fiscal year, SARCC received further R620-million from government because of Transnet's inability to pay

By CIARAN RYAN

dividends and rising interest costs SARCC's 1993 budgetary allocation increased just 1,6%

SARCC will receive a further R250-million to cover its capital budget, down from 1992's R290-million, to be financed from borrowings

"This is a very tight budget for us," says SARCC managing director Wynand Burger. "We will have to cut costs and increase self-generated revenue. Fortunately, there are encouraging signs that passenger volumes on the trains are picking up, thanks to the reduced incidence of violence."

### Funding

Both Transnet and SARCC were commercialised in 1991, but SARCC will continue to require large-scale government subsidisation in order to keep train fares low.

Mr Burger says SARCC aims to gradually increase self-generated income to current world standards of around 50% of total funding

requirements

"This year we expect to get R336-million from fares, compared with R300-million last year. We have not had a fare increase for 15 months and we will have to make an announcement in due course."

He says the government intends to take long-term liabilities of R1,7-billion off SARCC's books, which will leave SARCC almost unencumbered and will reduce its annual funding requirement by some R280-million

Another R143-million is needed this year to cover the shortfall on the pension fund which SARCC inherited from Transnet because 11 500 Transnet workers are employed to carry out work on behalf of SARCC.

Most of SARCC's capital budget will be spent on improving security measures on trains and at 450 stations in the four main urban centres

SARCC had recovered more than half the R260-million invested in the liquidated Cape Investment Bank - although it is unlikely to recover the full amount



WYNAND BURGER - 'a very tight budget for us'

# SAP seized

## corruption

### evidence

S Times 21/3/93

269

POLICE who raided the home of an auditor this week seized notebooks and documents relating to more than 40 cases of alleged corruption in the Department of Transport

Auditor Jaap Serfontein, who claimed a superior once told him to "be an auditor, not a policeman", said police had confiscated all the information he had gleaned in preliminary investigations into the corruption cases.

The raid on his home in Capital Park, Pretoria, took place last Monday and was followed by raids on Sunday Times reporter De Wet Potgieter's home in Verwoerdburg, M-Net's Carte Blanche studios and the offices of the Star newspaper. No documents were found in Mr Potgieter's house.

This week Mr Serfontein alleged that Dr Bertie Loots, the deputy auditor-general, had once warned him to "stop playing policeman"

At the time he had been investigating massive corruption in the now defunct Department of Develop-

By DE WET POTGIETER

ment Aid and widespread irregularities in administration of the multi-billion Multilateral Motor Vehicle Fund.

However, Mr Loots said on Friday he could not recall using those words to Mr Serfontein, but did remember telling him that "we were to act in a professional and objective manner at all times"

This weekend, Mr Serfontein said he was not at liberty to divulge details of his investigation. He had handed his preliminary findings to Mr ML van der Westhuizen in the Auditor-General's office in Pretoria when he retired at the end of November.

However, other sources said that among matters being investigated were the running of Tolcon and Tolway, the two private companies that run South Africa's toll roads.

The probe centred on allegations that no proper records were kept to account for a monthly pay-

□ To Page 2

# Top auditor's home raided

□ From Page 1

ment of between R5-million and R7-million to the companies by the Transport Department

A separate investigation was being conducted into land — worth hundreds of millions of rands — expropriated for the purpose of building roads. Vast tracts of this land were apparently being leased to farmers at rates well below the market value

A third investigation probed the alleged squandering of millions of rands paid to private consultants appointed by the Department of Transport

Auditor-General Henry Kluever confirmed this week that Mr Serfontein had carried out "certain preliminary investigations

commission was appointed to look into the irregularities in the DDA and the Melamet commission to probe the bankrupt MMF.

Mr Serfontein said the MMF investigation was launched after a secret meeting on a Saturday morning, attended by himself, former auditor-general Peter Wronsley, Dr Loots, Gunther Withoff and the director-general of transport, Ronnie Meyer, and his former deputy, Boy Claassen.

Shortly afterwards, in October 1991, Mr Wronsley and Mr Serfontein informed Transport Minister Piet Welgemoed about their findings

"Dr Welgemoed suggested a meeting with President FW de Klerk, in the hope of getting a commission of inquiry appointed

"A meeting was set up at Zwartkop Air Force Base when Mr de Klerk flew to Pretoria for Mr Louis le Grange's funeral on October 29."

During the 30-minute meeting, Mr de Klerk instructed Dr Welgemoed to put the appointment of a judicial inquiry on the agenda for a caucus meeting the following week, Mr Serfontein said.

But despite his role in getting the Melamet commission appointed, Mr Serfontein was barred from

the proceedings after a tape of conversations between him and a private investigator were produced by lawyers representing Santam.

It later transpired that telephones in the auditor-general's Johannesburg office and at Mr Serfontein's home had been tapped.

As a result of this disclosure, Mr Serfontein said, there were "serious confrontations" between him and Dr Loots.

"He sent me an official letter barring me from talking to certain people and relieving me of my duties at the Melamet commission immediately."

# Set times for postal deliveries

CT 22/3/93

269

## Staff Reporter

THE Post Office will, for the first time, introduce standardised mail delivery times from next month.

Post Office managing director Mr. Hennie Diedericks said in a statement yesterday that standards would improve as the new delivery system was "refined".

Mr Diedericks said the business sector and individual mail users would benefit from the system.

From April 1, delivery times for standard mail are identified as:

- Two days in the same city or town;
- Four days in the same province;
- Four days between major centres in different provinces, and

- Five days between cities and towns in different provinces

An additional day will be added for non-standard postal articles, and two days for parcels and registered or insured post.

The statement said independent contractors would be appointed to monitor the new system and produce quarterly reports, but a Post Office spokesman said yesterday a decision on the contractors had not yet been finalised.

An announcement on that appointment could be expected "soon", he said.

The Post Office has invited mail users to comment on the progress of the new system by writing to PO Box 9900, Pretoria 0001.

metro

# Jo'burg plans Star 23/3/93 supergrid for buses, taxis

Staff Reporter

The Johannesburg City Council is planning a Central Business District (CBD) public transport supergrid to separate public and private vehicles.

Planning executive director Ian Symon said this was one of the council's projects to ensure that the minibus taxi industry "operates smoothly side-by-side with other commuter transport".

A light rail system in the CBD is also being planned to improve inner-city mobility.

An outer-box road network will be exclusively for public transport, using Plein, Delters and Main streets and the south-west busway, linking major termini on the outskirts of the central area.

The box will link up with north-south and east-west streets in a one-way coupling system, using Pritchard-President and Joubert-Von Brandis streets.

"Private vehicles will be confined to a network of streets not used by public transport, and will only be able to exit this network to use parking facilities," said Symon.

SA Taxi Drivers' Union president Norman Prince said his organisation had not yet been consulted about the plan

"It is imperative that all parties be involved in the discussions, otherwise it will create a volatile situation as we had in the past," said Prince.

● Applications for an extra 18 ranks for minibus taxis were being processed to supplement the 51 in the city, said Symon. Several projects had also been launched to provide more off-street minibus facilities, and reconstruction of the Noord Street terminus, due for completion this month, would provide parking for 80 minibuses.

"The council is drawing up a development brief to interest the private sector in redeveloping the area around the Jack Mincer parking garage which will become a taxi terminus," Symon said.

There were also plans to redevelop Westgate terminus. Building was expected to start before the end of the year.

He said traffic engineering projects recently completed had sharply reduced the accident rate on the Pat Mbatha public transportway to Soweto

The transportway was a key part of the Soweto-CBD link which would feed into the proposed R173 million transport and commercial centre at the intersection of Sauer and Bree streets, Symon said.

The centre would serve about 100 000 commuters, 8 000 minibuses and 1 600 buses daily.

# Air deal irks travel agents

STAR 23/3/93

By John Miller

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Some travel agents have complained that a recent deal between SA Airways and Saudi Air on charter flights to the Saudi Arabian city of Jeddah has put a stranglehold on the route.

During the next two months, the airlines will each operate nine direct charter flights between South Africa and Jeddah. The fares to Jeddah range between R3 000 and R3 500 — up to almost R1 000 more than other airlines charge.

Jeddah is a popular destination for South African Muslims.

The complaints follow a deal between SAA and Saudi Air. The deal, made by a Saudi royal decree, according to SAA spokesman Anelda Reinecke, is that only the two carriers will be allowed to transport passengers from South Africa to Jeddah.

Travel agents have said it

is almost impossible to arrange visas for passengers wanting to fly on other airlines, while those flying SAA or Saudi Air experience no problems.

Reinecke rejected the allegations and denied SAA's fares were steep.

One travel agent said passengers were unable to fly with other airlines because it was almost impossible to obtain visas.

Jane Salta, manager of Gulf Air, believed people should have a choice.

"If someone offers a cheaper fare, passengers should be able to take advantage of it"

Gulf Air offers flights to Jeddah via Abu Dhabi while Flitestar flies as far as Bahrain.

Both these airlines offer cheaper fares, but because of the deal between SAA and Saudi Air they are unable to transport passengers bound for Jeddah.

# IFP opts for single constituency elections

Star 23/3/93

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Own Correspondent

ULUNDI — The IFP has staked its faith in the existing single individual constituency electoral system for the upcoming elections, and has rejected all forms of proportional representation as favoured by the National Party and the ANC.

Inkatha Freedom Party president Dr Mangosuthu Buthelezi told the KwaZulu Legislative Assembly yesterday that it demanded a single constituency system where anybody could run for office "without the control or approval of national parties and organisations".

It wanted people and their interests to be represented — not their "affiliation to vague concepts"

"We want to ensure that



Dr Buthelezi... rejects proportional representation

political representatives are elected through the electoral process rather than witnessing elections which for all practical purposes elect political parties which in turn allocate their votes to the individuals they have previously chosen," Buthelezi said.

The IFP believed that the chosen system of representation should operate at all levels from the county or region (within a state) to the election of the legislature at the federal level, he said.

"If we intend to represent the differences of interests and beliefs among the population and encourage local representation... then the system to be chosen will be the single individual constituency. The US offers a good example of such a system."

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WANT TO LEARN TO FLY?

metro

Star 24/3/93

# Train commuters face increase

Staff Reporters  
and Own Correspondent

Train commuters will have to brace themselves for a rail-fare increase of 9,75 percent from April 1, largely to offset the R140 million it cost last year to counter train violence.

South African Rail Commuter Corporation (SARCC) managing director Wynand Burger made the announcement yesterday, saying it was the first such increase in 15 months. Another R146 million had been put aside to upgrade security on trains for this

year, he said.

"Our main intention is to make it as difficult as possible for criminals and thugs to operate anywhere on our property," he said.

Consumer groups have reacted with mixed feelings to the rise in fares.

Consumer Union vice-chairman Aletta Geldenhuys said the increase came at an "unfortunate time", following hot on the heels of the Budget's 4 percent rise in VAT.

"We understand the need for this sort of service to make ends meet and the need for security, but (the increase) does come at a rather insensitive time," she said.

Consumer Council executive

director Jan Cronje welcomed the tighter measures to make rail travel safer.

"This increase must be weighed up against the high cost of train violence and of measures to combat it," he said.

Democratic Party transport spokesman Robin Carlisle welcomed Transport Minister Dr Piet Welgemoed's "eventual" decision to come to grips with train violence, but said there was still a "long way to go". "It's also a pity that he has chosen to target the black consumer to shoulder a high proportion of the burden. Most of them are after all a captive market with no chance of using alternative transport," he said.

Burger said the highest fare increase would be for journeys over four kilometres.

Part of the increase would help fund security systems as well as upgrading stations. The SARCC planned to have 900 of its own Railguard security personnel trained and operational by the end of March next year.

Burger said even with the latest increases, train fares would still be between 50 and 60 percent cheaper than buses and a third of taxi fares over the same distances.

Season tickets will increase by between 7,5 to slightly under 12 percent. Burger said the bulk of commuters would pay less than 10 percent more.

(269)

# Security promise as train fares increase

Staff Reporter <sup>(269)</sup>  
and The Argus Correspondent

TRAIN commuters will have to brace themselves for a fare increase of nearly 10 percent next week, largely to pay for measures to counter train violence which cost R140 million last year.

Rail Commuter Corporation managing director Mr Wynand Burger said upgrading security on trains would cost a further R146 million this year.

"Our intention is to make it as difficult as possible for criminals and thugs to operate anywhere on our property," he said. ARG 24/3/93

Part of the fare increase would help fund security systems and station upgrading.

The corporation planned to have 900 of its own Railguard security personnel trained and operational by the end of March next year.

He said the average increase was 9,75 percent which meant about 10c more for every rand of fare.

Season tickets would increase by between 7,5 percent to slightly under 12 percent.

Mr Burger said the increase would be less than 10 percent

for most commuters.

The highest increase would be for journeys under 4km.

Even with the increases, train fares would be between 50 and 60 percent cheaper than buses and a third of taxi fares over the same distances.

Consumer Union vice-chairman Ms Aletta Geldenhuis said the increase came at an "unfortunate time" when VAT was about to go up four percent.

Consumer Council executive director Mr Jan Cronje welcomed the tighter measures to make rail travel safer.

"This increase must be weighed up against the high cost of train violence and measures to combat it," he said.

Democratic Party transport spokesman Mr Robin Carlisle welcomed Transport Minister Mr Piet Welgemoed's "eventual" decision to come to grips with train violence, but said there was still a "long way to go".

"It's also a pity that he has chosen to target the black consumer to shoulder a high proportion of the burden. Most of them are, after all, a captive market with no chance of using alternative transport," he said.

# Train fares to increase by 9,75%

Own Correspondent  
**JOHANNESBURG.** — The SA Rail Commuter Corporation (SARCC) will increase suburban rail fares by an average 9,75% from April 1, managing director Mr. Wyn- and Burger announced yesterday.

He said the increase would raise the corporation's income for the 1993/94 financial year by R25 million to R336m. R146m will be spent on safety measures in the 1993/94 financial year, he said.

He assured commuters there would be no further fare increases this year.

According to Cape Times' calculations, a return ticket from the city to Claremont will cost R4,39 after April 1, 39c more than a mini-bus taxi and 59c more than the bus fare for the same trip.

A return ticket to Khayelitsha by train will cost R10,97, R5,57 more than a mini-bus taxi fare and 3c cheaper than the bus.



**NO NEW MOON** Hundreds of Muslims gathered at Three Anchor Bay last night to witness the new moon, which would herald the end of the fasting month of Ramadan. As they could catch no sight of it, followers will celebrate Eid tomorrow.

Picture: ALAN TAYLOR

# Secret 'retribution unit' formed

**VENTERSDORP.** — A group of AWB militants, including police and SADF personnel, have formed an underground unit to launch reprisal attacks for the murder of white civilians, according to a document "delivered by hand" to AWB leader Mr Eugene Terre-Blanche.

Mr Terre-Blanche said yesterday he and his general staff were not responsible for the formation of the "retribution unit" and would not accept responsibility for its actions.

The Law and Order Ministry yesterday warned of strong action against those taking the law into their own hands.

"Retribution attacks will be carried out and the liaison officials of the unit will inform the media when such actions are launched. All the unit's members were familiar with guerilla warfare and "flushing out terrorists".

# Security TV bares sexploits

By GLYNIS UNDERHILL  
**A CLOSED-circuit television at Groote Schuur Hospital captured the steamy sexploits of an assistant nurse and a worker for 40 minutes in a deserted corridor.**

The couple were unaware they were being recorded on television and watched live by security guards who are believed to have made their presence known only at the end of the steamy saga.

The assistant nurse faces a disciplinary committee but the hospital authorities would reveal the worker's fate. The assistant nurse said she relieved her stress in this manner.



# Train fares

## go up nearly

## 10 percent <sup>Sowetan 24/3/93</sup> (269)

### ■ Commuters hit below the belt:

THOUSANDS of black commuters will be hard-hit when train fares on all suburban trains increase by an average of 9,75 percent from April 1.

Rising operational costs, a slender 1,6 per cent increase in a Government subsidy and expenditure on commuter security has forced the South African Rail Commuter Corporation to increase Metro rail fares.

But there will be no further increases in 1993, SARCC managing director Mr Wynand Burger told a Press conference in Johannesburg yesterday.

An increase in minimum fares over distances of up to four kilometres would cut out abuse by commuters paying for a short trip and riding a longer distance, Burger said.

"However, we have tried to limit the burden on our main user, the commuter who travels regularly over a distance of more than four kilometres."

Burger said this was the corporation's first increase in 15 months and that rail fares would still be 50-60 percent cheaper than taxi or bus commuter transport.

He said R146 million had been budgeted to combat train violence and install additional security.

This, together with increased labour, fuel and electricity and other costs, had made the fare increase inevitable.

The VAT increase announced in the Budget last week would be absorbed by savings in operational expenditure.

The corporation remained committed to making rail transport safe, Burger said.

"Our main intention is to make it as difficult as possible for criminals and thugs to operate anywhere on our property," he said.

Improved security had seen a recent dramatic decrease in train violence to its lowest level for several years.

There had been only three attacks in the first three weeks of March, with one person killed and three injured — compared with 99 attacks in November 1992, which left 21 dead and 78 injured.

# Train fare hike for urban commuters

WILSON ZWANE

(269)

THE SA Rail Commuter Corporation (SARCC) would increase suburban rail fares by an average 9,75% from April 1, MD Wynand Burger announced yesterday. He said the increase would raise the corporation's income for the 1993/94 financial year by R25m to R336m.

He assured commuters there would be no further fare increases this year. The 4% increase in VAT would be absorbed by savings in operational expenditure.

Burger said the new fare structure had been discussed with commuters' representatives. Passenger volumes were not expected to decrease. *BIDM 24/3/93*

The corporation was also looking into expanding the suburban rail network. Burger said it wanted to re-establish trains as the most favoured mode of transport.

He said the fare increase was the first in 15 months. "We are forced to implement it if we are to continue with the same level of services and with our intensive programme of installing security systems (on trains and at stations) and upgrading stations."

He said the corporation had spent more than R140m on measures to combat train violence in the past year.

"R146m will be spent on safety measures during the 1993/94 financial year, a large portion of which will be spent on increasing the Rail Guards," Burger said.

There were about 200 Rail Guards deployed on the Johannesburg-Soweto Line. Burger hoped there would be at least 900 guards by the year-end.

Burger said the corporation's strained financial resources prevented it building new lines. Instead, it would expand its existing suburban network to cater for residents of recently established townships, such as Inanda near Durban and Orange Farm in the Vaal Triangle. However, the expansion would depend on the availability of capital.

● Picture: Page 3

people were killed and 34 wounded during a bomb attack at a political rally in the southern Philippines, in a worsening bout of violence before Muslim elections in the area.

## Avalanches trap Afghans

KABUL, Afghanistan — Avalanches roared down the mountains of northern Afghanistan, burying vehicles on the country's main highway and trapping scores of people, officials said yesterday.

## Militant Muslims march

ASYUT, Egypt — Security forces allowed 3 000 followers of the banned Islamic militant group Jamaa Islamyya to march through this town to mark the end of Ramadan.

## Pulitzer winner dies

KEY WEST — Famous World War II correspondent and Pulitzer Prize-winning author John Hersey died yesterday aged 78.

## Best-selling author dies

NEW ROCHELLE, New York — Robert Crich-ton, author of the best sellers *The Great Impostor* and *The Secret of Santa Vittoria*, has died aged 68.

## Free State water cuts

PRETORIA — Irrigation quotas from the Orange River Project will be cut for the first time by 50% from May 1 unless there is a dramatic improvement in the flow of water to the scheme.

Reports by Staff Reporter, Own Correspondent, Sapa Reuter-AP and UPI

## Population to double by 2020

DURBAN — South Africa's population will double within an estimated 27 years, according to population development specialist Mr Geoff Willis.

He said the world's population would increase by one billion to a total of six billion in a few years.

The population explosion overshadowed most of the economic, political, environmental and social problems in the world today, Mr Willis added. — Sapa

## Pensioner's killer jailed for life

By VVETTE VAN BREDA

A YOUNG Khayelitsha murderer was jailed for life in the Supreme Court yesterday for his part in the "heinous" killing of a Milnerton pensioner.

Zamuxolo Marali, 22, was convicted of murdering Mr Samuel Wright, 65, on July 8 last year and the court found he had the "direct intent to kill".

He was further sentenced to 15 years imprisonment for housebreaking with intent to rob and robbery and so was his co-accused Sandile Mvun-viswa, 24, of Port Elizabeth. They loaded about R55 000 worth of household goods into Mr Wright's car after the murder.

Mr Justice L A Rose-Innes found that Marali had shown no remorse.

## Telkom refused appeal

Staff Reporter

TELKOM was yesterday refused leave to appeal against a Supreme Court decision to restore the telephone service of a Retreat naval employee who had refused to pay his "dramatically high" bills and prevent Telkom from suspending it.

Mr Justice R M Marais granted an interim interdict last month ordering Telkom to restore the service pending the determination of legal action to be instituted by Telkom against Mr Ray-

mond Richardson for non-payment of disputed telephone bills. Telkom was given 60 days to sue Mr Richardson for the outstanding amount.

The interdict was a sequel to a dispute between Mr Richardson and Telkom when his telephone service was disconnected after he received three bills totalling about R2 000.

Yesterday Telkom applied for leave to appeal against the decision and Mr Justice Marais refused the applica-tion.

# Call to delve deep into Tollgate's past

AN influential financial magazine has made a call to spread the Tollgate inquiry net wider and delve into the company's past.

An in camera inquiry under the Company Act has been scheduled to investigate the causes of Tollgate's collapse, but does not indicate how far back the inquiry would go, this week's Finance Week says. The

inquiry should include the period before the takeover by the consortium of a former Tollgate director, Mr Julian Askin, in March 1990 when the company was over R600 million in the red.

Before Mr Askin's short-lived take-over the Tollgate group was controlled by former Volkskas senior general manager Mr Johan Classen

whose managing director was Mr Hennie Diedericks, a former Volkskas senior general manager who joined Absa last year.

A summons prepared by a senior counsel against Mr Diedericks was among papers confiscated by police's Serious Economic Offences Offices.

Finance Week presumes Tollgate's R32 million expo-

sure to Volkskas "while its erstwhile colleagues were running the show" indicates the bank had knowledge of company's dealings.

In regard to the pre-Askin era, the magazine says, several questions "might usefully be asked" about the executive directors, among which are whether they sold homes to Tollgate.

(269) CT 25/3/93

## SAA freight arm really taking off — cargo chief

BLOOM  
25/3/93

STEPHANE BOTHMA

(269)

SAA's cargo service is being expanded and the carrier will start operating its first freight-only aircraft later this year.

Last year, SAA Cargo entered into a joint venture with the Ukrainian aviation company Antau in terms of which three Ilyushin and five Antonov cargo aircraft were put into service by SAA.

However, the airline announced recently it would convert an Airbus A300 C4 passenger aircraft into a full freighter to replace the Ukrainian aircraft on certain routes.

Since SAA Cargo was started last year, the airline has exported SA goods valued at between R80m and R90m, SAA Cargo chief Andre Kleinhans said.

More than 650 scheduled and non-scheduled flights had been undertaken with the Ilyushins and Antonovs on SA and international routes, he said.

By using the Ukrainian aircraft, the southern African market had been developed for SAA and valuable information about the needs of clients obtained.

"The Airbus freighter, which has a capacity of about 41 tons, will replace the Ilyushins and Antonovs on certain routes, but this does not mean we will stop using them," Kleinhans said.

They would still be used for some African and longer-distance, overseas destinations.

Kleinhans believed that within the next five years, SA would again be a major exporter.

"When this happens, SAA will be ready with a reliable and experienced cargo service to meet the needs," he said.

## BUSINESS

# Competition clips SAA's wings

**S**OUTH African Airways boss Mike Myburgh, sitting in his austere perch at the top of Airways Towers in Braamfontein, beamed as he leaned forward over a desk littered with files labelled in variations of "Customer Service".

"We want competition," he said with a deliberate sincerity. "We want a level playing field."

Myburgh was pained by Competition Board accusations that SAA was guilty of "anti-competitive behaviour" by operating at a loss as a result of drastically discounted tickets. Even as SAA planned huge increases in its bargain international fares aimed at promoting foreign travel on the airline, Myburgh talked the language of consumer awareness.

The mandate of the board, he believed, was to regulate competition in a way that would benefit the consumer. Its findings and recommendations that SAA increase its prices and reduce

w/MAIL 26/3 - 1/4/93.  
SAA's quiet overseas fare increases  
have raised the question: has the  
country's biggest airline learnt yet  
how to deal with competition?  
 By **ARTHUR GOLDSTUCK**

capacity on domestic routes missed the point, he said. SAA's business plan, drawn up last year, already made provision for almost precisely the changes the board wanted. Standard and discounted domestic fares were increased in January and SAA had already reduced capacity by 10 percent after selling four aircraft.

"If you only look at tariffs and forget about the basics of productivity and costs, then you are neglecting a very important element at the risk of actually undermining your major responsibility to the consumer."



Mike Myburgh SAA wants competition

"Our business plan, which we made available to the board last year, takes us into profit in the near future. The very first, the very smallest cost

savings which came through rationalisation have pushed us into profitability on the domestic side."

The board's central recommendation, that SAA adjust its prices on certain domestic routes to 1991 levels in real terms and maintain these levels with biannual adjustments until its domestic operation becomes profitable, is thus meaningless, if Myburgh's arithmetic is correct.

Competition Board chairman Pierre Brooks was unimpressed. "The business plan was not submitted. They gave us an overview of the business plan, but for our purposes it served no useful purpose. We're also not in a position to say whether they are returning to profitability. You shouldn't take results from the last two or three months as your indicator, especially since it included the peak holiday season."

Brooks conceded that the airline had already gone a long way to achieving the board's recommendations. "The tariff increases on January 1, measured against what we expect, suggests they're very close. But on the question of capacity, there may have to be some adjustment."

Myburgh was less than enthusiastic about the prospect. "We sincerely support competition. We're actually reaping some of the big disadvantages of the monopolistic era now with the hysteria that surrounds this particular issue. But they want us to have 30 percent less capacity than last year. Why 30 percent? It's not a generally accepted norm, it's not motivated in the report."

Brooks pointed out that the cabinet agreed to the 30 percent reduction when Flitestar first negotiated its entry into the market — not to give the newcomer a 30 percent market share, but to give it an opportunity to compete for that chunk of the market.

SAA's difficulty in coming to terms with this may well be one of the hangovers from an era when it dictated the market. Its one-time virtual monopoly on international flights out of the country has meant SAA appears less concerned with the needs of the market and the consumer.

Recently the airline quietly hiked its bargain fares to London by between 20 and 33 percent. Travel agents found the new fares in their on-line computers the next morning. In a low-key announcement, the media was merely advised at the beginning of the following week that the price would increase by more than R400.

The fare, on a daylight flight leaving for London every Saturday morning, opened a new world of travel to thousands of South Africans when it was initially introduced at the bargain basement price of R1 990. From the end of February it was pegged at R2 190.

But the new increase meant the ticket will cost R2 610 for those departing before April 21, and R2 910 between April 21 and June 19.

Travel agents were left with egg on their faces, as attested by dozens of newspaper advertisements still offering flights at the old price. One agency says it spent the 24 hours following the increase frantically tying up bookings and trying to persuade SAA to honour the old price for at least those passengers who had confirmed seats. SAA finally agreed, but refused to honour the prices offered in the media. Another agency said it felt "like a bloodbath" — they had turned away dozens of customers who had counted on the lower fares.

"The daytime fare that was initially announced was a promotional fare available for a certain period," explained Leon Els, SAA public relations senior manager. "The airline, however, has to operate flights at a fare level which is economically viable and therefore the fares had to be revised."

International flights are not the concern of the Competition Board, so the drastic increases are probably a case of SAA finally blinking in the fare-war that has raged since deregulation of the lucrative Johannesburg-London route began.

However, other airlines taking passengers out of Johannesburg have followed SAA's lead, and the short-lived era of dirt-cheap fares is fading fast.

Minnows like Air Zambia, via Lusaka, Air Namibia via Windhoek, TAP via Lisbon, Air Egypt via Cairo and Sabena via Brussels, now offer the cheapest fares to London.

## BILATERALISM PROJECT

The Bilateralism Project is a project of the Faculty of Management of the University of the Witwatersrand. The project is involved in research and publications focused on the development of democratic labour market institutions. The Project is funded by the Netherlands Government.

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The Project is currently undertaking research which requires the services of a research assistant to undertake field work in various regions of the country. The research assistant will be expected to gather and record data in relation to potential bilateral and tripartite job creation initiatives at community level in areas badly affected by job loss as a result of economic recession. The incumbent will be expected to be fluent and have proven writing skills in English and at least two African languages. Previous research experience is essential and knowledge of industrial relations would be a distinct advantage.

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# Power struggle Tollgate key?

269  
MAG 27/3/93

■ What caused the Tollgate crash — reckless management or a power struggle between Afrikaner and English big business interests?

**JEAN LE MAY**  
Weekend Argus Reporter

LEADING financiers in Cape Town have confirmed that they are increasingly inclined to believe that the Tollgate affair is part of a high-stakes boardroom power struggle between Afrikaner and English business interests.

Mr Julian Askin, former chairman of the liquidated Tollgate, was recently reported in the Sunday Telegraph (London) as saying that "Tollgate is not the issue. It has been kicked into touch by a much larger affair. It is about the last days of white South Africa, and a last stand by the Afrikaners. If Tollgate were run by an Afrikaner, we would still be in business."

Referring to the search of Tollgate directors' Cape Town homes by the Office for Serious Economic Offences in February, the article said this "set alarms ringing in Britain... (merchant banker) Warburg supported a Tollgate placing in 1991... food minister Nicholas Soames (grandson of Sir Winston Churchill) went on the board when Askin and Biermann took control for £25 million (about R125 million) in 1991... bells also rang for the Sangster family, Britain's leading horse-racing dynasty which had sunk a fortune into Tollgate."

When the consortium, headed by Mr Askin, a well-thought-of South African businessman based in London, took over the Duros Group (now Tollgate Holdings) in March, 1990, it was said that

they had put their necks on the block.

The axe descended last December Tollgate Holdings, a huge conglomerate listed on the JSE and on the London stock exchange with 127 companies mostly involved in commuter transport, tourism and food, has since been liquidated, with liabilities of about R375 million.

The consortium consisted of the family trusts of Mr Askin and Mr Hugo Biermann (London-based son of former SADF chief Admiral Hugo Biermann), Duros directors Mr Mervyn Key and Mr Lawrie MacIntosh, and Mr Johan Claasen, executive chairman of Volkskas at the time, who later resigned from Tollgate.

What went wrong?

"There was a good deal of risky trading in the group's companies," said a Cape Town source with close connections in the financial world. "When Askin took over, the group had debts amounting to more than R600 million which he managed to reduce by selling off companies — but, as it happened, it appears that he sold off the money-making ventures."

"When Askin bought the controlling interest, they borrowed money in order to finance the purchase, but economic conditions in the country changed and many of the remaining companies under-performed. So although there was enough money to pay dividends — many of which went overseas — there was not enough to repay the debt."

"Moreover, there was a great use of finrands and huge sums were made by round-tripping. My own view is that Tollgate should have been placed in curatorship so that it could trade out of its problems instead of being liquidated."

"In the long run, I believe Askin didn't realise what he was getting into. Moreover, he had a very loose management style, when what was needed was very tight control indeed."

A recent Finance Week survey of business achievement said that "Tollgate's critics argue that if the loose treatment of extraordinary losses had been tightened up in recent years, Tollgate would have been unable to show sufficient earnings to pay the comparatively generous dividends it did pay. Of added concern is that much of the dividend went overseas."

Finance Week also asked some pertinent questions. Were fees paid to a management company owned by the directors? Did any executive director sell his house to Tollgate? Did Tollgate make any restraint-of-trade payments to executive directors? Were any Tollgate subsidiaries sold to executive directors?

Since Tollgate's final liquidation, a secret inquiry into the affairs of the group under Section 417 of the Companies Act (which deals with reckless trading by directors) has been under way, headed by Mr Bertrand Hoberman SC. Answers to the questions may be forthcoming at the inquiry.

Experts in the field say that Tollgate's present woes arise out of what happened before Mr Askin became involved. So, what did happen?

The then Duros changed its name to Tollgate Holdings early in 1988. Norths Industries, Enterco Holdings, Gants Holdings and Cino Holdings became wholly-owned subsidiaries under the Tollgate banner. Tollgate proceeded to build up an

empire, spending money as if it were going out of fashion.

In June, 1990, a preliminary profit announcement for 18 months showed that while turnover had increased to R1,138 million from R6,8 million the previous year, interest paid took a chunk of R77 million (compared with R1 million the previous year).

Among Tollgate's operations were a merchant bank, to whose board Mr Christo Wiese, now chairman of Pepkor, and Mr Claasen were appointed.

The sale of the bank later raised several questions. Mr Claasen said in the Tollgate interim report for the year ended June 30, 1989, that this led to "extraordinary loss in excess of R2,6 million". Moreover, it was disclosed at the time that in order to sell the bank, Duros acquired 75 percent of the equity, having ministerial permission to raise its stake above the maximum of 50 percent in a bank.

"On what grounds is not known," commented a financial writer at the time.

It was also disclosed in 1989 that the takeover by Tollgate of 58,5 percent of the issued share capital of the Arwa textile group would give the Claasen family trust — headed by Mr Claasen — a "paper" profit of R20 million after costs on the initial investment.

Later, after the British involvement, Mr Askin said that Tollgate had paid off R400 million of its debts but that earnings were being gobbled up by interest payments.

There was a "ruthless pruning of the group's loss-making assets," he told shareholders in June, 1991. In September, 1992 he said "It's going to be a tough year." The crash came four months later.

# No place at station for rail commuters to sit

ANGRY commuters are upset at Spoornet for removing seating on the upper-deck concourse of Cape Town station. (269)

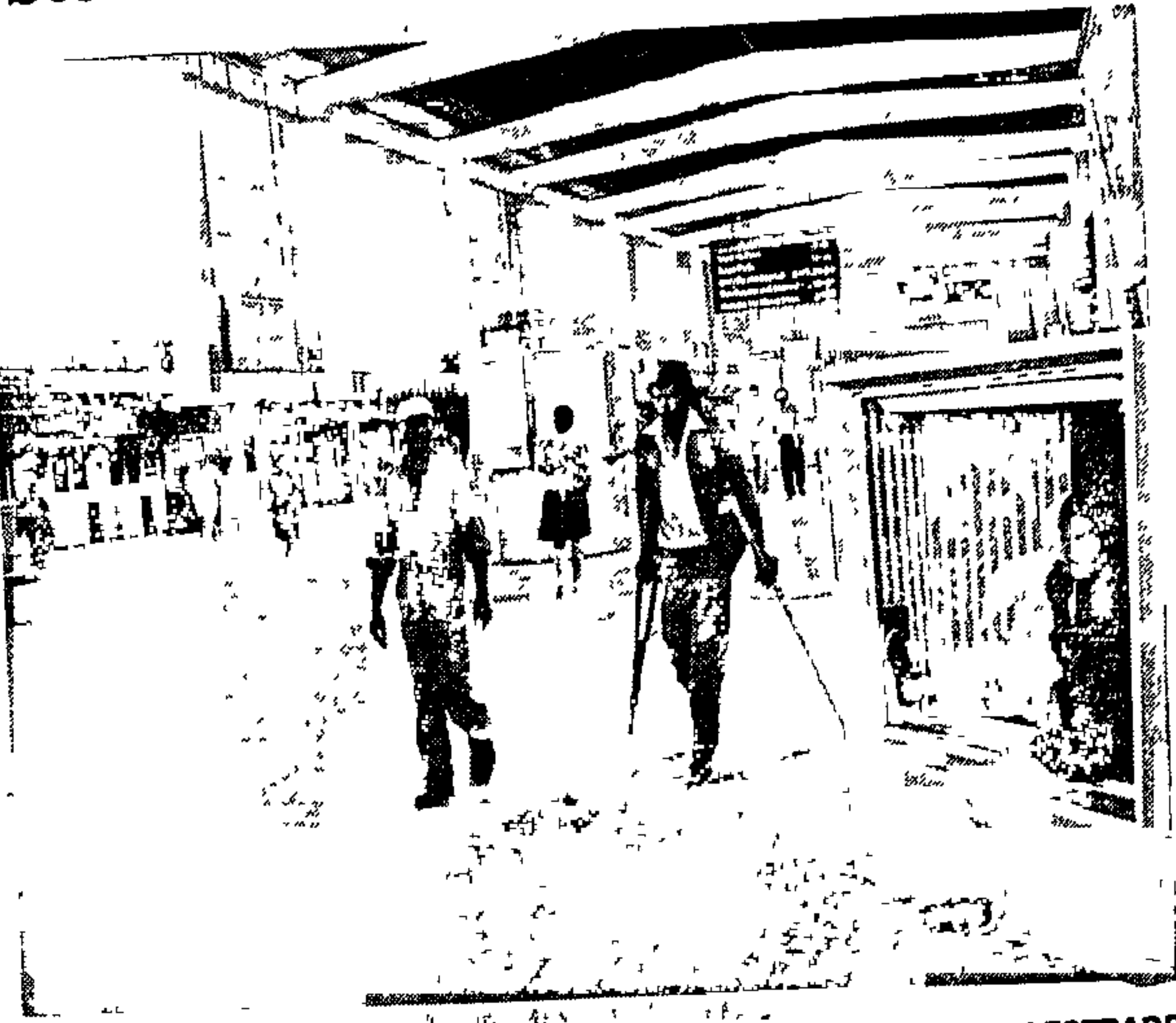
Many homeward-bound passengers were delayed this week when a short circuit caused a fire in a signal box and stopped trains running for over two hours. *Times Cape news*

Women and children had to sit on the tiled floor waiting for further instructions from Spoornet personnel 28/3/93.

A commuter from the Strand had to support himself on crutches for over an hour while another woman took off her shoes for relief

"Spoornet have no feeling for commuters," said Mr Morgan Walker

A Spoornet spokesman said the upper deck was administered by the Rail Commuter Corporation who could not be reached for comment.



Tired . . . Commuters have no benches to sit on Picture: JACK LESTRADE

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STAN 29/3/93

## SAA operating in Zambia

269

South African Airways is now operating in Zambia. The airline will compete with other services operating in Zambia and will market Johannesburg in a similar light to New York and London.

## Growth expected soon at struggling Flitestar

*SP* STEPHANE BOUTHMA *269*

DELAYS in the proper implementation of the domestic air transport policy had eroded the net worth of Flitestar — but not to the extent that operations could not be supported in the foreseeable future, Flitestar MD Jan Blake said at the weekend.

Implementation of the Competition Board recommendations regarding its main competitor SAA, and continued growth in Flitestar's average passenger yield, indicated the carrier would be viable by the middle of this year, Blake said in an interview.

Last week's announcement by SAA of an increase of 7% in domestic air fares — which would be followed by Flitestar within the next few days — would contribute to Flitestar reaching at least a breakeven situation soon. *BIDAM 29/3/93*

In addition, the airline planned to introduce three new international services to Germany, India and the Seychelles this year. Currently its only international destination was Bahrain.

"It is a well known fact that Flitestar is operating at a loss and has showed no profit since starting operations in October 1991," Blake said.

Problems experienced by the airline since its inception were the extremely high costs of ground handling services and an ineffective reservations system, both supplied by SAA until recently.

"It took considerable time to change the supplier of the (ground handling) services, but as from February 1 we have changed to Safair with a monthly saving to Flitestar of about R800 000," Blake said. In addition, from April Flitestar would use the KLM Corda reservation system.

# Rentbel <sup>(269)</sup> plunges <sup>SMA</sup> into red <sup>30/3/93</sup>

Rentmeester Beleggings (Rentbel) plunged into the red for the six months to December, with a loss of R12,9 million from a positive R158 000 in the same period in 1991.

Rentbel MD Joggie Vermooten hits out at the state of SA's heavily regulated airline industry, blaming it for the investment company's poor performance.

Rentbel has a 44 percent stake in independent airline Fli-testar, through Trek Airways, which has been battling against SAA.

Vermooten refers to the Competition Board's investigation into the deregulation of domestic air transport services and urges that the board's recommendations be implemented.

The board recommended that SAA's domestic prices be increased as its behaviour had in certain respects constituted a restrictive practice.

"Should the Competition Board's further recommendations be implemented, and coupled with the granting of additional licences on our international routes, Rentbel should, in the medium term, be able to post positive returns to shareholders," Vermooten says.

The group's results before taking into account the performance of associated companies, however, improved from a loss of R714 000 to a profit of R2,12 million. — Sapa.

# Airlines

follows

SAA, put

fares up

By John Miller

South African Airways' domestic competitors will follow suit and increase certain fares within the next few days.

Last week the national carrier announced an increase of 7 percent, with a further 4 percent for the VAT increase.

At present, a full economy ticket between Johannesburg and Cape Town costs R510. From April 7 it will cost R565.

Jan Blake, managing director of Flitestar, said the airline will probably increase its fares by a similar or slightly lower margin later this week.

Blake viewed the latest increase as an interim arrangement.

"This is not the final implementation of the Competition Board's recommendations that fares in real terms should go back to the levels in January 1991."

Blake said if this happened, the fare between Johannesburg and Cape Town, according to the Consumer Price Index, should be about R600.

Piet van Hoven, managing director of Comair, said not all the airline's routes would see fare increases.

Richards Bay and Skukuza flights will reflect the 4 percent VAT increase while the popular Johannesburg-Cape Town flights will rise between 2 and 3 percent.

A spokesman for Air Link said the airline did not intend increasing its fares at present but would be forced to charge the extra 4 percent on VAT.

mitted to the Deputy Minister (to whom the authority has been granted) who takes a decision on the application. This procedure is followed in all cases, including Pretoria.

*Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament*

Document sent to Chief of Army

\*9 Mr E W TRENT asked the Minister of Defence:

- (1) Whether, with reference to certain information and a copy of a certain document which have been furnished to the South African Defence Force for the purpose of the Minister's reply, a certain handwritten document was sent to the Chief of the Army, if so, (a) by whom was it signed and (b) what was the response of the Chief of the Army to this communication;

- (2) whether this document was discussed by the State Security Council or its Secretariat;

- (3) whether a certain professor was consulted on the plan set out in this document; if so, why,

- (4) whether this professor was a member of or served as an adviser to any committee, subcommittee or body forming part of the State Security Council network at that time? B566E

The MINISTER OF DEFENCE.

- (1) to (4) The hon member is referred to the State President's reply to an unprepared question of the hon member for Alpha Park on 24 March 1993. The inquest in this regard is in process and therefore I am not prepared to reply to any questions concerning the matter at this stage.

HOUSE OF ASSEMBLY

Informal settlements: schools

\*10 Mr R M BURROWS asked the Minister of Education and Training:

- (1) Whether any schools were provided by his Department in informal settlement areas in 1992; if not, why not; if so, (a) how many and (b) in which areas;
- (2) whether he will make a statement on the matter? B568E

The MINISTER OF EDUCATION AND TRAINING.

- (1) Yes

(a) Twelve

(b) Daveyton, Benoni

Kwa-Guga, Witbank

Embalenhle, Secunda

Kathlehong, Alberton

Khayelitsha, Wynberg (two schools)

Philippi, Wynberg

Orange Farm, Vanderbijlpark (two schools)

Kutlwanoeng, Odendaalsrus

Medheleng, Ficksburg

Thabong, Welkom

- (2) At the eleven primary schools and the one secondary school which have been provided, there are 253 classrooms for primary pupils and twenty for secondary pupils

SADTU/NAPTOSA: recognition

\*11. Mr R M BURROWS asked the Minister of National Education:

- (1) Whether, with reference to the reply to Question No 4 on 19 February 1992, he has given consideration to recognizing the South African Democratic Teachers' Union (SADTU) and the National Professional Teachers' Organisation of South Africa (NAPTOSA) for the purposes of negotiation on education; if not, why not, if so,

- (2) whether these bodies have been so recognized; if not, why not; if so, (a) when, (b) under what conditions and (c) what number of teachers is represented by each,

- (3) whether he will make a statement on the matter? B569E

The MINISTER OF NATIONAL EDUCATION:

- (1) Yes

- (2) Yes

- (a) NAPTOSA was recognised in May 1992  
SADTU was recognised in November 1992

- (b) Recognition, in terms of Section 1 of the National Policy for General Education Affairs Act, 1984 (Act No 76 of 1984), is granted with the concurrence of the Ministers of departments of State responsible for education. This concurrence has, in some cases, been preceded by agreements which may contain conditions between these teachers' organisations and the education departments. In considering recognition, I took cognizance of the need for the organisation to represent a substantial number of educators employed by the State and that the organisation has a constitution that can ensure that it is correctly managed and is able to serve the best interests of its members.

- (c) NAPTOSA represents approximately 116 500 teachers  
Final, verified membership figures for SADTU are not yet available  
However, SADTU claims a membership of 60 000

- (3) No

Philippi: murders/assaults

\*12 Mr R V CARLISLE asked the Minister of Law and Order

Whether a certain person whose name has been furnished to the South African Police for the purpose of the Minister's reply, was in any way implicated or referred to in any (a) inquests and/or (b) criminal proceedings relating to (i) deaths, (ii) assaults and/or (iii) the use of firearms in the Philippi area during the period 1 January 1980 to 31 March 1993, if so, what are the relevant details? B571E

The MINISTER OF LAW AND ORDER

- (a), (b) (i-iii) Yes

On 15 February 1989, Mr Bock shot and killed a man who was stealing vegetables on his farm with a shotgun. An inquest found that no person was responsible for the death of the man, because Mr Bock was protecting himself and his property.

On 2 November 1992, Mr Bock caught a man who was stealing potatoes on his farm. The man ran away, whereupon Mr Bock wounded him with a firearm. The person was charged and found guilty of attempted theft.

On 21 February 1993, Mr Bock, after noticing that potatoes were being stolen from his farm, lay in wait for the suspected thieves, and caught them redhanded whilst they were stealing potatoes. He approached and warned them, whereupon they ran away. He fired a shot at each of them and killed two men and wounded another two. A murder docket is currently with the Attorney-General for a decision. Mr Bock's firearm was seized and referred for ballistic investigation. A case of attempted theft is being investigated against the two wounded suspects.

Note:

Details of cases which occurred before 1989 are not available, as records in this regard have, according to instructions, already been destroyed.

Transnet: accommodation in Transnet Park

\*13 Mr R V CARLISLE asked the Minister of Public Enterprises

What was the occupancy cost to Transnet of accommodation leased at Transnet Park as at the latest date for which figures are available? B572E

The MINISTER FOR PUBLIC ENTERPRISES.

The Managing Director of Transnet Limited has furnished the following reply to the hon member's question

The rent for February 1993 amounted to R467 913

RSA mercenaries in Angola

\*14 Mr C W EGLIN asked the Minister of Defence:

- (1) Whether the Government has taken or

HOUSE OF ASSEMBLY

Thaba'Nchu Manpower centre 48 494

Winterveld Schools 9 091

~~Technical and other assistance\*\*~~

Manpower provision R 11 751 000  
Technical assistance 1 052 676  
Salaries of Judges 199 000

R 13 002 676

Grand Total R2 308 595 792

\*\* No financial transfers in respect of item D were directly made to Bophuthatswana

I note that the hon member's question only deals with Bophuthatswana, but I would nevertheless like to add that similar assistance, as listed below, was also rendered to Transkei, Venda and Ciskei

Transkei R2 231 365 023

Venda R 665 562 235

Ciskei R 914 122 978

All figures are unaudited

Ministers: tax deducted from home allowances

\*19 Mr P G SOAL asked the Minister of Public Works.

(1) Whether, with reference to the reply to Question No 33 on 5 February 1993, tax is deducted from the allowances payable to Ministers occupying their own homes instead of accommodation provided by the State, if not, why not, (a) by whom is this tax deducted and (b) how is it calculated.

(2) whether the manner in which this tax is deducted and calculated has been changed in any way since 1 January 1990, if so, (a) why and (b) what are the other relevant details? B580E

The MINISTER OF PUBLIC WORKS

(1) Yes

(a) By the Department of Public Works

(b) It is calculated at the maximum rate on two-thirds of the total compensation

HOUSE OF ASSEMBLY

*pollution control* in which the elements of responsibility, accountability, prevention, treatment and re-use must enjoy priority. Disposal in the atmosphere, land and water environments should be considered as a last option only. Protection against toxic waste, the control of environmentally detrimental agricultural and industrial practices, as well as the combating of littering and the promotion of recycling will be included in the strategy. Industry-based programmes to achieve the above-mentioned objectives will have to be introduced.

(3) No.

SAA: Civil Aviation examinations for pilots

\*21 Mr W U NEL asked the Minister of Transport

(1) Whether any (a) pilots and/or (b) former pilots of the South African Air Force holding civilian, commercial, senior commercial or airline transport pilots' licences were not required to write and pass the applicable examinations set by the Directorate for Civil Aviation; if so, (i) how many and (ii) why were such licences issued to these pilots,

(2) whether he will make a statement on the matter? B584E

The MINISTER OF TRANSPORT

(1) (a) and (b) Yes

(i) During the period April 1989 to November 1990 civilian pilot's licences were issued to 54 pilots who were at that stage in the service of the South African Air Force, by the Chief Directorate: Civil Aviation.

(ii) All applicants met with the requirements for the civilian licences issued after the successful completion of an additional course including work which is related to civil aviation

(2) No The matter is *sub judice* at present because of a pending appeal case.

SAA: foreign pilots/aircraft

\*22. Mr W U NEL asked the Minister for Public Enterprises

(1) Whether the South African Airways have entered into any lease agreements to use (a) aircraft belonging to foreign countries and (b) pilots who are foreign nationals in the course of its business, if so, (i) what are the details of these agreements and (ii) on what basis were the licences of such foreign pilots accredited;

(2) whether any practical difficulties or safety problems have arisen as a result of these agreements; if so, what are the relevant details? B585E

The MINISTER FOR PUBLIC ENTERPRISES:

The Managing Director of Transnet Limited has furnished the following reply to the hon member's question:

(a) Yes.

(b) Yes.

(i) The South African Airways leases aircraft and operates them in SAA's fleet which are piloted by SAA pilots. SAA operates a freight service with an Ukrainian company using Ukrainian aircraft, pilots and technical assistance

(ii) The foreign pilots are properly accredited in terms of the standards applied by the Department of Civil Aviation

(2) No

INTERPELLATION

The sign \* indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language

*Own Affairs.*

Filling of vacant places at schools

1 Mr R M BURROWS asked the Minister of Education and Culture

(1) Whether he intends taking steps to ensure that, as far as possible, all

HOUSE OF ASSEMBLY

Star 31/3/93

# Bartlett dismisses attack

Political Staff

269

CAPE TOWN — Mineral and Energy Affairs Minister George Bartlett dismissed attacks on him by Democratic Party MP Robin Carlisle over the Multilateral Motor Vehicle Fund (MMF) yesterday during the Joint Budget debate

There was straight talking, if not any agreement, between Bartlett and Carlisle during the showdown yesterday on the state of the MMF that run up a R2 billion deficit

Bartlett had served as Minister of Transport from September 1989 to April 7 1991.

Bartlett said neither the director of the MMF, nor any executive committee member nor any auditor had given him any indication of any deterioration in the 1990/91 financial year's figures, nor made any mention or reference of malpractice or corruption in the fund

He told Carlisle that he had his facts messed up. Vote-catching for the the next election had already started, Bartlett said

**S**OUTH Africa is undergoing challenging and trying times, economically, politically and socially

This has spilt over to many sectors including airlines, such as South African Airways. The lifting of sanctions has made it possible for South African Airways to expand into Africa

Today SAA enjoys landing rights in Mozambique, Kenya, Zambia, Malawi, Zaire, Zimbabwe, Namibia, Angola and Egypt.

The inaugural SAA flight to Cairo, which departed on May 6 last year, had an 80 percent passenger load. This shows the quest for travel into Africa

A joint venture agreement with Air Afrique, based in Abidjan, Nigeria, on June 23 last year has brought about the introduction

of flights between Johannesburg, Brazzaville, Abidjan, Dakar and Kinshasa

Air Afrique has 11 member countries in West and Central Africa and started the service on behalf of both airlines on November 1, 1992.

Air Afrique's regular schedules to Abidjan from the whole of West Africa will ensure that these new flights will provide the most convenient service

More good news is that the Tanzanian authorities have granted SAA overflying rights.

This means that we have been able to shorten the flying time

# Expansion into Africa

SOUTH 27/3 - 31/3/93

amounting to almost R2 million has been provisionally approved for the SAA marketing effort on the African Network for 1992/3

This includes a TV advertising campaign, which will initially be launched in Zimbabwe and Kenya.

The South African Tourism Board does not have representation in Africa and has combined with SAA and hotel groups, regional and municipal tourism associations and car hire firms in a marketing campaign to attract African tourists to South Africa

Travel and tourism industry delegates from Kenya, Ivory

between Johannesburg and Nairobi by approximately 60 minutes in each direction

Another initiative was the successful "RSA Costcutters" incoming tour programme. After a successful launch in November 1991, the programme is now available from Namibia, Malawi, Zimbabwe, Zambia, Mauritius and Kenya

SAA also participates in the important travel and trade fares in Africa. Recently SAA was presented with an award for "Best Airline to Africa"

This has brought dividends to the airline since a budget

Coast, Mauritius, Namibia, Zimbabwe, Malawi, Mozambique and Zambia attended workshops in Johannesburg where packages were presented to them by South African participants

It is projected that during the 1992/3 fiscal year, SAA will carry over 370 000 passengers on our African route-network, representing an increase of 23,1 percent

Business travel constitutes 46 percent of the total passenger traffic. RSA-originating traffic accounts for 56 percent of all revenue earned, whereas 27 percent is generated in Africa.

A recent study shows that in 1991 Africa supplanted Europe as the RSA's principal tourism destination and represented 48,2 percent of the total outbound market

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SA AND Zambia had agreed on principles and mechanisms for a road transport agreement between the two countries, SA's Transport Minister Piet Welgemoed said yesterday. Both countries would issue licences valid for one year, with the intention of introducing the system throughout southern Africa.

# BA expects scheme to increase revenue

BRITISH Airways expects its new mileage reward scheme for SA international business travellers to increase revenue by 7%.

The scheme, which will be launched today, will enable frequent travellers to accumulate travel miles and exchange them for free flights to any BA destination around the world. Marketing manager Sandi Lee said

RAY HARTLEY

yesterday research had shown that loyalty programmes were high on the list of reasons for regular passengers' selection of an airline

Members of the airline's executive club had been offered a launch bonus of 3 000 free miles

2/17/93

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## Golden Arrow fares pegged

Staff Reporter

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FARES on Golden Arrow buses are not to be increased in spite of the higher fuel price from today and VAT from April 7.

A statement said "In spite of the negative impact of these increased costs on the company, the board of Golden Arrow has decided not to increase bus fares now, but to absorb the additional costs for as long as possible" ARG 2/4/93

The company, which increased fares in December, hoped its decision would assist commuters

## SLOW TAKEOFF FOR AIRPORTS

(269)

FM 2/4/93,

The long-targeted date for the commercialisation of airports finally arrived this week. But April 1 was expected to come and go without any hype, without even any commercialisation. It seems that the kickoff for turning the nine State airports into well-run businesses instead of drains on the Budget has been effectively postponed for three months. Until then, the Transport Department will continue to operate them.

The two companies that will eventually take over, the Air Traffic & Navigation Services Co, which will run the flying side, and the Airports Co, which will operate the terminals (*Business & Technology* March 12) will not be formed until July 1.

The MDs and boards of the two companies will be chosen next month "if all negotiations with all the outside people, such as airline officials, who need to be

involved in their operation, are completed by then," says Transport Minister Piet Welgemoed.

He, his department and outside interests will come up with the specialities and skills that board members will need. But, Welgemoed says, the Cabinet, not he, will appoint them and decide how many each board will have. The Cabinet is considering a secret list of candidates.

This is a far cry from the smooth commercialisation of Transnet on April 1 1990, when parliament relinquished control to a State-owned company with a chairman and directors already chosen. It was, of course, easier with Transnet, which was already operating in a commercial environment.

The State's airports, which are only now dipping their toes in the icy waters of commerce, could never have been accused of being commercial.

**Believe it or  
not, something**

**is going down**

By Mckeed Kotlolo  
Pretoria Bureau

(269)

While everything appears to be going up in price, the Pretoria City Council has gone the opposite way — by lowering fares on one of its key bus routes.

The council yesterday announced an 80c reduction on the route between Church Square and Pretoria Railway Station as of Monday (April 5) for cash-paying commuters. Instead of the current R1.90, commuters will pay R1.10 per trip.

According to the council, the decision was taken because the route was under-utilised as a result of the high fare. Most people decided to walk the distance rather

Star 2/4/93

## Some relief for bus and taxi commuters

Consumer Reporter

Petrol is now up 10 per cent and while Reef motorists have been paying 16c more for a litre since midnight, commuters will be relieved to know that Putco and Sabta have not increased their fares.

Putco MD Jack Visser confirmed yesterday that Putco would absorb the increases until the end of June.

Putco's annual fare rises would be implemented only from July 1 as the company was still calculating overall cost increases in the industry, he said.

Asked if he expected the July increases to be fairly steep, Visser said he could not say at this stage as Putco was presently negotiating costs with the Department of

Transport and the National Transport Commission regarding the increases.

Although Sabta spokesman Cyprian Letese said the minibus taxi fares would not be increased today, he warned commuters the fares could go up "quite soon". The association was still awaiting the results of discussions among members countrywide.

Train commuters have not been so lucky. Suburban train fares went up by an average of 9,75 percent from Wednesday.

A spokesman for the SA Rail Commuters' Association said the fare increases were well below the inflation rate and were the first in 15 months.

# More talk-e-offs and touch-downs for city

SIXTY-SIX years after Walter Mittelholzer landed in Table Bay at the end of the first flight from Europe to the tip of Africa, the airline he founded has announced it will be flying to Cape Town.

And in the same week tour operators World Leisure Holidays have unveiled a plan to transport Cape Town holidaymakers directly to Indian Ocean islands at package prices.

Swissair this week announced its fourth scheduled flight from Zurich to Johannesburg as well as two weekly extensions to Cape Town, further enhancing the city's bid to be the "gateway to Africa".

The Saturday and Monday flights, scheduled to start on June 3, will further boost the number of European tourists visiting the

■ While foreign airlines are increasingly flying to Cape Town, tour operators are making it easier for Capetonians to travel abroad.

**DALE KNEEN**, Weekend Argus Reporter

city. Swissair is the fifth airline to launch flights to Cape Town in the past six months.

"We have embarked on an intensive campaign in Europe to market Southern Africa as a destination and this is likely to boost the number of tourists visiting the city," said Swissair spokesperson Ms Jenni Torri.

"The new flight to Cape Town is also significant because of Walter Mittelholzer's flight to the city in 1927 in his aircraft called Switzerland. The historic link to Cape Town has been revived."

Mittelholzer was a founder of AD Astra Aero, which in 1931

merged with the Basel Airline Balaier to form Swissair, for which he became an executive and chief pilot.

Captour marketing manager Marion Kelder said two other airlines — US Africa Airways and the Britain's Cape Airways — had made inquiries about flying to Cape Town.

The World Leisure Holidays offer is also a first as Cape Town citizens have never been able to take package trips from the city to the Comores and Mauritius.

Holidaymakers have always had to take separate flights to Johannesburg before heading for the

Indian Ocean islands, said World Leisure Holidays managing director Mr Bruce Hutchison.

"Because they have to add a second flight onto their holidays, Capetonians have to pay more for their holidays abroad. Our package subsidises their flight to Johannesburg."

"Those flying to Mauritius fly out of Johannesburg immediately and those flying to Comores get a subsidised stay and free breakfast for a night in a Johannesburg hotel."

The cost of a seven-night package to Le Galawa Beach resort in the Comores costs R3 870 for an

adult sharing and includes air fares, breakfasts and dinners and access to all watersport facilities.

Similar packages to La Pirogue and the luxurious Le Saint Géran in Mauritius cost R3 990 and R4 870 respectively — a saving of R910 for Cape Town travellers.

"This is the first time that package tours to Indian Ocean islands have been specifically designed for Cape Town travellers

"The packages are available between April 17 and September 14, which is perfect for getting away from wet weather," said Mr Hutchison.

Ms Kelder said she saw packages as being a vital marketing tool as they are particularly attractive to people embarking on their first long-distance holiday

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# Overseas travel at record level

STEPHANE BOTHMA

MORE South Africans were travelling internationally than ever before, with the demand for foreign currency and travellers' cheques reaching record levels in December 1992, it was reported at the weekend. During that month, 35% more international tickets were sold compared with the same period in 1991. On average, the price of air tickets was about 11% lower.

The soaring figures were due to an increase in foreign airlines flying to SA and a significant drop in fares. Rennie's Travel foreign exchange director Tony Brown said.

Figures released by Rennie's showed that sales of foreign currency and travellers cheques for December last year had increased by 50% compared to December 1991 — which was the previous record.

US dollars and sterling were in greatest demand, Brown said.

He said one of the reasons for the unprecedented demand was the increase in the number of airlines serving SA. "With airlines opening up new routes, South Africans have more international destinations available to them than ever before."

The price war with air tickets had also contributed to the number of people travelling, he said.

"This brought in people who previously could not afford international travel and those who could afford it anyway had more money available for spending," Brown said.

In the process, he said, Rennie's had increased its market share in foreign exchange sales.



SIDAY 5/11/93

**Airlink capacity** (269)

SA's newest airline, Airlink, will increase its domestic capacity to 22,000 passengers a month when its second R33m French-built ATR42 turbo-prop aircraft is put into service in three weeks time. It will offer same-day return flights to business travellers on the Reef-Richards Bay route

up easily 20%." All branches of furniture dealer Russells stayed open on the public holiday for the benefit of shoppers wanting to beat the VAT increase

stayed open later since last week. Sales figures of up to 30% above normal were reported. Many potential customers were still dropping in to Auto Pedigree in Wynberg yesterday, only to find they had missed out, as it is

Mr Tor sales director in Cape Town has cars had dealerships than usual been so

# Flitestar ups air fares

By MAGGIE ROWLEY  
Deputy Business Editor

FLITESTAR is to increase its domestic air fares across the board by 11% from today.

This follows a similar announcement last week by SAA, whose fares also increase by 11% from today.

Flitestar managing director Mr Jan Blake said the increase in the VAT rate accounted for 4%.

The net increase was well below the rate of inflation and took into account higher operational costs.

"It is also partly in compliance

with the findings of the Competition Board that domestic air fares need to be increased by all players, as they are presently uneconomical and cannot be sustained indefinitely."

The normal economy fare to Johannesburg on Flitestar will now be R564 one-way and R1 128 return. One-way business class fares rise to R707.

A spokesman at Comair said the airline would increase its one-way fare from Cape Town to Johannesburg from R356 to R384 from today. The return flight increases to R768 from R713.

219 CT 7/4/83

# Domestic air fares increase today

Business Staff

(269) ART 7/4/93

DOMESTIC fares on South Africa's three main airlines increase today.

South African Airways and Flitestar fares go up 11 percent and Comair just under eight percent.

The price rises are because of higher operating costs — exacerbated by the falling rand/dollar exchange rate, increased VAT and higher passenger services

and navigational charges levied by the Department of Transport.

The SAA ordinary economy fare between Cape Town and Johannesburg is now R565 single and R1 130 return. Business class is R707 each way.

The Flitestar fare is R559 single and R1 118 return. Business class is R704 each way.

Comair charges R384 single and R768 return.

# Big profit from railway site developments

B1037 7/4/93

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LINDA ENSOR

CAPE TOWN — Intersite, the property development subsidiary of the SA Rail Commuter Corporation (SARCC), projected an income of about R30m from trading activities undertaken by the private sector on railway property in the financial year to end-April, Intersite MD Dirk Ackerman said

Ackerman was speaking at a function to announce a R20m shopping centre to be developed at the Nyanga railway station

He said last year Intersite negotiated the development of 16 such shopping centres. Consideration was being given to about 24 projects this year. Four major projects were planned for the western Cape this year, plus several smaller ones

Funds raised from its joint venture activities would be used to subsidise commuter rail transport and reduce government subsidies

Ackerman said he was excited about the

Nyanga project which he was sure would generate good profits for SARCC

The corporation would negotiate a long-term lease on the land for the project and participate in the equity to the value of the land

The developer on the Nyanga shopping centre is Combi & Co, consultant and co-ordinator is Montsi & Associates, project managers Rabie Property Developers and leasing agents Broll Property Group

The identity of the financiers has not been disclosed

"There is a great need for adequate shopping facilities in the area," Combi & Co chairman Zithulele Combi said

"At the moment residents and commuters face the inconvenience and expense of trans-

porting purchases from outlying traditional CBD shopping precincts to their homes."

He said the shopping centre would be ideally located to service the 35 000 commuters who used Nyanga station daily, adding that there was a population of 650 000 in surrounding townships within a 5km radius.

The first phase of the shopping centre would consist of 8 968m<sup>2</sup> of retail space developed alongside the station platform and over the railway line.

Accommodation would be provided for about 60 tenants including hawkers and small businessmen. Rentals would range from R20/m<sup>2</sup> to R40/m<sup>2</sup>.

Negotiations were under way for Pick'n Pay to anchor the centre with a 1 800m<sup>2</sup> supermarket, Montsi said. Construction of the first phase would start shortly and was due for occupation in March 1994.

# Domestic air fares increase by 11% today

Blom 7/4/93.

STEPHANE BOTHMA

DOMESTIC fares on SA's largest air passenger carriers, SAA and Flitestar, will increase by 11% from today — with Comair expected to follow suit soon.

Flitestar said yesterday it had initiated seven percentage points of the across-the-board increase, while the remainder represented the rise in VAT

The move should contribute to loss-making Flitestar reaching at least a breakeven situation soon, MD Jan Blake said.

Flitestar has shown no profit since starting operations in October 1991

SAA said in its price increase announce-

ment two weeks ago the move coincided with the increase in VAT, passenger service charges and navigational charges.

Comair could not be reached for comment, but industry sources referred to the recent Competition Board recommendation that domestic air fares needed to be increased by all operators, and said the airline was likely to follow

Blake said the net increase was well below the rate of inflation and took into account, among other factors, rises in fuel

and operational costs.

(269)

He said the move was partly in compliance with the board findings that present uneconomical fare levels could not be sustained indefinitely.

Blake said Flitestar would continue to offer value-added services such as superior catering.

"These measures have been most successful in capturing substantial market share," he said. Flitestar had captured about 25% of the market in its first year.

Flitestar had also switched over to a new, more efficient, reservation system.

By AUDREY D'ANGELO

CATHAY Pacific — the first Far Eastern airline to enter the SA market two years ago — is finding the Hong Kong-Johannesburg route profitable in spite of stiff competition, its new area manager for Southern Africa and the Indian Ocean, Charles Carlow, said at the weekend.

"There is a strong chance that we shall introduce a second weekly flight at the end of the year. We have been looking at the possibility of a Cape Town flight."

"We are studying the numbers, and a substantial proportion of passengers come from Cape Town. Our cargo services are very strongly supported from the Cape, mostly with perishable products."

Carlow said that although the SA-Hong Kong route provided only a small proportion of the airline's total business it was regarded as a growth market. It was already growing strongly, from a small base two years ago.

# SA paying dividends for

# Cathay

Cathay Pacific was one of the few international airlines to make a profit last year.

While others reported multimillion rand losses, Cathay Pacific lifted net profit by 1,9% to R1,249bn.

Commenting on this performance chairman Peter Sutch said from Hong Kong. "In a world airline industry that remained in a weak state, with excess capacity on many routes, Cathay Pacific was faced with a real challenge to maintain yields."

"The company's performance during 1992 was creditable when contrasted with the substantial losses many airlines are reporting."

Sutch said that although the industry's problems would not soon disappear, there were still opportunities for Cathay Pacific.

"Air transportation in Asia-Pacific is forecast to grow at almost twice the average rate for the rest of the world during the 1990's."

The airline's outgoing regional manager, Angus Robson, whose term of duty in Johannesburg ended last week, said Cathay Pacific's home base of Hong Kong was one of the key factors in its success.

"Asia-Pacific is one of the few areas in the world where demand for air transport continues to climb and research has shown that Hong Kong is the gateway to Asia."

Another reason for the airline's success was that "it combines dynamism with conservatism."

"Cathay Pacific's management makes use of opportunities as they present themselves but

Cape Times, Thursday, April 8 1993 15

Pointing out that Cathay Pacific was the first Asian airline to begin flights to SA, Robson said: "SAA has been flying into Hong Kong for more than 10 years with extremely high load factors."

"We took note of this fact and as soon as it was politically acceptable we decided to exercise our reciprocal rights."

It had always been Cathay Pacific's policy to match capacity with demand and not become involved in building capacity through price cutting.

"Essentially the company, which is privately owned, recognises the need to make a profit and unlike other airlines which are government-owned will only reluctantly accept lower margins on tickets in order to draw foreign revenue to the base destination."

"As a member company of the worldwide Swire group, Cathay Pacific enjoys stability but is not subject to demands from a government to open a route that is not commercially viable, for political reasons."

decisions are based on conservative principles.

"For example, there has been a policy decision by the airline to grow organically. There will not be forced growth in an effort to be the world's biggest airline by acquiring other airlines."


And aircraft purchases were carefully monitored. "Cathay Pacific takes advance planning for aircraft purchases so far ahead that it has made arrangements for the next six years."

Robson said the airline had embarked on a project to examine all areas of its operation, "at a time when it continues to show healthy profit margins."

"Many other businesses conduct such a project only when there is something wrong."

ing a world epidemic of cholera meeting in Brazzaville, Congo. About 275-million Africans, or more than half the continent's 500-million people, were infected. The disease was responsible for 1-million deaths a year, he said.

**Belt Bridge warning**

ZIMBABWE could lose a substantial volume of tourist business over the Easter holidays if facilities at the Belt Bridge border post were not adequate for the large number of tourists expected from SA, Hotel and Restaurant Association of Zimbabwe president Charles Tawengwa said. He said problems at the border post during the December/January holidays caused much unfavorable comment about Zimbabwe in SA. **REPORTS Business**  Sapa-AFP

6/10/93 8/4/93 BIDM 8/4

**Billionaire pledges riches for enrichment**

LINDA ENSOR

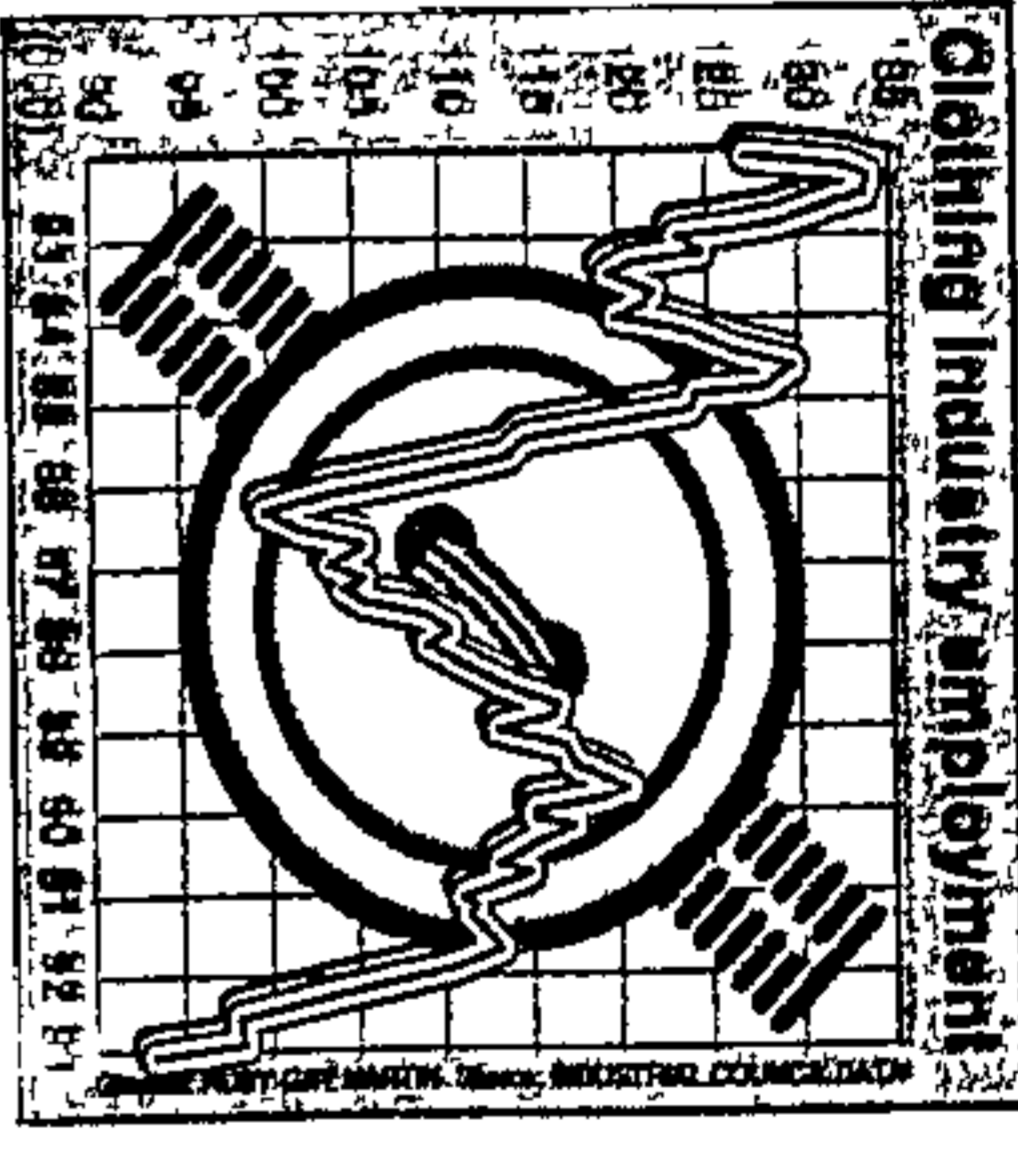
CAPE TOWN — Since US billionaire and philanthropist George Soros made £1bn on the Black Wednesday sterling crisis last year he has been repeatedly questioned by the aspirant rich for tips as to how he did it. "I have spent more time talking about Black Wednesday than I took to do it," Soros said in reply to questions at a Cape Town Press Club function yesterday. He was fairly nonchalant about the whole affair, saying that taking a substantial position on sterling was a reasonable risk assumed in the normal course of business. Soros took substantial short positions in the anticipation of a decline in the value of sterling when it departed from the ERM — the currency was effectively devalued by 15% when this happened.

"It was an unusual bet with limited risk. If nothing happened we could have lost between 1% and 2%, or the difference between the buying and selling price." Soros is more interested in talking about his philanthropic work. He has just donated \$15m to the newly established Open Society Foundation of SA which will assist in building the institutions for an open society in SA. This amount would be increased if the foundation was successful. Soros has established 19 foundations in eastern Europe since embarking on the open society project in 1979. Born a Jew in Hungary, he lived through the Nazi occupation and the beginnings of communism, exper-

ences which inculcated the value he attaches to an open society. Soros felt a need to intervene in the former Soviet Union as the West had not been willing to assist in the transition to an open society. He lauded US President Bill Clinton's recently announced aid package as a belated recognition of that need. "The key contribution the West could make to introduce a stable Union would be to introduce a stable monetary system." He felt the great lesson to be learnt from the collapse of eastern Europe was that after the breakdown of an oppressive system without constructive evolution the society was more likely to fall back into anarchy or another form of tyranny. It was this fate which SA had to avoid.

of the year were 97% lower for clothing and 5% for textiles. On the other hand retail sales of clothing rose by 4% in real terms in the first 10 months of last year. Werbeloff attributed this anomaly to the larger share of the market being taken up by second hand and imported clothing and the rise of the homeland and informal manufacturing sectors. Foreign interest in investing in SA clothing and textile industries had surged in recent months, particularly among US, Belgian and British importers, Werbeloff said. "The possibilities for exports of clothing and textiles from SA into the EC, eastern Europe, the North Atlantic Free Trade Area and even the Far East are very attractive and these opportunities are enhanced by a variety of export inquiries from these markets," Werbeloff said.

clothing and textile industries. Van Zyl noted that SA labour costs were competitive with those of Far Eastern clothing manufacturers and the clothing industry also had a well developed infrastructure and a highly demanding retail sector.



Minister.

**Comair fares go up by 8%**

STEPHANÉ BOTHEMA

COMAIR has increased its air fares by 8% — making the carrier 33% cheaper on the popular Johannesburg-Cape Town route than competitors Flitestar and SAA. The move followed earlier announcements by SAA and Flitestar of an 11% across the board increase on their domestic services effective from yesterday. Comair commercial director Bert van der Linden said yesterday fares offered by the carrier on the Johannesburg-Cape Town route had always been substantially lower than on other carriers. Since the start of operations on the route on August 3 last year Comair charged 25% less than its competitors, he said. A Johannesburg-Cape Town return fare on Comair will now cost R768, compared to SAA's R1 130 Flitestar charges R1 118. The domestic fare increases coincided with increases in VAT, passenger service charges, navigational charges and fuel, and followed a recent recommendation by the Competition Board that fares needed to be increased by all players.

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# Transport operators face some costly music

By Stephen Cranston

A large number of transport operators and fleet owners are likely to be in serious trouble when sweeping new regulations on the road-worthiness of trucks and controls on the loading of heavy-duty vehicles come into effect in November.

But the need to upgrade fleets to meet these requirements could prove a boost to new truck sales

Road transport consultant Max Braun says time is running

out rapidly for many truck owners who are not fully aware of the implications of the strict new regulations.

The new rules require owners of all heavy goods vehicles to obtain a current certificate of roadworthiness before they can be relicensed every year.

Braun says the average age of trucks with a capacity of more than 7,5 tons in South Africa is 13 years.

"This suggests that a large number of truck owners can no longer avoid taking steps to up-

grade their vehicles and transport management capability."

Unless fleet owners take action in good time they could risk facing sudden large expenses for major repair and refurbishing of their vehicles, unbudgeted hiring of vehicles and the consequences of subjective and hasty vehicle replacement decisions.

Truck owners who do not comply with the new legislation will face heavy fines in excess of R20 000, particularly for overloading and weight distri-

bution infringements.

The issue will be discussed at the 12th Outlook for Trucks conference at the Eskom College in Midrand on April 22 and 23.

Other topics will include an analysis of new initiatives to improve vehicle productivity and a discussion on the cost benefits of dedicated routes and operations.

Speakers will include Unitrans CE Eduardo Garcia and business consultant Tony Manning.



# SAA flies into black

ST Times B4SS 11/4/93 (269)

By ROGER MAKINGS

SA AIRWAYS has stemmed its losses, and is heading for profits, having turned its three-year loss-incurring operation around. Although it expects to be in the red at the end of the next financial year, it will be in overall profit mode.

Reluctant to give figures, SAA's new chief executive Mike Myburgh said in his first week of office that he was committed to a R250-million turnaround.

"In a nutshell, we are making a nice profit (believed to be about R2-million a month) on our domestic operation, but are still registering losses on the overseas service."

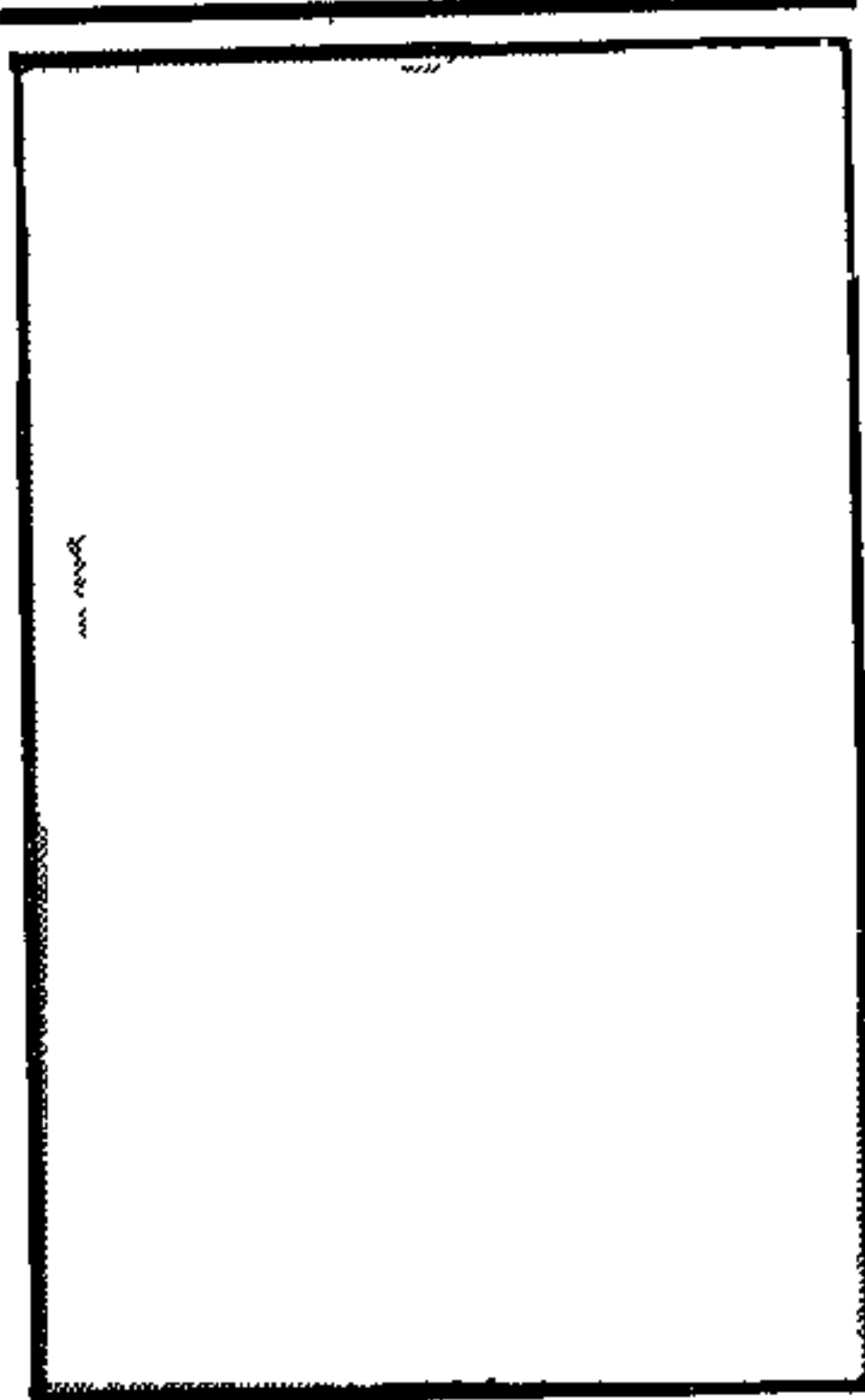
Mr Myburgh predicts SAA will begin to show a profit on its overseas service towards the end of the year.

## Woods

SAA's annual report in June should show a trend to staunching the estimated R400-million loss that it recorded in its latest financial year.

"SAA is not yet out of the woods. About 1,800 employees out of a target of 2,200 have taken the retrenchment package since Operation Success, a programme to turn the airline around, was launched six months ago."

Mr Myburgh says "We will have to retrench about another 350 employees or find work for them elsewhere in Transnet by the end of the year. We've closed two overseas offices, reduced route networks through code-sharing with foreign carriers and sold some of our older



MIKE MYBURGH

aircraft. We are also getting greater commitment to service and productivity from fewer staff members."

Aircraft use is not what it should be and if the fleet can be reduced either through sales or leases, this will be done. SAA will also lease out more pilots to foreign carriers.

Another priority for SAA is seeking an alliance with one of the foreign mega-carriers, a trend among airlines to ensure survival.

"Although I understand that some carriers are looking carefully at us — I don't want to name them — we

are not interested yet. We have to first improve our financial position. Otherwise we could find ourselves negotiating from a position of weakness."

"An improved balance sheet is our priority. There is a need for a foreign alliance and we are looking at various options to see where we would best fit in, culturally, technically and from a marketing point of view."

"We need to plug into these synergies to take advantage of the resultant economies of scale."

## Confident

Mr Myburgh sees a three-phase programme as far as privatisation is concerned.

First, the sale of shares to staff members, second, seeking outside partnerships, third, a stock exchange listing — probably within three years.

"But first we have to get the balance sheet right, and I'm confident we will."

Mr Myburgh says this is the airline's last shot at survival. "If we don't get it right this time, it will be extremely difficult to achieve a turnaround later. This is a critical time for SAA. If we fail now, we will survive as a domestic carrier but will fade into obscurity as an international airline."

His prediction for the airline in five years?

"A significant regional and international airline, financially sound and totally independent venture with strong overseas alliances."

# Airlines extend SA flights

STEPHANE BOTHEMA (269)

A NUMBER of European airlines are extending their services to SA to meet growing demand. And more airlines are about to start flying into the country. An increase of 9,3% in foreign visitors to SA last year and a 25,4% rise in the number of South Africans travelling overseas have ensured a high seat load factor — despite the large number of airlines now plying the SA route. During 1992, 395 319 Europeans visited SA compared with 367 641 the previous year, the latest figures released by Central Statistical Services (CSS) show. A total of 3,7-million foreigners visited the country during the year. Almost 254 000 South Africans travelled to Europe last year. To meet the rising demand, Swissair this weekend introduced a fourth weekly flight between Zurich and Johannesburg — a service which will be extended to Harare on June 29 and to Cape Town on July 2. Lufthansa German Airlines started operating a third direct flight from Frankfurt to Cape Town on April 1, making

Lufthansa the foreign airline carrying the most passengers into the city. The carrier would add another Frankfurt-Johannesburg flight in November, which would increase capacity to the country by just over 130%, Lufthansa regional director for SA Jochen Korbmann said earlier. Lufthansa was also considering introducing a passenger service to Durban. Austrian Airlines, operating two flights a week between Vienna and Johannesburg, would introduce a third flight later this year, GM for SA Thomas Zilk said. KLM Royal Dutch Airlines and British Airways also recently started flying directly to Cape Town. KLM was planning an additional weekly flight for 1994 and in the medium to long term expected to operate a daily service to SA, KLM president Pieter Bouw said. Meanwhile, Czechoslovak Airlines (CSA) and Russian airline Aeroflot are considering operations to SA this year. A memorandum of understanding has been signed by the authorities concerned.

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D F MALAN AIRPORT FM 16/4/93  
**Coping with chaos** (269)

The chaos that enveloped Cape Town's D F Malan airport on Sunday night could have been eased if the Department of Transport had met a request by SA Airways that international departure facilities be used for domestic flights

A storm forced the airport to close for 18 hours on Sunday night and Monday morning — the first time it has closed in 26 years

"We realised long ago that Terminal B, which we use, would not cope with the passengers we expected over Easter and wrote to the department asking to use those facilities," says Bruce Lutman, SAA's senior manager in Cape Town

"Our request was refused on the grounds that using the facilities for domestic purposes would confuse passengers. That is nonsense. Our computers could have printed that information on all tickets we issued and we could have used temporary signs at the airport

"We moved a record 14 055 passengers through Terminal B between Thursday and Monday night. On Monday alone, after the airport was reopened, we moved 4 002 passengers"

**Nowhere to go**

He says that when the closure was announced, the airline tried to notify all its passengers. Those who arrived at the airport were put up in 650 hotel rooms, including 150 at the Cape Sun

The department's Stuart Huckwell, chief director of civil aviation, says the airport was closed after rain got into the 15 m antenna of the precision approach system and aircraft could not land. Due to rain and heavy wind, it would have been too dangerous to send technicians out to repair it

But he distanced the department from the ensuing chaos. "We notified people that it would not be possible to use the airport until the precision approach system had been repaired

"As a result, the airlines cancelled their flights — 23 were affected — and it was their responsibility to advise their passengers not to come to the airport" ■

were open for (a) passenger and (b) goods traffic in (i) 1986 and (ii) 1992? B529E  
**THE MINISTER FOR PUBLIC ENTERPRISES:**

The Managing Director of Transnet Limited has furnished the following reply to the hon member's question:

- (a) (i) 794
- (ii) 626 (470 Commuter Stations)  
(156 Spoornet Stations)
- (b) (i) 677
- (ii) 320

**Employment statistics**

253 Mr L FUCHS ~~asked~~ the Minister of Home Affairs.

How many persons were employed in the (a) private, (b) public and (c) informal sector in South Africa during the latest specified period of 12 months for which statistics are available? B576E

**THE MINISTER OF HOME AFFAIRS:**

- (a)\* 8 196 523
- (b)\*\* 1 681 776
- (c) Not separately available

\* The number of persons employed in the private sector (formal and informal sectors), as on 30 September 1992, is estimated on the basis of the mid-year estimates of the economically active population and the ratio of unemployed persons according to the 1991 Population Census after subtraction of the workers in the public sector

\*\* The public sector comprises the executive institutions for general and own affairs, under which the Central government and Provincial administrations fall, the civil services of the Self-governing territories, local authorities; parastatal institutions, universities and technikon; agricultural marketing boards and public corporations. This information is as on 30 September 1992

Transnet: staff/profit/loss

258. Mr R V CARLISLE asked the Minister for Public Enterprises.

(c) Yes — A general sales agent has been appointed which is more cost effective in that market.

(2) (a) Yes — A code share agreement has been entered into with Austran Airlines who will operate the service. This will make the route a more economically viable proposition.  
 (b) The Australian route is being evaluated at present to establish if it will develop into a viable route.

(3) No.

**Own Affairs**

White pupils writing/passing Std 10 in African language

39. Mr K M ANDREW asked the Minister of Education and Culture:

(a) How many White pupils at Government schools (i) wrote and (ii) passed the Standard 10 examinations in an African language in 1992 and (b) what were the African languages written by these pupils in the said examinations? B519E

**THE MINISTER OF EDUCATION AND CULTURE:**

(a)\* (i) 1 000,  
 (ii) 992,

(b) Xhosa, South-Sotho, Northern-Sotho, Zulu and Tswana.

\* It is not possible to determine from the statistics of the Senior Certificate examination how many of the candidates involved were white. The figures therefore indicate the total number of pupils. State-aided ordinary as well as private schools are included in the figures.

**Number of hostels/places for pupils**

42 Mr R M BURROWS asked the Minister of Education and Culture:

(1) How many (a) hostels and (b) places for pupils at such hostels are there in each province in respect of (i) secondary and (ii) primary schools falling under the control of his Department,

(2) how many vacant places are there at such hostels,  
 (3) in respect of what date is this information furnished? B523E

**THE MINISTER OF EDUCATION AND CULTURE**

	(1)	(a)	(i)	(ii)	(b)	(i)	(ii)
Cape	241	64	24 728	4 423			
Natal	59	37	4 770	1 701			
OFS*	44	19	5 090	1 772			
Transvaal	147	50	23 828	6 591			

\*There are also 68 combined hostels with 6 397 places of which 2 572 are vacant

	(1)	(i)	(ii)
Cape	6 341	1 334	
Natal	1 180	783	
OFS*	1 387	573	
Transvaal	7 837	2 352	

\*See (1)

	(1)	(i)	(ii)
Cape	1 February 1993		
Natal	1 February 1993		
OFS	31 March 1993		
Transvaal	19 January 1993		

**Old-age homes: standard of care/training of staff**

46. Miss M SMUTS asked the Minister of Welfare:

(1) Whether, with reference to certain statements in respect of the care of the aged made by the then Deputy Minister of Health Services and Welfare in an appropriation committee on 12 May 1992, the strategy to improve the care of the aged in old-age homes has as yet been implemented, if not, why not; if so,

(2) whether the supervision of staff has been intensified; if not, why not, if so, to what extent,

(3) whether the training of staff is being promoted; if not, why not; if so, in what manner;

(4) whether inspections are carried out at more frequent intervals; if not, why not; if so, to what extent;

concerned refused to prosecute members following the opening or referral of the said dockets, if so, (a) which attorneys-general and (b) in (i) how many and (ii) what matters? B490E

**THE MINISTER OF LAW AND ORDER:**  
 (1) No  
 (a), (b), (c), (d), (2), (3) and (4) Fall away.

**Space industry: investigation into commercial feasibility**  
 235 Mr C W EGLIN asked the Minister for Public Enterprises:

- (1) Whether, with reference to the reply to Question No 298 on 19 June 1992, the investigation into the commercial feasibility of establishing a space industry in the Republic has been concluded; if not, why not, if so, what were the findings;
- (2) whether he will make a statement on the matter? B534E

**THE MINISTER FOR PUBLIC ENTERPRISES:**

- (1) The investigation into the market opportunities, the competition in the market, the RSA's potential for a winning advantage and the risk factors, is already in an advanced stage

The investigation focuses on practical commercial opportunities for a low earth-orbit satellite vehicle, services and launching facilities. Because parties from various countries are involved, and the best technical partners must be brought together, the investigation is taking a substantial amount of time. The analysis of the market and the profitability of each project is time consuming.

- (2) A statement will be made if the report is made known, and a statement is justified.

**Hillbrow/Berea area: crime statistics**

235 Mr L FUCHS asked the Minister of Law and Order:

How many cases of (a) murder, (b) culpable homicide, (c) assault with intent to do grievous bodily harm, (d) common assault, (e)

HOUSE OF ASSEMBLY

rape, (f) robbery, (g) theft of vehicles and cycles, (h) theft of other items, (i) damage to property, (j) housebreaking with intent to steal and theft, (k) possession of drugs, (l) drunken driving, (m) vagrancy and (n) prostitution were reported in 1992 at police stations serving the Hillbrow/Berea area in Johannesburg? B536E

**THE MINISTER OF LAW AND ORDER:**

(a)	111	(h)	2 875
(b)	51	(i)	1 377
(c)	601	(j)	1 604
(d)	1 350	(k)	173
(e)	168	(l)	375
(f)	735	(m)	0
(g)	2 507	(n)	5

Note: Hillbrow and Berea are being served by the Hillbrow police station

**Taxation Laws Amendment Act**

238 Mr R R HULLEY asked the Minister of Finance:

Whether sections 12 (1) (a), 13 (1) (c), 15 (1) (h) and 16 (1) (a), respectively, of the Taxation Laws Amendment Act, 1992 (Act No 136 of 1992), have come into operation; if so, when, in each case, if not, (a) why not, and (b) when will they come into operation, in each case? B541E

**THE MINISTER OF FINANCE:**

No. The relevant sections of the Taxation Laws Amendment Act, 1992 (Act No 136 of 1992), are amendments with regard to share-block schemes to the Value-Added Tax Act, 1991 (Act No 89 of 1991), and have not yet come into operation. Following that announcement of the relevant amendments, practical problems were experienced with the implementation thereof and it has been decided to propose a further amendment in this regard. The relevant section will come into operation on the date on which the proposed amendments come into operation.

**Detentions/arrests/charges for bombing**

239 Mr P G SOAL asked the Minister of Law and Order:

Whether, with reference to the replies to Question No 28 on 27 March 1990, Question No 14 on 14 May 1991 and Question No 210

on 5 May 1992, any persons have been (a) detained, (b) arrested, (c) charged and/or (d) convicted in connection with the bombing of certain premises, particulars of which have been furnished to the South African Police for the purpose of the Minister's reply; if so, (i) what are the relevant details in regard to each of the bombings and (ii) in respect of what date is this information furnished? B543E

**THE MINISTER OF LAW AND ORDER:**

- (a), (b), (c) and (d) No.
- (i) Falls away.
- (ii) 31 March 1993

**SAP: deaths in custody**

247 Mr P G SOAL asked the Minister of Law and Order:

How many persons died in police custody in (a) 1991 and (b) each specified month of 1992 for which statistics are available? B544E

**THE MINISTER OF LAW AND ORDER:**

(a) 153	18
(b) January	13
February	14
March	16
April	19
May	15
June	21
July	19
August	23
September	15
October	22
November	210
December	
Total	

**Murders of 16 persons**

248 Mr P G SOAL asked the Minister of Law and Order:

Whether, with reference to the replies to Question No 27 on 27 March 1990, Question No 55 on 15 March 1991 and Question No 131 on 18 March 1992, any persons have been detained, arrested, charged and/or convicted in connection with the alleged murders of 16 persons, whose names have been furnished to the South African Police for the purpose of the Minister's reply, if not, why

not; if so, (a) what are the names of the persons (i) detained, (ii) arrested, (iii) charged and/or (iv) convicted in connection with each of these alleged murders and (b) in respect of what date is this information furnished? B545E

**THE MINISTER OF LAW AND ORDER:**

No, nobody has as yet been charged or convicted in connection with these murders as there is no evidence to implicate any person.

- (a) (i-iv) Fall away
- (b) 31 March 1993

**SAP: criminal conduct/civil damages**

249 Mr K M ANDREW asked the Minister of Law and Order:

- (1) Whether any dockets were opened in 1987, 1988, 1989, 1990, 1991 and 1992, respectively, with a view to investigating alleged criminal conduct on the part of members of the South African Police in cases in which civil damages were paid by the Minister of Law and Order following a pre-trial settlement or a trial judgment; if so, how many were so opened in each of these years;
- (2) whether any of the dockets so opened resulted in the successful prosecution of members of the Police, if so, how many in each of these years;
- (3) whether the Attorney-General of the Transvaal refused to prosecute any members of the Police in respect of any dockets so opened, if so, in respect of how many such dockets? B517E

**THE MINISTER OF LAW AND ORDER**

- (1), (2) and (3) Fall away

Note: As a result of the magnitude of the administrative processes involved in order to determine the information, the information cannot, unfortunately, be made available at short notice.

**Railway stations open for passenger/goods traffic**

250 Mr R V CARLISLE asked the Minister for Public Enterprises

How many railway stations in the Republic

HOUSE OF ASSEMBLY

were open for (a) passenger and (b) goods traffic in (i) 1986 and (ii) 1992? B529E

The MINISTER FOR PUBLIC ENTERPRISES.

The Managing Director of Transnet Limited has furnished the following reply to the hon member's question

- (a) (i) 794
- (ii) 626 (470 Commuter Stations) (156 Spoornet Stations)

- (b) (i) 677
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253 Mr L FUCHS asked the Minister of Home Affairs:

How many persons were employed in the (a) private, (b) public and (c) informal sector in South Africa during the latest specified period of 12 months for which statistics are available? B576E

The MINISTER OF HOME AFFAIRS

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- (c) Not separately available

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*Transnet: staff/profit/loss*

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HOUSE OF ASSEMBLY

(c) Yes — A general sales agent has been appointed which is more cost effective in that market.

(2) (a) Yes — A code share agreement has been entered into with Austrian Airlines who will operate the service. This will make the route a more economically viable proposition.

(b) The Australian route is being evaluated at present to establish if it will develop into a viable route.

(3) No.

*Own Affairs:*

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(a) How many White pupils at Government schools (i) wrote and (ii) passed the Standard 10 examinations in an African language in 1992 and (b) what were the African languages written by these pupils in the said examinations? B519E

The MINISTER OF EDUCATION AND CULTURE

- (a)\* (i) 1 000, (ii) 992,
- (b) Xhosa, South-Sotho, Northern-Sotho, Zulu and Tswana

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*Number of hostels/places for pupils*

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- (1) How many (a) hostels and (b) places for pupils at such hostels are there in each province in respect of (i) secondary and (ii) primary schools falling under the control of his Department;

(2) how many vacant places are there at such hostels;

(3) in respect of what date is this information furnished? B523E

The MINISTER OF EDUCATION AND CULTURE:

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	(1)	(i)	(ii)
Cape	1 February 1993		
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Old-age homes: standard of care/training of staff

46 Miss M SMUTS asked the Minister of Welfare:

(1) Whether, with reference to certain statements in respect of the care of the aged made by the then Deputy Minister of Health Services and Welfare in an appropriation committee on 12 May 1992, the strategy to improve the care of the aged in old-age homes has as yet been implemented, if not, why not, if so,

(2) whether the supervision of staff has been intensified, if not, why not, if so, to what extent,

(3) whether the training of staff is being promoted, if not, why not; if so, in what manner;

(4) whether inspections are carried out at more frequent intervals; if not, why not, if so, to what extent,

*CONF.*

HOUSE OF ASSEMBLY

# NEWS 900 buses help transport mourners to FNB stadium and home again

## Transport grinds to a halt for Hami

Trains take mourners back home:  
Sovetan 24/4/93  
Sovetan Correspondent

BUSES serving townships in the PWV ground to a total halt yesterday and trains ran 90 percent empty but no incidents were reported by officials from Putco or Spoornet

The work stayaway was claimed to be almost 100 percent

Putco director Dr Jack Visser said after extensive and fruitful negotiations with the ANC's tripartite alliance, Putco supplied more than 500 buses for transport to the FNB Stadium yesterday

Every vehicle was accompanied by two ANC marshals and apart from a few minor hijackings all buses arrived at their destination

Putco had been in constant contact with ANC headquarters in Johannesburg and any requests for additional buses were immediately attended to at Putco's Gallo Manor headquarters, he said.

A Spoornet spokesman said the normal train service supplied for workers was only 10 percent full but special trains from Johannesburg and New Canada stations to the Nasrec station had run without a hitch.

Trains were laid on to return mourners to their homes after the ceremony at the FNB Stadium, some to as far afield as Cape Town, Port Elizabeth and East London.



FINAL SALUTE ... Oliver Tambo, Nelson Mandela, Walter Sisulu and former Zambian president Kenneth Kaunda stand to attention in front of the coffin of slain SACP leader Chris Hanu at the FNB Stadium.

HOUSE OF ASSEMBLY

QUESTIONS

Indicates translated version

For written reply:

General Affairs:

Hospitals: retirement package to employees of

TPA

222. Mr J M BEYERS asked the Minister for National Health and Welfare:

- (1) Whether the Transvaal Provincial Administration (TPA) recently addressed a circular, with the reference S4/3/B, about a retirement package to employees of the Hospital Services Branch of the TPA; if so, (a) when and (b) what does this package comprise,
- (2) whether any of these employees have applied for such package; if so, how many;
- (3) whether any of these applications have been granted, if not, why not; if so, (a) how many, (b) what is the total amount involved and (c) in respect of what date is this information furnished,
- (4) whether the employees who have so applied for these packages have been informed whether their applications have been successful; if not, what is the reason for the delay in this regard, if so, when,
- (5) whether she will make a statement on the matter? B479E

The MINISTER FOR NATIONAL HEALTH AND WELFARE.

(1) Yes,

(a) 23 November 1992 and

(b) the package consists of benefits prescribed either by Law or otherwise by the Commission for Administration. This comes down mainly to officers/employees who are placed on early retirement as a result of retrenchment, being treated as if they had reached the retirement age. The

following benefits are also applicable:

- A cash amount equal to six times the monthly house owner's allowance.
- Official quarters may be occupied for a maximum of three months after retrenchment
- A cash amount equal to six times the State's monthly contribution to the medical aid fund to which the officer belongs
- Exemption from all service obligations such as these arising from study and military service agreements.
- Pension gratuities in respect of officers/employees under 60 years of age who have less than 10 years' service are supplemented by one third of the gratuity amount
- For the purposes of the calculation of either the pension annuity of an employee under the age of 60 years or the annuity and gratuity of an officer, additional years of service may be added to a maximum of five years on condition that they have completed ten years or more pensionable service;



(2) yes, 3 371;

(3) no, in terms of the Cabinet's directive, the aim for the Administration in its entirety, is a 5% reduction in personnel

All applications are to be centrally coordinated and the retention of personnel for the continuation of essential services such as Health Services, shall enjoy preference. In these circumstances, the retrenchment of personnel in other branches of the Administration will first receive attention, after which it will be determined whether retrenchment of Health Services personnel will be necessary;

Hansard

Hansard

(4) no, because applications are still under consideration; ~~the Minister has not yet received any information on the matter.~~ B622E

(5) No.

Port Elizabeth Airport: passengers/freight

30 Mr E W TRENT asked the Minister of Transport: <sup>(269)</sup>

In respect of the latest specified calendar year or 12-month period for which information is available, what was the (a) total number of passengers (i) arriving at and (ii) departing from Port Elizabeth Airport and (b) total weight of freight transported (i) to and (ii) from that airport? B546E

The MINISTER OF TRANSPORT.

The latest available statistics are from 1 November 1991 to 31 October 1992.

- (a) (i) 332 122
- (ii) 328 625
- (b) (i) 2 600 195 kg (including mail and excess baggage)
- (ii) 2 924 374 kg (including mail and excess baggage).

Port Elizabeth Provincial Hospital: number of beds



32 Mr E W TRENT asked the Minister for National Health and Welfare

What, in respect of the Port Elizabeth Provincial Hospital, was the (a) total number of beds, and (b) number of beds not utilized, in 1992? B621E

The MINISTER FOR NATIONAL HEALTH AND WELFARE:

- (a) 722 and
- (b) 135

Elizabeth Donkin Provincial Hospital:

expenditure/revenue

33. Mr E W TRENT asked the Minister for National Health and Welfare ~~the Minister has not yet received any information on the matter.~~

What, in respect of the Elizabeth Donkin Provincial Hospital, (a) was the amount bud-

geted for each category of expenditure, and (b) (i) was the revenue and (ii) were the sources thereof, as at 31 December 1992? B622E

The MINISTER FOR NATIONAL HEALTH AND WELFARE

(a) Personnel expenditure ...	R8 633 760
Administrative expenditure	R 129 780
Stores and livestock	R 950 300
Equipment	R 30 480
Professional and special services	R 111 800
Miscellaneous expenditure	R 1 240
	<u>R9 857 360 and</u>

(b) (i) R986 462 and	
(ii) Hospital fees	R722 123
Board and lodging	R 6 260
Sundries	R258 079

Uppington airport: closure/curtailment of use

267 Mr R V CARLISLE asked the Minister of Transport: <sup>(269)</sup>

- (1) Whether he or his Department intends (a) closing, or (b) curtailing the use of, the Uppington airport; if not, why not, if so (i) for what reasons and (ii) when,
- (2) whether he will make a statement on the matter? B606E

The MINISTER OF TRANSPORT

(1) (a) and (b) No, the Department of Transport does not intend closing or curtailing the use of Uppington Airport. The Airports Company Act which was recently approved by Parliament makes provision for a company to operate, maintain and develop the present nine state airports

- (i) Falls away.
- (ii) Falls away
- (2) No



# Rail stations fade away

CT 20/4/93

Political Staff

(269)

THE number of passenger and goods stations in South Africa had been slashed since 1986, the Minister of Public Enterprises, Dr Dawie de Villiers, revealed yesterday.

More than half of the 677 railway stations for goods traffic had been closed between 1986 and 1992, he said in reply to a question tabled in Parliament by Mr Robin Carlisle (DP, Wynberg)

Dr De Villiers, whose reply was based on information supplied by the managing director of Transnet, said 470 commuter stations and 156 Spoornet stations were open in 1992

depth and that we get modern, up-to-date legislation on the Statute Book in this connection Debate concluded.

### QUESTIONS

†Indicates translated version

For oral reply

General Affairs

#### Transport Advisory Council: Grosskopf Commission

\*1. Mr M RAJBAB asked the Minister of Transport.

Whether the Transport Advisory Council has (a) examined and (b) reported on the report of the Grosskopf Commission in regard to compulsory balance of third party insurance, if not, why not; if so, what are the relevant details? D162E

The MINISTER OF TRANSPORT:

(a) Yes.

(b) Yes, the Transport Advisory Council, taking note of the recommendation by the Grosskopf Commission that the compulsory balance of third party insurance not be made compulsory as well as similar recommendations by the Wessels Commission and the South African Insurance Association, reported to me that it does not see its way clear to recommend that such insurance be made compulsory

Purchase of school textbooks: tender basis

\*2 Mr A RAJBANSI asked the Minister of State Expenditure

(1) Whether school textbooks are purchased on a tender basis by the various education departments, if so, what are the relevant details, if not, (a) why not and (b) what is the position in this regard,

(2) whether he will make a statement on the matter? D169E

The MINISTER OF CORRECTIONAL SERVICES (for the Minister of State Expenditure):

(1) Yes, in respect of schools under the con-

HOUSE OF DELEGATES

rol of the Administration House of Delegates, the Administration House of Representatives and the Department of Education and Training Purchases of school books are made in accordance with the State Tender Board Act and regulations issued in terms thereof.

No, as far as schools under the control of the Administration: House of Assembly are concerned, including those which are administered by the four Provincial Administrations.

(a) Seeing that state sponsored schools (Model C-schools), which constitute 94% of all the schools under the control of the Administration House of Assembly, do their own purchases, no period contracts are arranged on a tender basis

(b) The remaining public schools, which are primarily smaller primary schools, purchase their textbooks on an individual tender basis under the standing powers delegated to state departments by the State Tender Board as the arranging of period contracts are not cost effective

(2) No

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is he aware that the schools under the Administration House of Delegates adopted the same procedure as that adopted by Model C schools under the Administration: House of Assembly, and that the State Tender Board gave instructions that the order for textbooks be placed out to tender? Secondly, will the hon the Minister agree that it is unfair competition for a firm—publishers, wholesalers, authors, bookbinders, retailers, etc—to compete with retailers only?

The MINISTER: Mr Chairman, as I am replying to this question on behalf of the responsible hon Minister, I suggest that the hon member table his questions so that he can receive a reply from the hon the Minister of State Expenditure

Mr A RAJBANSI Mr Chairman, further arising out of the hon the Minister's reply, having made that request, will he be prepared to convey to his colleague that it is unwise for White

Schools not to follow the tender procedure which is imposed on Indian schools? The MINISTER Mr Chairman, as I have indicated, I am replying to these questions on behalf of my hon colleague, and I do not have an intimate knowledge of what is going on with regard to the procedures of the State Tender Board I request that the hon member table his question again so that my hon colleague can reply to it in full

Production of nuclear devices: cost

\*3. Mr A RAJBANSI asked the Minister of Defence:

What was the total cost of producing the nuclear devices referred to by the State President in the course of the joint sitting on 24 March 1993? D171E

The DEPUTY MINISTER OF DEFENCE:

About RM 800

Mr A RAJBANSI Mr Chairman, arising out of the hon the Deputy Minister's reply, I would like to ask whether, in view of the fact that R800 million was spent, it would not have been wise to have referred the dismantling of these nuclear weapons to the multiparty negotiating forum before dismantling them?

The DEPUTY MINISTER: It is not quite clear to me what the hon member for Arena Park's question is. Could he repeat it?

Mr A RAJBANSI: My question was that since R800 million was spent—if one takes inflation into consideration this amount would be higher today—should the multiparty negotiating forum not have been privately informed of the State's intention to dismantle the nuclear weapons before such dismantling took place?

The DEPUTY MINISTER: Mr Chairman, I can reply to the hon member for Arena Park by saying that the situation which existed when this project was started, which was some 15 years ago, has no bearing on what is happening at the moment I think the hon the State President was quite entitled to enlighten South Africa and its people about this project

I can expand by saying that the amount which I mentioned covers the cost of the whole project and not only of the devices I think that the spin-offs South Africa has had, such as the fact that

we have become world leaders in the medical field with regard to the production of isotopes for medical use, and that money is going to accrue from enriched uranium, are sufficient to justify this amount of money

Dr K RAJOO: Mr Chairman, arising out of the hon the Deputy Minister's reply, I would like to know whether, in view of the particularly low cost of R800 million in respect of this nuclear device, and considering the fact that this project was started 15 years ago, is this the final figure for this project, or are we going to discover later on that more monies were spent?

The DEPUTY MINISTER Mr Chairman, this amount was announced by the hon the State President This is the total amount for the whole project since its inception It was not started with a view to making these devices, but as a uranium enrichment plant As a result of the difficulties experienced during those years, it eventually came about that these devices were also produced To the best of our knowledge R800 million is the final figure for the whole project.

Toxic gases: deaths

\*4 Mr M RAJBAB asked the Minister of Manpower:

(1) Whether any deaths as a result of incidents involving toxic gases were reported during the latest specified period of three years for which statistics are available, if so, how many;

(2) whether he or his Department has taken or intends taking steps to prevent a recurrence of such incidents; if not, why not, if so, what steps? D174E

The MINISTER OF MANPOWER

(1) Yes Nine.

(2) Yes Formal inquiries were conducted by inspectors of the Department in terms of section 24 of the Machinery and Occupational Safety Act, 1983

These incidents were assessed to review current safety standards and were statistically classified, but no prosecutions resulted from any of them

As I indicated earlier on, during the debate on the interpellation, we plan to

HOUSE OF DELEGATES

was

able  
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# Corporation cuts grants

(269)

WILSON ZWANEE

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THE SA Rail Commuter Corporation (SARCC) has cut back on its contributions to service organisations, such as the National Cancer Association of SA.

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Last year, the corporation donated R400 000 to 20 community organisations involved in social upliftment projects. Yesterday, it handed out R245 000 to 40 organisations.

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The money came from the organisation's social responsibility fund. Corporation sources attributed the cut to the recession.

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"SARCC MD Wynand Burger said the corporation had committed itself to helping the "needy organisations" because they served many of the "poorest communities in SA".

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"Our society is full of challenges and in the light of the tragic death of Chris Hani and the events of the past week ... community organisations need to be strengthened since it rests on their shoulders to be part of the reconstruction of communities that have been torn apart by violence."

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8/DAY 2/4/93



(a) (i) Name	(ii) Date of appointment as member of the Appellate Division	(b) Age as at 1 February 1993
J J Hefer	01 07 1984	61 years
E M Grosskopf	01 04 1985	62 years
J W Smalberger	16 12 1985	56 years
H H Nestadt	01 12 1986	60 years
W Vivier	01 12 1986	59 years
A J Milne	01 01 1988	63 years
M E Kumleben	08 03 1988	65 years
J P G Eksteen	01 05 1988	68 years
F H Grosskopf	01 05 1989	61 years
R J Goldstone	01 10 1990	54 years
P M Nienaber	01 10 1990	60 years
The Honourable Miss Justice L van den Heever	01 11 1991	66 years

**Illegal strikes: charges/convictions**

201 Mr H J BESTER asked the Minister of Justice.

How many workers in each race group were (a) charged with and (b) convicted of illegal strikes and related conduct in 1991 and 1992, respectively? B450E

The MINISTER OF JUSTICE.

The required information is not readily available. Moreover, statistics for crimes committed by each race group are no longer kept separately. In an effort to be of assistance to the hon member, the following statistics for the period 1 July 1991 until 30 June 1992 were obtained from the Central Statistical Services

- (a) The total number of persons charged with illegal strikes and related conduct . . . . . 47
- (b) The total number of persons convicted of illegal strikes and related conduct . . . . . 39

**Attorneys/advocates in civil cases: fees contingent on outcome**

205 Mr A J LEON asked the Minister of Justice.

(1) Whether a decision has been taken that fees charged by (a) attorneys and (b) advocates in civil cases may be made con-

Bar's annual meeting during July 1993 (ii) (aa) and (bb) It is expected that the Bar will, as usual, issue a media statement regarding the matter after its annual meeting. The ALS has already issued a media statement in this regard on 26 March 1992. The system where a special fee arrangement applies can be used by all attorneys and advocates

(2) No. It is a domestic affair which is dealt with by the Bar and ALS themselves.

(3) A statement is not necessary

**Correctional supervision: sentences**

214 Mr D J DALLING asked the Minister of Justice.

How many persons were sentenced to a form of correctional supervision in each month during the period 1 April 1992 to 31 January 1993? B131E

The MINISTER OF JUSTICE.

1992	1993
April—91	January—416
May—106	
June—122	
July—119	
August—1 007	
September—257	
October—366	
November—489	
December—447	

**SAP: private prosecutions**

256 Mr H J BESTER asked the Minister of Justice.

(a) How many requests from civilians or their attorneys were received by each of the attorneys-general for certificates of *nolle prosequi* in respect of the institution of private prosecutions against members of the South African Police in 1988, 1989, 1990, 1991 and 1992, respectively, and (b) how many such certificates were issued in each of these years? B598E

The MINISTER OF JUSTICE.

Separate statistics regarding the request for the issuing of certificates of *nolle prosequi* in respect of the institution of private prosecutions against members of the South African Police are not readily kept by the attorneys-general. However, in an attempt to be of assistance to the hon member, the following available information was obtained from the attorneys-general. According to this it appears that one application was received in Cape Town in 1988, while two applications were received in Johannesburg in 1989 and two applications in Pietermaritzburg during 1992. Certificates of *nolle prosequi* were issued in the cases of Johannesburg and Cape Town. With regard to Pietermaritzburg one application was withdrawn by the applicant and the other application is still being considered.

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**Transnet: conference centre**

274 Mr R V CARLISLE asked the Minister for Public Enterprises.

- (1) Whether Transnet commissioned the building of a conference centre at Broedersroom in the Transvaal recently, if so, (a) when, (b) at what cost and (c) for what purpose; if not,
- (2) whether Transnet (a) purchased, (b) hired and/or (c) made use of such centre recently; if so, (i) when, (ii) for what consideration, (iii) for what purpose and (iv) from whom was it purchased, hired or obtained for use;
- (3) whether any consideration in this regard has been paid to a certain company and/or trust, the names of which have been furnished to the Minister's Department for the purpose of his reply, if so, (a) what amount and (b) for what purpose, in each case,
- (4) whether any (a) employees and/or (b) (i) spouses, and/or (ii) other family members of employees had or have any interests in the company and/or trust referred to in paragraph (3), if so, what interests,
- (5) whether he will make a statement on the matter? B632E

The MINISTER FOR PUBLIC ENTERPRISES:

Transnet Limited has furnished the following reply to the hon member's question

(1) No

## Rail boss hands out cash (269)

THE South African Rail Commuter Corporation has donated R245 000 to 40 organisations across the country as part of its "social responsibility" programme. *Sowetan 21/4/93* (269)

The organisations chosen by the SARCC provide education and training, social upliftment and health care to the needy. Presenting cheques to the beneficiaries in Johannesburg yesterday, SARCC managing director Mr Wynand Burger said accepting responsibility was both a duty and a privilege for companies serving the broad South African community. — *Sapa*

FM 23/4/93

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to be done by the council to ensure the land is put to the best use," he says.

But what Propnet specifically has in mind for Capital Park is industrial development with rail access. It believes the area presents opportunities for manufacturers who are importers of large quantities of goods who need storage in the bonded warehouses available. It believes the proximity to the newly completed CX Administration building and the general upgrading of the area also positions it well for industrial development

Propnet project manager Andre Marais admits that careful planning must first take place. He says "For any development to be a success and socially responsible, careful strategic planning concerning the future of the Spoornet operations, as well as the needs of the community, will have to be undertaken before building actually begins. The fact that there is limited access as well as railway lines running through the area will be another factor for careful consideration."

The initial re-evaluation of the Capital Park site began in 1986. In 1990 a more comprehensive approach to development possibilities was adopted and, at Transnet's request, a task group was set up to investigate and make recommendations to the council's land use planning committee on the redevelopment and upgrading of Capital Park. The group was made up of representatives from Spoornet, council, Viamax Logistics, Protekon and Propnet.

The group submitted a report to the council on the development of the area and in response, last June, the council resolved that the container terminal should be redeveloped and upgraded and the adjacent 70 ha earmarked for commercial use.

Due to the complexity of the site and "to ensure responsible development" a master site development plan, landscape master plan and management framework have been submitted to the council to determine development requirements. Items include the positioning of lighting, which, in relation to Pretcon and the nearby residential area, would have to be carefully considered. It is also envisaged that green areas should be established to create an industrial park atmosphere. Once the development is complete, the task group envisages that trucks transporting containers will have to be directed out of the suburb's roads on to main access routes.

Finally, the plan details stringent precautions which will be imposed to prevent the possible pollution of the Apies River. ■

PRETORIA

## Capital idea

**Transnet property** subsidiary Propnet is releasing 70 ha for development at Capital Park, just north of the Pretoria CBD, but with the decline in property activity in the capital initial reaction from property developers is not overly enthusiastic.

The former Spoornet land lies just south of the Roseville residential area and on either side of Paul Kruger Street. It contains Spoornet workshops, the Pretcon container distribution terminal, a rail commuter line and a shunting yard.

Estate agents rule out commercial or industrial development and say only residential use targeted at C- and D-income earners — principally railway workers and civil servants — could be viable for the foreseeable future. However, they laud the release of the land for the development potential it offers.

Developer and broker Eric Chapman says a major negative is the city's oversupplied office market and the continuing decentralisation of office tenants to areas east of the city. Retailers, he says, are also "bleeding." Meanwhile, Baker Street Associates maintains there is already an abundant supply of industrial land in Rosslyn near Pretoria.

Commenting on the surprisingly healthy take up of office space in certain areas east of the city, Chapman says demand is emanating from tenants who have been waiting for rents to drop further but have now decided to get off the fence and commit themselves.

"Careful planning in any event will have

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"Careful planning in any event will have

# R10-bn needed to restore road networks — Minister

Star 23/4/93

(269)

CAPE TOWN — It would take about R10 billion to restore South Africa's deteriorating primary and secondary road networks to 1988 standards, Transport Minister Dr Piet Welgemoed said yesterday.

There was no money available in the transport budget to build any new roads in urban areas, he told Parliament. Introducing debate on his Budget vote, he said roads were deteriorating at a rate of R2 billion a year.

The present level of road funding of R2,1 billion for primary and secondary roads —

of which the national road network formed part — was about half of what was required to maintain them.

In the light of this situation, it was important that every rand provided by the State was, as far as possible, spent on the roads themselves.

"It is therefore necessary that the management and control of the National Road Fund be reviewed as a matter of urgency," he said.

He had referred before to considerable amounts spent on road-building consultants.

Wessel Nel (DP Mooi River) said two-thirds of the fuel levy should be dedicated to a road

fund for maintenance and improvement of transport infrastructure.

This would approximate the total current expenditure on roads — about R5 billion, Nel said.

There was no money available in the transport budget to build any new roads in urban areas, Welgemoed said in reply to debate on his Budget vote. He said there would be no new road-building projects within the next three years. The Government also did not have sufficient funds to repair gravel roads in rural areas, which had deteriorated severely because of the pro-

longed drought.

Urgent attention was being given to safety on the N2 route in the Cape Peninsula. Funds had been transferred from the SA Road Council for lighting along the route and the possibility of concrete blocks between the two carriageways was being investigated.

Welgemoed said the Government was also considering attention to the subsidisation of minibus taxis to promote order, stability and unity within the industry.

The major problem in the industry at present was political rivalry introduced by political organisations — Sapa



D F MALAN AIRPORT

FM 23/4/93 (269)

# Debating a better gateway to the Cape

**Does Cape Town's D F Malan airport need a major upgrade to raise it to the level befitting a world-class tourist destination? Or is it adequate for now, especially since it's handling less traffic as the country waits for the tourist boom?**

The debate kicked off again this month when a storm forced the airport to close for 18 hours over Easter. Bad weather can't be helped but the situation became a fiasco when the airport was not able to cope with a record crush of holiday travellers (*Business & Technology* April 16)

Stranded passengers had to jam into SA Airways' Terminal B when the airline could not get permission to open the little-used international terminal as a waiting area. The antiquated public address system could not be heard over the din, so passengers received little information while they waited for up to 24 hours for flights.

"There was no-one there to tell us where to go," says SABC TV presenter Patricia Glyn, who was booked on a 12.30 pm flight on Easter Sunday and eventually flew out at 11 am on Monday. "When I got to the counter I discovered my seat had already been given away and that it was first-come, first-served. Those who missed their flights became standby passengers."

Cape Town Chamber of Commerce's Albert Schuitmaker says. "The authorities should know how to handle the situation by now. They're not short of experience. The airport has been closed for a few hours at a time because of fog on many occasions."

Pick 'n Pay chairman Raymond Ackerman believes that D F Malan, which was named SA's worst international airport in 1991, is so inadequate that a new airport will have to be built if Cape Town gets the 2004 Olympic Games. The games would attract an estimated 200 000 participants, officials and spectators, but if SA gets the Olympics, Durban probably will be the host because of its better weather from July to September, when the games are held.

While few others are talking about an entirely new airport, many feel that a complete overhaul is necessary if Cape Town is to realise its huge potential for international tourism. The airport opened in 1955 and the last major upgrade was 12 years ago, when the international terminal was built at a cost of R5m. Recently, the airport was awarded gateway status, which means that international direct flights can land there without the passengers incurring extra charges.

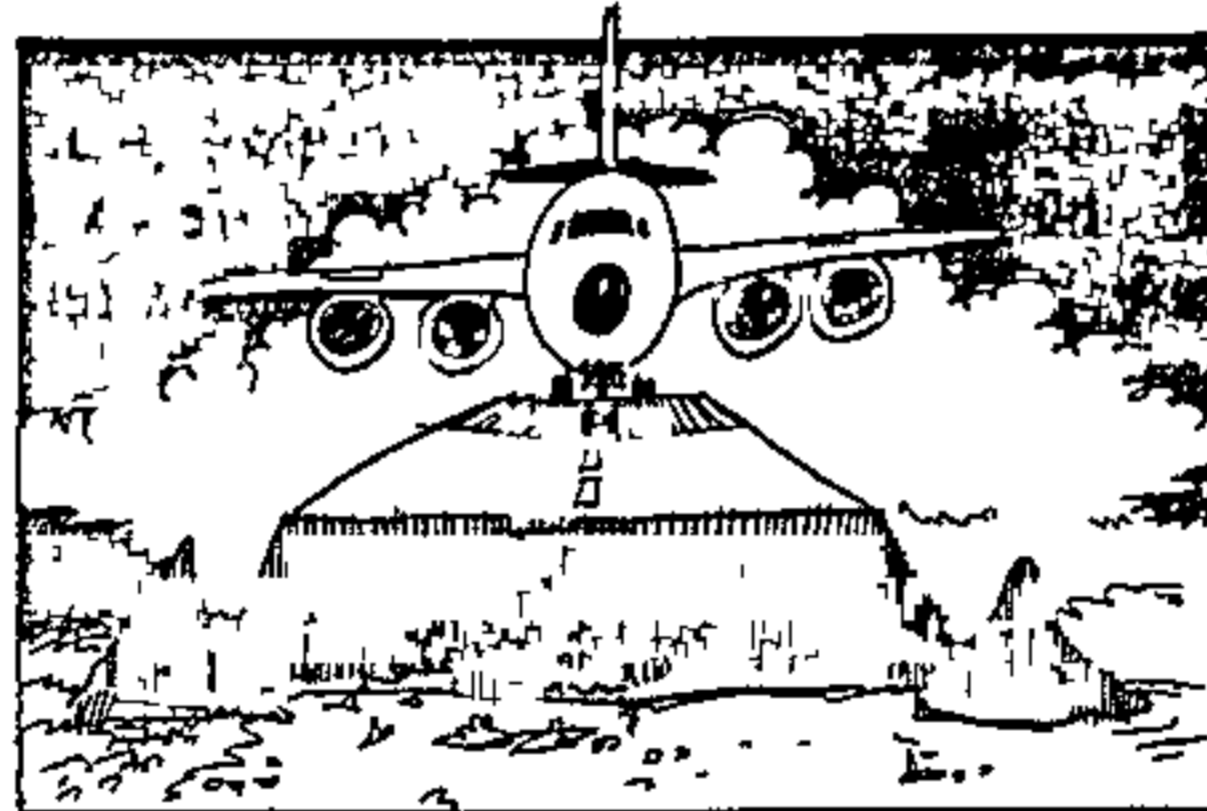
Gordon Oliver, CEO of Captour, which markets tourism in the western Cape, has pressed for an upgrade of the airport for some time. In January Captour published a list of 26 shortcomings at D F Malan that it

wants rectified. These concerned the bleak appearance of buildings, complaints about prices at the duty-free shop, the lack of air conditioning in the international arrivals hall, the lack of crowd control when passengers emerge from the customs hall, and the cleanliness of the airport.

SAA senior manager Bruce Lutman wants a vastly improved facility in which the distance between international arrivals and domestic arrivals isn't nearly 600 paces along a sloping pavement. "This is the only airport in the country where it is necessary to go outside, even if it rains, to get from the international to the domestic section."

But the Department of Civil Aviation, which runs the airport, is adamant that D F Malan is adequate. The facilities may have to be apportioned differently but they do not need enlarging, says chief director Stuart Huckwell. The airport's traffic has actually declined in the past two years, from 2,4m passengers in fiscal 1990 to 2,29m in 1991 and 2,2m in 1992.

Huckwell says passengers can be better



handled if the domestic terminals, A and B, are merged into a common facility for all domestic flights. "One doesn't enlarge an airport to cope with large volumes only during Christmas and Easter. It would be senseless to enlarge SAA's part of the building now, when it could lose market share to its competitors, Flitestar and Comair." The two rival airlines use Terminal A.

"The situation is being monitored and we'll take action when we get a clear picture of what's happening in the market," he says.

Flitestar MD Jan Blake is happy with the airline's facilities at D F Malan, which he says are better than its facilities at Durban and Johannesburg. "I don't know why there's all the fuss about D F Malan. When Heathrow is closed because of weather you can hardly stand, never mind walk."

The Cape Town Chamber of Commerce, though not happy with the airport, is not pressing for an immediate overhaul. It first wants to form a users' liaison committee comprising representatives of airport management, concessionaires, airlines, the surrounding local authorities, tourism organisa-

tions and the hotel industry, Schuitmaker says. He plans to discuss the committee with Transport Minister Piet Welgemoed.

The real answer for D F Malan may be the commercialisation of State airports, which begins on July 1. Two government-owned companies will take them over from the department and operate them along private-sector lines (*Business & Technology* March 12). With ears better tuned to the market, the two companies should be in a position to act quickly if a big upgrade, or even a new airport, is necessary.

David Pincus

ESKOM

## Appointing an heir

After six months of public speculation about who will succeed Ian McRae as CE of Eskom, it was announced this week that the high-profile job will go to Allen Morgan. The 22-year veteran is seen as a seasoned negotiator who can lead Eskom through the period of political transition.

In a closed-door session on April 1, the Electricity Council, which controls Eskom, chose Morgan (45) to succeed McRae, who will retire in March after 46 years at Eskom, including eight as CE. The results of the vote were not announced until Tuesday.

In an internal memo, McRae says he is "delighted to hand over the reins to such a worthy successor." John Maree, the council's chairman, adds that Morgan "enjoys a high level of respect and credibility among Eskom's customers as well as other stakeholders." Morgan was unavailable for comment.

Morgan, an electrical engineering graduate of the University of Stellenbosch who joined the utility in 1971, took over as executive director of sales and customer service last year. Before that he was executive director of marketing and electrification. It was his handling of that sensitive portfolio, which included responsibility for planning, negotiating and managing electrification projects, that made him the frontrunner. One member of the council says "the strength of his negotiating ability" scored a lot of points.

Last year, Eskom was invited to take over distribution from nine black local authorities and is negotiating to take over 11 more this year. Under Eskom management, payments for electricity in Alexandra have gone from practically nil to 90% and the utility cancelled Soweto's arrears in exchange for taking ownership of the township's R204m electricity network.

Morgan's personality, says the council member, was seen as a plus compared with

Star 23/4/93

## Limited MMF payouts possible

CAPE TOWN — The new board of directors of the Multilateral Motor Vehicle Accidents Fund (MMF) would be asked to investigate the possibility of limiting payouts from the fund, the Minister of Transport Dr Piet Welgemoed said yesterday. Welgemoed said the new board would be appointed within the next few weeks and would include six directors from the private sector.

(269)

# US shipper now uses

# Cape Town Harbour

By JEREMY WOODS

25/4/93

Stillman (C/moko)

25/4

CAPE TOWN has become the primary point of entry for a major American shipping company. APA World Transport, one of the largest trucking and international shippers in the United States, switched their entry-point from Durban after finding they could cut their delivery time by up to 14 days, according to Mr Andrew Daly, whose company World Groupage Services represents APA in South Africa.

Although bringing containers bound for Johannesburg through Cape Town is "a little more expensive", the big bonus is the time saving, according to



Edited  
by  
**JEREMY  
WOODS**



OPENING NEW MARKETS . . . Andrew Daly, of World Groupage Services (left), and International Freight Management's Claude Nuttall at Cape Town's docks  
Picture: JACK LESTRADE

Mr Daly

"Many of our customers bring in a range of light engineering products from America on a regular basis and time-saving and reliability is critical for their stock levels," he says

"While companies don't want to carry too much stock for obvious financial reasons, they also cannot afford to run out of stock. Many local importers agree to pay for goods based on past arrival dates. If we can save them up to 14 days on delivery time, it allows them time to get their invoices out before they have had to pay for their goods."

Mr Daly, who is represented in Cape Town by International Freight Management, said the amount of freight being shipped into Cape Town has made APA World Transport take serious note of its South African operation

APA international director Tom Downs says the company had always believed that Cape Town was a difficult market to penetrate.

"We've always been nervous about using Cape Town due to its relative size to Johannesburg and its traditional conservatism in responding to new freight entrants. But our South African partner World Groupage Services, through its agent International Freight Management, has proved that Cape business leaders are quite willing to try more cost-effective methods of transporting their goods from sources in the US."

# MVA: attorney's case postponed

Sowetan 26/4/93.

(269)

By Josias Charle

■ HUGE AMOUNT Police

probe alleged fraudulent

claims of R1,4 million:

**A** PROMINENT Pretoria attorney has again appeared briefly in the Pretoria Regional Court in connection with Motor Vehicle Assurance claims. Mr Morole Bogoshi was not asked to plead and the case was postponed to July 30 for further investigations.

Bogoshi, who is on R300 000 bail, was granted permission by magistrate Mr FJ Poolman to use his passport for trips he would like to make but told to surrender it to the investigating officer after each trip.

Poolman also said the condition that Bogoshi should not contact witnesses in the case had to fall away as no witnesses' names were available. He added that another reason for this ruling was that no formal charges had been formulated against Bogoshi yet.

The Office for Serious Economic Offences in Pretoria is investigating charges of more than R1,4 million in alleged fraudulent claims from the MVA fund

Last year police searched Bogoshi's offices and confiscated several files relating to MVA claims. He brought an urgent application in the Pretoria Supreme Court against

the OSEO to, among others, seek an order declaring the confiscation of his documents illegal.

The court ruled that Bogoshi would be allowed to remove certain documents pertaining to his clients from the files which he claimed were "privileged" either in the presence of the Supreme Court or a representative of the OSEO. The rest of the documents in about 1 000 files would be open to scrutiny by the investigating officers.

These documents would then be sealed and kept by the Registrar of the Pretoria Supreme Court.

Senior State Advocate Mr Johan Visser told *Sowetan* at the weekend that the OSEO was finalising a number of cases relating to alleged fraudulent claims.

Several other cases have been referred to the commercial branch of the South African Police

WESTERN UNION

BUSINESS DAY, Monday, April 26, 1993

## Autonet 'considering privatisation option'

TRACY SCHNEIDER

AUTONET, the road freight division of Transnet, was seriously considering privatisation, Road Freight Association CE Ian Moss said at the weekend.

"I have no doubt that Autonet is positioning itself for privatisation", Moss said. The comment followed speculation in transport circles that Autonet was poised to make an announcement on privatisation.

Autonet CE Jan Venter said if profitability continued to improve privatisation would be considered in the "long term". However no short-term decision had been taken.

He said Autonet's profitability had improved dramatically over the past few months: "Should this continue, there is a long-term possibility that Transnet will be reconsidering the extent of its shareholding in Autonet."

Such action would be welcomed by private hauliers who have long battled with what they describe as Autonet's predatory pricing, with losses allegedly funded by the taxpayer.

The Road Freight Association has been calling for the privatisation of Autonet, saying there was no need for government involvement in a deregulated sector.

Association CE Ian Moss said in an earlier report government had been dragging its feet on the privatisation of Autonet. The road transport industry was free from "the shackles of regulation, but the retention of Autonet is undesirable competition", he said.

Evidence through intermediaries

170A. (1) Whenever criminal proceedings are pending before any court and it appears to such court that it would expose any witness under the age of eighteen years to undue mental stress or suffering if he testifies at such proceedings, the court may, subject to subsection (4), appoint a competent person as an intermediary in order to enable such witness to give his evidence through that intermediary.

(2) (a) No examination, cross-examination or re-examination of any witness in respect of whom a court has appointed an intermediary under subsection (1), except examination by the court, shall take place in any manner other than through that intermediary.

(b) The said intermediary may, unless the court directs otherwise, convey the general purport of any question to the relevant witness.

(3) If a court appoints an intermediary under subsection (1), the court may direct that the relevant witness shall give his evidence at any place—

(a) which is informally arranged to set that witness at ease,

(b) which is so situated that any person whose presence may upset that witness, is outside the sight and hearing of that witness; and

(c) which enables the court and any person whose presence is necessary at the relevant proceedings to see and hear, either directly or through the medium of any electronic or other devices, that intermediary as well as that witness during his testimony.

(4) Statement

It is with pleasure that I announce that the actions regarding the implementation of sections 1 to 3 of the Criminal Procedure Amendment Act, 1991, which have the object of protecting child witnesses, by inter alia providing that a

HOUSE OF ASSEMBLY

child under the age of 18 years who testifies be assisted by an intermediary and may give evidence elsewhere than in an open court, have now progressed to such an extent that the sections can be put into operation on 30 July 1993.

Actions regarding the purchase and installation of expensive and sophisticated equipment (which includes television sets and cameras, microphones, earphones, speakers, amplifiers and sound-dividers) had to be completed before section 1 to 3 could be put into operation. Such equipment, all of which is not readily commercially available and had to be custom made according to specifications, has been purchased after being properly tested and approved by the South African Bureau of Standards. The equipment will be installed in 10 supreme courts and in 59 magistrates' courts across the country. (A list of these names is attached to the reply.) Installation of the equipment will commence in the near future and it is anticipated that installation will be completed during July 1993.

The determination of categories or classes of persons who are competent to be appointed as intermediaries will also be effected on 30 July 1993 by notice in the Government Gazette.

COURTS WHERE EQUIPMENT WILL BE INSTALLED

Supreme Courts	Durban
Bloemfontein	East London
Grahamstown	Cape Town
Johannesburg	Pietermaritzburg
Kimberley	Pretoria
Port Elizabeth	
Chief Magistrates' Courts	
Cape Town	Only at Regional Court
Port Elizabeth	Only at Regional Court
Wynberg	Only at Regional Court
Bloemfontein	Only at Magistrates' Court
Vereeniging	Only at Regional Court
Pretoria	Only at Regional Court
Durban	Only at Regional Court
Johannesburg	Only at Regional Court
Randburg	Only at Regional Court
Kempston Park	Only at Regional Court

Germiston	Only at Regional Court
Pietermaritzburg	Only at Regional Court
Pretoria North	Only at Magistrates' Court
Kimberley	Only at Regional Court

Decentralized offices of Regional Courts

Welkom	Potchefstroom
Bethlehem	Krugersdorp
Kroonstad	Klerksdorp
Harrismuth	Boksburg
(Klipskool)	Vryburg
Virginia	Uppington
Sasolburg	East London
Scottburgh	Wynberg
Ladysmith	Paarl
Port Shepstone	Worcester
Eshowe	George
Empangeni	Oudtshoorn
Vryheid	Bellville
Newcastle	Queenstown
Germiston	Middelburg (C)
Randburg	Beaufort-West
Rooodepoort	Middelburg (TVI)
Vanderbijlpark	Witbank
Randfontein	Ermelo
Springs	Pretersburg
Nigel	Nelspruit
Kempston Park	Rustenburg
Benoni	

Johannesburg: rapid rail transit system

Mr P G SOAL asked the Minister of Transport.

(1) Whether, with reference to his reply to Question No 5 on 19 February 1992, any research has been undertaken regarding the financial aspects of a rapid rail transit system for Johannesburg; if not, why not; if so, (a) by whom, (b) what was the (i) nature and (ii) extent of this research and (c) what were the findings;

(2) whether the data pertaining to this research is available to the public; if not, why not; if so, in what manner? B646E

the MINISTER OF TRANSPORT.

(1) Yes

(a) By the South African Roads Board in collaboration with interested bodies such as the Department of Finance, the Transvaal Provincial Administration, the relevant regional services councils, the Johannesburg

City Council, JOMET, ORMET, private business organisations as well as public and private transport organisations. Full details of the organisations and people consulted appear in volume 1 of the study report.

(b) (i) A full feasibility study into a mass transit system for Johannesburg. This included, among other things, a further six transportation alternatives of which several variations were tested. Four modes of transport, namely transport by train, bus, taxi and also private transportation were included.

(ii) A comprehensive study covering all relevant modes of transport and also consideration of financial, economic, environmental, operational, institutional and legislative implications of various transport strategies. The study started during February 1989 and came to an end towards June 1991.

(c) The complete findings are contained in the study report and cannot readily be summarised.

(2) Yes, the report comprising 9 volumes is available from the Department of Transport or from the Central Witwatersrand Regional Services Council, which is responsible for the implementation of the findings as it deems fit.

Sasol fuel

Mr G C ENGEL asked the Minister of Mineral and Energy Affairs

(1) What percentage of the fuel sold in the Transvaal over the latest specified 12-month period for which information is available was petrol blended by Sasol,

(2) whether any additional pipeline costs are incurred in respect of the transportation of petrol to be sold in the Transvaal; if so, (a) what did these costs amount to per litre as at the latest specified date for which information is available and (b) how were these costs made up,

HOUSE OF ASSEMBLY

2814193  
**Bus scheme to support itself**

Political Staff 269

THE R78,9-million bus subsidy scheme for House of Assembly pupils would be become self-supporting next year, Education and Culture Minister Mr. Piet Marais, said yesterday. Replying in Parliament to a question by Mr Roger Burrows (DP Pinelands), he said the scheme transported 60 257 pupils daily

Star 28/4/93  
269

# Air travel: Govt to ease increases

The Government is to pump tens of millions of rands into South Africa's commercialised airport and navigation companies in their first three years of existence in order to lessen tariff rises

Announcing this at a press conference at Jan Smuts Airport yesterday, Minister of Transport Dr Piet Welgemoed said Mr Justice Cecil Margo was one of two provisional members of a regulatory committee which would set maximum tariffs and minimum standards of service for the companies

The other was the Commissioner of Civil Aviation, Japie Smit

As far as the top management of the new companies was concerned, a

"head hunter" had been appointed to recruit a managing director, financial director and a director of human resources for each of them

Welgemoed said Jan van den Berg and Ron Haywood had been appointed as members of an advisory committee which would help the airport company get on its feet. Negotiations with a third person were under way.

On the committee for the navigation company were Dirk Ackerman, Donald Masson and Jan Dreyer.

Full boards for the companies, with five to eight directors each, would be appointed. The department was waiting for proposals for suitable people — Sapa



# Airport tariffs set to take off

(269)

cr 28/4/93

Own Correspondent

JOHANNESBURG. — Government is to subsidise, in part, the two companies involved in the commercialisation of the country's nine state airports. Air services are also to be subsidised to the tune of tens of millions of rands for the next three years.

Transport Minister Mr Piet Welgemoed said yesterday substantial tariff increases for users of airports—passengers and carriers—would, however, be necessary once the running costs of airports and air control services were studied.

In some cases the increase in tariffs could be more than 100%, Mr Welgemoed told a media conference on the commercialisation of airports, air traffic and navigation services, held at Jan Smuts airport.

Passengers could expect to pay a tariff of R20 for domestic flights and R40 for international flights,

## Appeal for more flights to Walvis

WALVIS BAY. — South African Airways, Flitestar and Air Namibia have been asked to step up their services to Walvis Bay, the South African-owned enclave in Namibia. The request came from the South African/Namibian Joint Administrative Authority (JAA) for Walvis Bay, whose management committee held its third meeting on Monday.

The JAA said it had informed the airlines that the existing three flights per week between Walvis Bay and Cape Town were inadequate. Concern was also expressed at Monday's meeting over plans to dump large amounts of coal near the environmentally sensitive Walvis Bay lagoon, earmarked for tourist development, the JAA said. — Sapa

once the new measures come into effect.

The amount set aside in the 1993/94 Budget for the operation of state airports, excluding maintenance and security, was R45,4 million.

Mr Welgemoed said commercialisation would reduce the financial burden on the state and put all aspects of airport management on a sound commercial footing.

Judge Cecil Margo and Civil Aviation Commissioner Mr Japie Smit had been provisionally appointed to a regulatory committee to safeguard the interests of

consumers by setting maximum tariffs and minimum standards of service, Mr Welgemoed said.

Mr Welgemoed said personnel at the airports would be requested to make their services available to the two companies until new employment contracts were negotiated. Those unwilling to negotiate new contracts would be seconded, with their permission, to the companies.

Mr Welgemoed said the SAP would continue to be responsible for law and order at airports while private companies had been invited to tender for the provision of other security services.

# Govt faces huge airports bill

STEPHANE BOTHMA

GOVERNMENT'S part subsidy of the two companies involved in the commercialisation of SA's nine state airports and air services will run into tens of millions of rands over the next three years.

Transport Minister Piet Welgemoed told a news conference at Jan Smuts Airport yesterday substantial tariff increases for airport users, such as passengers and carriers, would be necessary when the real costs of running the airports and air control services were studied. In some cases the increase could be more than 100%.

He said, however, that increases would be phased in in a "user friendly" manner.

Currently, state airports run at a loss and for several years government has subsidised about 35% of their running costs. In the 1993/94 Budget R45,5m was set aside for the operation of state airports,

excluding maintenance and security.

Legislation for the commercialisation of the services into two companies — the Airports Company and the Air Control Company — came into effect on April 1. The companies would be established no later than July 31.

Judge Cecil Margo and Civil Aviation Commissioner Japie Smit had been provisionally appointed to a regulatory committee to safeguard consumers' interests by setting maximum tariffs and minimum standards of service for the companies.

An advisory committee had also been appointed to assist with setting up the companies. For the Airports Company members were independent corporate and

□ To Page 2

## Airports

financial consultant Jan van den Berg and Sacob deputy director-general Ron Haywood. A third member would be announced later this week. For the Air Control Company, members were Decca Contractors chairman Dirk Ackerman, SA Post Office board chairman Donald Mason and Hofmeyer Van der Merwe Attorneys partner Jan Dreyer.

A professional "head hunter" had been appointed to recruit an MD and financial and human resources directors for each company. Boards with five to eight members would be appointed.

Welgemoed said a major task was the

identification and transfer of all assets and liabilities to the two companies.

As the full implementation of commercialisation would take time, the Transport Department would continue rendering services. Airport personnel would be asked to make their services available to the two companies until new employment contracts could be negotiated.

Regarding airport security, Welgemoed said the SAP would still handle law and order duties.

Private companies had been invited to tender for other security services.

□ From Page 1

month period, mainly attributable to Flitestar. These results gave impetus to speculation but there have been strong denials from several players.

Flitestar MD Jan Blake says there is no point in selling "now that we have turned the corner and will start making profits. None of the shareholders is trying to sell shares. According to our articles of association, shareholders first have to offer their stake to the other shareholders." *FM 9/4/93.*

Piet van Aswegen, Safmarine's representative on Flitestar's board, says he has not heard of any of the shareholders trying to offload shares. Piet van Hoven, MD of Comair, which competes against Flitestar on the Johannesburg-Cape Town route, has heard the stories but "cannot establish if there's any truth in them."

True or false, the rumour mill has even identified a likely buyer, British Airways, and a merchant bank, Investec. British Airways SA manager Malcolm Freeman says he is "not at liberty to discuss that sort of thing. I may not even say whether negotiations are going on. We never discuss our mergers and acquisitions because they can affect our share price." Investec MD Stephen Koseff could not be contacted.

The rumours have reached SA Airways but there's not much chance of finding a buyer there. The Competition Board recently instructed SAA to increase its domestic fares because the board felt that SAA had adopted predatory pricing policies to force Flitestar out of business.

#### Taking market share

Flitestar began operating on the lucrative main domestic routes in October 1991 and quickly took 25% of the market from SAA. Blake claims it began to lose money because it could not pitch its fares higher than SAA's, which he believes were set low to keep Flitestar in the red.

Indeed, though SAA was in the process of losing R100m last year, it seemed less intent on getting into profit than on hurting Flitestar by keeping down its domestic fares.

Blake will not discuss losses but says, "They were significant for an operation of our size but not for one the size of SAA."

It is not clear why Flitestar was losing money. Comair, operating a leased aircraft with leased crew on only the Johannesburg-Cape Town route, undercut SAA and Flitestar on fares and operated profitably, according to Van Hoven.

The Competition Board ruling pleases Blake. SAA increased its domestic fares by 8% in August, 8% at the beginning of the year and 7% this month — an effective 25% — and Flitestar followed suit. "That puts us

FLITESTAR

### Hitting some turbulence

*FM 9/4/93.*  
**Is Flitestar up for sale?** Rumours persist that a shareholder wants to shed all or part of the upstart airline, which is believed to have lost R30m in the second half of last year.

Safmarine has a 37,5% stake in the airline, the De Muelenaere family holds 18,75% and Rentmeesterbeleggings 43,75%. Last week, Rentbel posted a R12,9m loss for the six-

*FM 9/4/93. (269)*  
in the best position we have been in since we started," he says.

"The domestic price increase, though uncomfortable for consumers in the short term, is the first step in the right direction to ensure that competition survives in the medium term," says Rentbel MD Joachim Vermooten. "Should the board's further recommendations be implemented, and coupled with the granting of additional licences on our international routes, Rentbel should, in the medium term, be able to post positive returns to shareholders."

Domestically, the airline's load factor is 60%. The figure for its international operation to Bahrain is only 45%, but it was started with the intention of including Mombasa, Kenya, and/or Saudi Arabia in the service, says Blake. Negotiations are continuing with the two countries. "If we get a no from Kenya and Saudi Arabia, we will have to reconsider the service to Bahrain."

Flitestar plans to add Germany, India and the Seychelles to its list of international destinations in the second half of the year. It has also tendered for flights to Skukuza in the Kruger National Park, a service now offered by Comair.

# More retrenchments to come at SAA

Own Correspondent

DURBAN. — SAA is considering reducing its staff complement by another 500 through forced retrenchment.

It has already reduced its 11 500 workforce by 1 700 through a selective voluntary retrenchment scheme, media relations manager Mrs Zelda

Schwalbach confirmed yesterday.

She said the airline was in the process of identifying posts that were likely to be affected by the proposed next round of retrenchments.

SAA's newly appointed chief executive Mr Mike Myburgh announced that the airline was expected to disclose a loss of more than R100 million for the

financial year ended March 1993.

Mrs Schwalbach confirmed that once the retrenchment programme was completed, it was expected to bring about a saving of R150m, equivalent to 20% of the airline's annual salary payout.

She said there were also plans to consolidate and rationalise SAA's office ex-

penses, cutting down on the six buildings from which it operates in Johannesburg.

● Sapa reports that more than 5 000 Pick 'n Pay workers from the group's southern Transvaal outlets yesterday converged on the Bridge shopping complex in central Johannesburg to protest against the pending retrenchment of more than 3 500 staffers.



# Portnet busier than ever

Star 29/4/93  
269  
Portnet handled 118,9 million tons of cargo through the seven South African ports in the 1992-93 financial year — 13,42 million tons more than in the previous year.

Exports at 95,3 million tons, up 3,8 million tons, made up 80 percent of total cargo-handling. Imports at 20,4 million tons, up 5,6 million tons, made up 17,1 percent.

Exports rose 7,01 percent, while imports grew 57,1 percent.

Of the total tonnage, Richards Bay alone handled 49,8 percent (52,6 million tons, down 3,7 million tons). Of this, 96,7 percent were exports.

Durban handled 25,7 million tons, or 24,4 percent of total tonnage.

During the year 12 484 vessels berthed at South African ports — 153 more than in the previous year.

Portnet says that as only 153 more arrivals resulted in a 114,4 percent increase in tonnage, considerably larger vessels are calling at South African ports.

Portnet handled 877 317 TEUs (six-metre containers) during the year — 13,2 percent more than in the previous year.

The steady increase in container handling coupled with the increase in exports suggests the demise of sanctions is slowly starting to increase cargo-handling through SA ports, Portnet says. — Sapa.

# Third party members sign agreement

CAPE TOWN - Participants in the troubled third party insurance scheme signed a new agreement yesterday.

A significantly amended version of the Multilateral Motor Vehicle Fund (MMF) agreement was signed by SA, Bophuthatswana, Ciskei, Transkei and Venda.

The new agreement revamps the management structure of the fund to include six more directors in a restyled board which will replace the existing executive committee. Willem Swanepoel, who has headed the fund for the past year, has been appointed the new CE.

The intention is to boost the expertise of

TIM COHEN 269

members of the fund, which was found to be responsible for granting excessive claims, some of them fraudulent.

As a consequence, the fund became actuarially insolvent.

Transport Minister Piet Welgemoed said yesterday this did not mean that the fund was incapable of satisfying its immediate obligations.

The MMF would continue to operate on a "pay as you go" basis, meeting claims as and when they became payable, although it would attempt to boost reserves.

PIETERSBURG AIRPORT

269

FM 30/4/93.

# The great north's big hope

The former SA Air Force base at Pietersburg is up for grabs. The vast property has been handed over to the Public Works Department which is investigating other uses for it. One of the most convincing arguments for converting it into an international airport is that much of the region's fresh produce — subtropical fruit, vegetables from Tzaneen, and tea — is flown to Europe and the Arab Gulf states.

These goods are now transported 300 km by road to Jan Smuts airport (*Business & Technology* March 5). Opening Pietersburg for international flights would also encourage the exports and imports of other countries such as Botswana, Zimbabwe, Zambia, Malawi, Mozambique, Kenya and Angola.

The base reverted to the department in March as part of the SA Air Force's rationalisation programme. The property has been offered to private developers for sale or lease for aviation purposes. Should there be no firm proposals the department will have to re-evaluate the use of the land, rezone and dispose of it.

A campaign, under the name of Gateway International, has been launched by Pietersburg town clerk Attie Vermaak to attract local and international airport developers. Two British companies, one is London-based air-traffic controller GEC Marconi, have contacted Vermaak. So has the projects arm of a well-known, Rivonia construction group which is proposing an industrial development in the airport's vicinity. Vermaak says he wants to lease or sell the property this year.

The airport is 5 km north of Pietersburg and easily accessible from the N1. It is served by road and rail, has a residential area, which is being retained, and the usual aviation infrastructure. This consists of two runways with taxiways and aprons which can accommodate large aircraft such as Boeing 737s and Airbus 300s, hangars, an operations complex, which includes a control tower, fire, rescue and weather stations, a fuel depot, security wall with access control and various administrative, technical and other buildings.

Vermaak says the council owns a large amount of serviced industrial land adjacent to the airport which is on offer at an average price of R10/m<sup>2</sup>. This price compares with the average values of Pietersburg industrial land of R32/m<sup>2</sup> for 1 000 m<sup>2</sup>; R31/m<sup>2</sup> for 2 000 m<sup>2</sup>, and R26/m<sup>2</sup> for a 5 000 m<sup>2</sup> stand.

According to *Rode's Report* on the *South African Property Market* average prime industrial rentals are R6,55/m<sup>2</sup> for 250 m<sup>2</sup> units, R5,23/m<sup>2</sup> for 500 m<sup>2</sup>, R4,26/m<sup>2</sup> for 1 000 m<sup>2</sup>; R3,61/m<sup>2</sup> for 2 500 m<sup>2</sup> and R3,50/m<sup>2</sup> for 5 000 m<sup>2</sup>. Rents for secondary

industrial space for these size units are. R4,70/m<sup>2</sup>, R4,18/m<sup>2</sup>, R3,69/m<sup>2</sup>, R2,85/m<sup>2</sup> and R2/m<sup>2</sup> respectively.

Moolman Group MD Janie Moolman, the largest property owner in the Pietersburg region outside of the institutions, has about R3m-R4m worth of industrial buildings near the airport. The group also has industrial land in other parts of Pietersburg which at present has greater income-producing potential because it is closer to the CBD and forms part of the traditional trading area.

would flow from the airport's being converted to commercial use would be immense — particularly if the area becomes an export processing zone.

"Pietersburg is not a large manufacturing area, though SA Breweries and SA Bottling are here. We are more orientated towards distribution, hence our name, the Warehouse of the North. Most of our industrial buildings are warehouses, either for wholesalers or service industries. More warehouse development could become an attractive proposition should the airport eventuate and the area become viable, via government subsidisation, for export processing businesses," Moolman says.

He adds that there is a slight oversupply of industrial and commercial space. Over the past year land prices have remained static and rentals for industrial space and offices have declined. The retail market has been stronger. In prime retail locations there is not

a lot of vacant space as trading is steady. Retail rents have kept pace with inflation and range from R15/m<sup>2</sup> to R25/m<sup>2</sup> for line shops in centres and up to R40/m<sup>2</sup> for strip shops.

An indication of the retail strength of Pietersburg is the fact that 50 000-70 000 people from Venda, Lebowa, Gazankulu and Zimbabwe travel daily to the town to shop. Pietersburg has a population of 47 500.

The Rivonia-based group says it is not waiting for the new airport to take off: "It is still very much a buyer's market. Pietersburg's cheap industrial land favours new development whereas in Johannesburg prohibitive land prices could kill new ventures."

It believes Pietersburg could be the gateway to Botswana and Zimbabwe in much the same way as Nelspruit is a springboard to Mozambique. ■

## DURBAN OFFICES

### Mutually bullish

FM 30/4/93

Durban's oversupplied A-grade office market — with 28,8% vacancies recorded by Sapoa in February — might have its problems compounded by the addition of a large complex in the heart of the city.

That will apply if office take-up, which has been good in the CBD in the past year, does not continue to swallow up the surplus. *The Property Economist* has noted that once

\* Cont - D

## PRETORIA OFFICES STILL GOING EAST

FM 30/4/93

A surprise take-up of office space in the eastern suburbs of Pretoria — the largest recorded countrywide in the year ending November — is attributed by Sanlam Properties GM Fanie Lategan to a flight by tenants from the CBD to more attractive localities.

The eastern suburbs-Pretoria CBD interplay is akin to that of Sandton and Johannesburg CBD. The decentralisation trend is merely taking place later, says Real Estate Surveys MD Erwin Rode.

The net take-up of 50 700 m<sup>2</sup>, recorded by Rode in this area, passed even the total take-up in the Johannesburg metropolitan area in the same 12 months — an area which includes the CBD, Braamfontein, Sandton CBD, Rosebank, Parktown and Randburg.

Sapoa's latest office vacancy survey in February confirms a dramatic fall in va-

cancies in Pretoria's eastern suburbs, from 14,6% in January 1992 to 7,7% in January this year. Two large deals were struck in this period. Eskom leased about a third of Old Mutual Properties 21 000 m<sup>2</sup> Menlyn Office Park and Sanlam Properties, which owns several office blocks in the area, let 8 000 m<sup>2</sup> to Sambou in Saamboupark.

Pretoria's Mid-City Commercial Property Brokers points out that the three-phase 6 000 m<sup>2</sup> Attebury Park, owned by private investor Anton Hartman, on the corner of Attebury and Menlyn roads, is fully let bar 250 m<sup>2</sup> — even before completion. Across the road both first and second phases of the roughly 2 600 m<sup>2</sup> Podium building, owned by Herman Kroon, are also fully let. M-Net took the second phase. A third phase is under construction.

## Five wise men

Commercialisation of the nine State airports is a bit behind schedule, but things are moving along. This week, Transport Minister Piet Welgemoed named five people who will serve on advisory committees to assist with commercialisation. They're all top business-

\* cont \*

men, not a civil servant among them

Welgemoed wanted the commercialisation to begin April 1, but was advised — probably by his Cabinet colleagues — to slow down. In any event, there wasn't much he could do until President F W de Klerk signed the enabling legislation, which finally happened on March 25.

Welgemoed is now targeting July 1 as the date for the Department of Transport to turn the airports over to two government-owned companies — the Airports Co, which will run the terminals, and the Air Traffic & Navigation Services Co, which will control the flying side of the airports (*Business & Technology* April 2).

The committee that will help establish the Airports Co consists of Ron Haywood, deputy director-general of the SA Chamber of Business, and Jan van den Berg, a business consultant who determined the value of Iscor's mineral reserves for the State when Iscor was privatised. The third member will be announced after the Cabinet approves the appointment.

Dirk Ackerman, Chubb Holdings chairman and CE; Donald Masson, chairman of the SA Post Office, and Jan Dreyer, a lawyer who is an authority on corporate finance, joint ventures and privatisation, will assist the start-up of the Air Traffic & Navigation Services Co. Welgemoed wants this name changed to the Air Control Co.

The two committees have a lot of work to do. By July 1 they should have found premises; appointed bankers, auditors and insurers; drawn up contracts with State departments that will still have to provide services, transferred existing private-sector contracts to the two companies, and renegotiated contracts about to lapse. They also will select a security company to take over airport security from the SA Police.

Government also has named a two-person regulatory committee, which, in the absence of full competition, will put a brake on excessive airport tariffs and mandate service standards. Supreme Court Judge Cecil Margo and Japie Smit, a deputy-director general of the Department of Transport and chief direc-

FM

30/4/93

(269)

tor of Civil Aviation, will make up the committee.

No matter what the committee says, tariffs will have to be increased if the airports are to be viable. SA is one of the few countries, if not the only one, that doesn't charge for air navigation assistance and airport security. It will now, but tariffs will be increased gradually over three years. Over this period, the State will still subsidise the airports to the tune of tens of millions of rands. "After that, they're on their own," Welgemoed says. But correctly managed, they should be able to do without that subsidy sooner.

Welgemoed could not appoint the boards of directors of the two companies and hire top executives before De Klerk signed the legislation. Now that commercialisation is cleared for take-off, he has appointed a headhunter and will place advertisements in this Sunday's newspapers for the posts of MD, financial director and human resources director for the two companies. All will have to come from the private sector, he says.

Welgemoed also is waiting for nominations for the other positions on the boards "from a wide spectrum of interest groups that were consulted." Each board will have five to eight members. ■



# Airport tax may lead to improved facilities

By John Miller

Airlines and travel agents have welcomed the commercialisation of State-run airports and with it the expected increases in airport taxes.

Minister of Transport Dr Piet Welgemoed last week announced that passengers would in future be paying up to R20 per domestic departure and R40 on international departures — double the existing taxes.

Cathy McWhirter, Remies Travel marketing general manager, said she hoped that the higher passenger and airport taxes would ultimately be of benefit to both.

"If they are going to put

up taxes they need to justify it by improving facilities," she said. Even though upgrading was taking place at certain airports, there was still a long way to go.

SA Airways media manager Leon Els said he approved of any increases as long as they were used for improvements to the airports.

British Airways chief Malcolm Freeman said he too supported any taxes as long as the money collected was to everyone's benefit.

Lufthansa's Karin Lambson cautioned that air traffic fees were, for most airlines, the second major operating cost and naturally influenced airfare calculations.

# Electrification conference set

A bid by the National Electrification Forum (Nelf) to take "electric power to the people" will be launched at a major international conference.

Nelf interim management committee chairman Johan Kruger said the meeting would be held at the Eskom conference and exhibition centre in Midrand on May 14.

Kruger said the urgency for rapid progress was evident in the fact that while South Africa generated almost 60 percent of the electricity produced in Africa, less than 20 percent of the disadvantaged people in the country had access to it.

More than 200 delegates, representing a variety of stakeholders and international observers, will attend the conference. — Staff Reporter.

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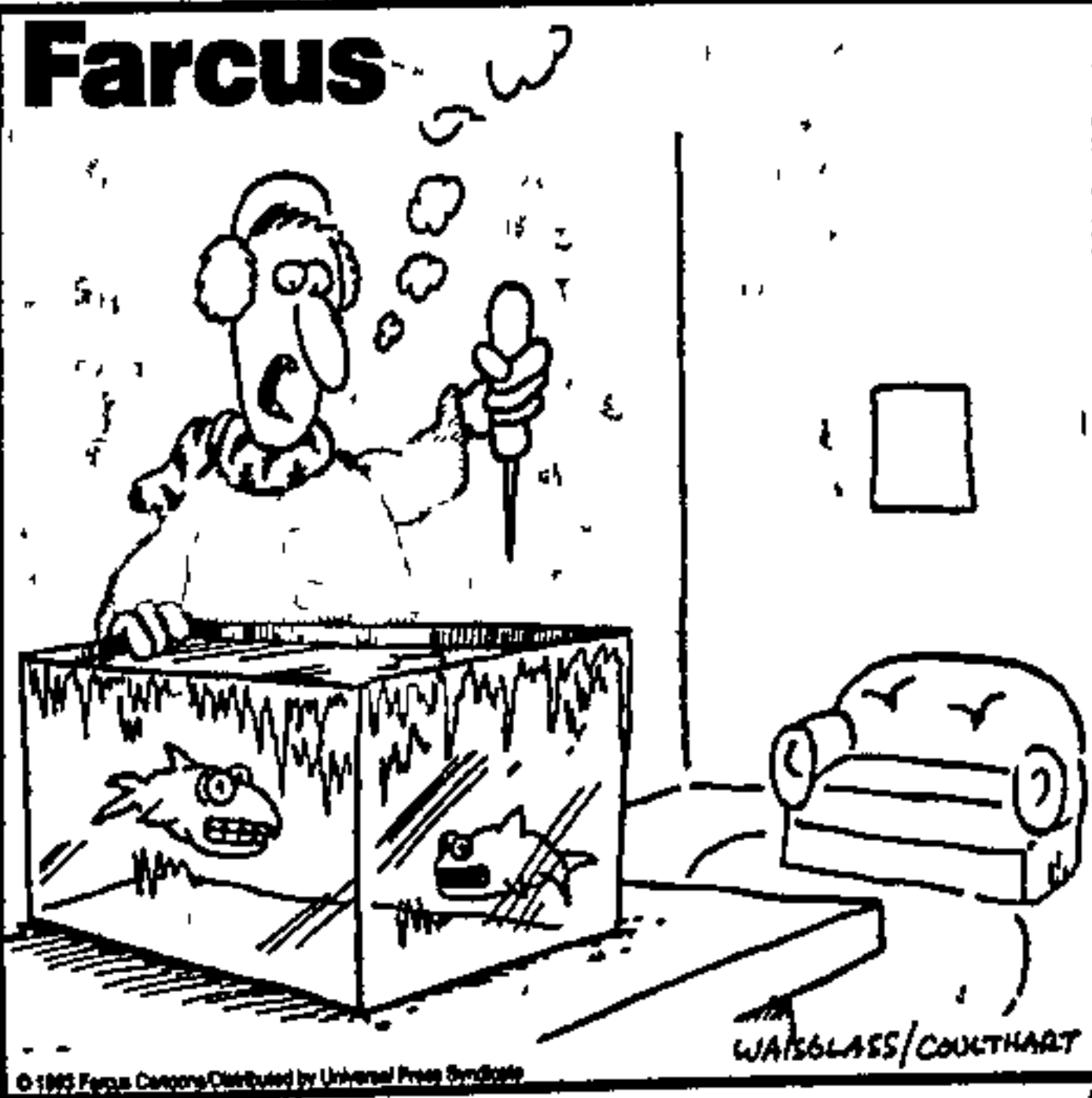
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'Quick! Somebody turn down the air conditioner.'

## DEATH AND FUNERAL NOTICES

(TOO LATE FOR CLASSIFIED)  
ALL FAMILY ANNOUNCEMENTS APPEAR ON THE FRONT PAGE OF THE CLASSIFIED SECTION

EDWARD CHERLES FULTON — Died tragically on Thursday, April 29. The service will be held at Our Lady of Lorrato, 3 Kweper Street, cnr Miller Street, Kempton Park, at 2 pm tomorrow

The Star  
CLASSIFIED  
492-3500

## Airline offers new scheme

STEPHANE BOTHMA

AUSTRIAN Airlines has introduced an upgrading system whereby economy class flyers can fly business class by paying an additional amount.

"Many companies had to downgrade executive travel to economy class and many first class passengers were forced to travel business, so we decided to move with the times and create a completely new service," Austrian Airlines GM for southern Africa Thomas Zilk said in Johannesburg yesterday. (269)

The Touch of Class scheme allows a passenger travelling on an excursion fare basis to pay an additional R1 500 to fly business class. A passenger travelling business class can pay the same amount extra to travel in first class.

Zilk said the offer was available until October.

In another development, Rennies Travel has started discounting international air fares on economy, business and first class tickets.

The travel group had launched its new Flight-savers division to allow agents in its 70 SA branches to "shop around" for the cheapest special deals being offered by airlines, MD Lilian Boyle said.

No specific discount percentage applied, but travellers were guaranteed the cheapest seats available.

**T**RANSPORT experts have flashed hazard signals to the Government that massive cutbacks in road programme funds have pushed the 300 000-km national road network on a downhill slide into disrepair and neglect that threatens eventual chaos.

The speed and extent of deterioration has been confirmed in admissions by Transport Minister Dr Piet Welgemoed that R10 billion would be needed to reverse trends, and to restore primary and secondary roads to 1988 standards.

Welgemoed has caused concern to grow into alarm with estimates that a current 1993/94 transport budget allocation of R2,1 billion works out at no more than half the cash needed to cope with essential maintenance work alone.

He told Parliament there

were no funds at all to press ahead with any new road construction to cure growing congestion on urban routes.

The shock disclosures have stirred renewed controversy about what happens to the billions of rands that road users pour into government coffers via the special fuel levies they have to fork out at petrol and diesel pumps.

Increases announced in the 1993 Budget have aimed at boosting State income from fuel levies, which were originally designed to foot the bill of roadworks, to more than R7,6 billion

in the next 12 months.

That works out at almost double the amount needed to keep the road network in good shape — and expand it.

What's gone wrong?

Until five years ago, the collections from fuel levies were specifically earmarked to finance road programmes.

Since 1988, the Government has drawn a curtain across details of how the levies are allocated.

The influential Southern Africa Road Federation has demanded an explanation.

Federation president Leon

**New disclosures about the deterioration of South Africa's road network have caused concern to grow into alarm. The Government is under mounting pressure to provide solutions, writes MICHAEL CHESTER.**

Oosthuizen hopes the pressure will bring the whole issue to a crunch. He is encouraged by a surge of support from transport experts. Among them:

● The SA Chamber of Business, which also recommends the return to a dedication of fuel levies to expenditure on roads, with the added recommendation

tion that funds are administered by a brand new utility company outside government control.

● The Automobile Association added the support of the private motorist: "It is essential that a road user action group brings pressure to bear on Government so that it can gain a

# Road chaos

# Warning

was the bottom line.

In fact, the 1991/92 budget was hacked down to R2,7 billion. The current 1992/93 budget was lower still — at R2,1 billion.

"Everyone likes the idea of tying the Government down to a discipline on how it spends the money it collects from various sources," says Tony Twine, transport expert with the Econometrix research unit.

"Of course, the state of the road network is a crucial issue. But precisely where do roads fit into the order of priorities? If we committed all or the bulk of income from fuel levies to road projects, how far do we go in robbing Peter to pay Paul?"

"As an example, would the vacuum have to be filled by higher income from VAT taxes?" □

the taxpayer will be in the long run.

How far South Africa had fallen behind with roadworks could be assessed by studies showing the annual roads budgets were slashed by 45 percent between 1975 and 1990. The cuts had since run even deeper.

In the 1991/92 financial year, the Department of Transport calculated that about R6,7 billion was required to handle roadworks classified as "worthwhile". If the list was cropped to projects in greatest need of attention, costs could be trimmed to R4,8 billion. That

proper appreciation of the role of the road network in the South African economy and well-being."

Private motorists and the big transport operators alike are infuriated at the millions of rands in damage caused to vehicles by the bad state of many roads — and costly delays caused by bottlenecks.

What especially concerns the SA Road Federation is that the longer the Government neglects work on wear and tear damage, and building new roads to keep pace with demand, the heavier the costs to

# It's panic stations on protest train

By JAMES BRITTAIN

AS the 11.20am Johannesburg train pulled into Elandsfontein station on the East Rand on Friday, Pieter Erasmus put down his paper and peered out of the window.

A pensioner from the Kempton Park suburb of Van Riebeeck Park, Mr Erasmus was on his way to buy birdseed in town. He saw a swarm of chanting schoolchildren surround the carriages.

They were members of the Congress of South African Students, banned earlier that day from marching in central Johannesburg to protest against exam fees.

Some jumped into the driver's compartment and others into the carriages.

"On Monday De Klerk is going to die," they shouted as the driver stood on the track, demanding that the train be vacated.

"There were five of us in the carriage at the time" said Mr Erasmus.

"Then these kids came running in, shouting 'De Klerk's going to die. We gonna f\*\*\* him up'.

"I sat quiet. One woman was reading her book and she never even looked up. She never even raised her eyes.

"These kids were young. I was shaking because they wanted us to shake."

"They came right up and shouted, 'On Monday it's the end'."

Mr Erasmus said the train moved off eventually, with students in the driver's compartment.

## Painted

Those inside the train tore at the seats and painted big yellow and white APLAs and ANCs all over the carriage.

"I just tried to keep quiet otherwise they would have assaulted us. They hung out of the window and blew the horn all the way to town."

At Johannesburg in the dingy light under the bridge at Park Station, platforms had been cordoned-off with razor wire.

The station was bristling with policemen and soldiers armed with automatic weapons and teargas.

"There were too many cops for any trouble and they just got off. I'm telling you, I'm still shaking now. What is going to happen?"

# Transnet fund shows R10,47bn deficit

CAPE TOWN — The Transnet Pension Fund was currently showing an actuarial deficit of R10,47bn, but the shortfall would be wiped out within a decade, the corporation said yesterday.

*BLOM 11/8/93*  
In answer to a question asked in Parliament by DP MP Brian Goodall, the corporation said the last actuarial evaluation, made on March 31 this year, showed a substantial shortfall.

The current contribution rate contributed marginally towards the funding of the shortfall, but was not sufficient to cover the rate by which the shortfall was increasing.

The balance of the deficit would be paid into the pension fund as lump sums out of profits within 10 years

*269* **TIM COHEN** *270*

Goodall said in reaction the problem was that money which could have been used to cheapen or improve the transport infrastructure of SA was now being used to meet past pension liabilities

"In a country struggling to become internationally competitive and to stimulate investment and savings, this is shortsighted."

He said the pension funds got into difficulty not because of a lack of money, but because of poor investment returns and ill-considered benefits grants. Benefits were improved without any actuarial studies to show

*200*  
what the implications of those improvements were

For example, the buy-back scheme was introduced which allowed members to "buy" past service and thereby improve their benefits dramatically. Transnet employees were also permitted to borrow from the fund for housing purposes at highly subsidised rates, which impacted on the fund's investment return.

A superior investment performance would allow the position to be corrected. "It took 20 years for these pension funds to get into the mess they are in. We should not attempt to correct this in the short term at the expense of potential economic growth," he said.

Explanations

- (a) R12,35 million will be rolled over to the 1993/94 financial year.
- (b) — R134,009 million obtained from the sale of strategic reserves will be rolled over to the 1993/94 financial year.  
— R15,4 million allocated to the food nutrition programme will be rolled over to the 1993/94 financial year.  
— R11,568 million allocated for drought relief will be rolled over to the 1993/94 financial year.
- (c) Includes R625,014 million of Additional Appropriation, 1993.

HOUSE OF REPRESENTATIVES

INTERPELLATION

The sign \* indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

General Affairs:

Illegal drivers' licences

1. Mr A E REEVES asked the Minister of Transport:

Whether he or his Department intends accommodating persons in possession of illegally obtained drivers' licences; if not, why not, if so, in which way? C100E.INT

The MINISTER OF TRANSPORT. Mr Chairman, the hon member for Klipspruit West will remember that we debated this subject during the Second Reading debate on the Road Traffic Second Amendment Bill on 22 April 1993. I am therefore not going to repeat all the information which was furnished then.

The question, and especially the word "illegally", can be interpreted in two ways, and therefore my reply will be drafted in accordance with this approach

If the hon member is referring to "illegally" with reference to the card-type of drivers' licences which were issued in accordance with the Provincial Ordinances on Road Traffic, 1966, and which became invalid because they were not included in identity documents in time, then the answer is "yes".

As I mentioned, one of the steps which were taken was to pilot the Road Traffic Second Amendment Bill through Parliament. The decision of the question on the Second Reading of the amending Bill has been put on the Order Paper. Thereafter it will be submitted to the hon the State President for his assent, and our aim is to have it come into force by July 1993.

The procedure which is envisaged can be divided into two categories. Firstly, a person who is still in possession of the old licence has to apply to any drivers' licence testing centre to exchange this licence for a new valid licence within a period of six months of the Road Traffic Second

Amendment Bill coming into effect. The drivers' licence testing centre will then ascertain whether a valid drivers' licence was, in fact, issued to this specific person on the specified date by the original issuing authority. If such a licence was in fact issued, the normal issuing procedure will follow.

\*Secondly, in the case of the applicant no longer being in possession of the old licence, he must obtain confirmation on a prescribed form from the authority that originally issued the licence to him that the licence was in fact issued to him. Subsequently the same procedure is adopted as for a person who is not yet in possession of a driver's licence

It is important to note that all applications must be made within this period of grace of six months. After that the period of grace will finally elapse. The key word is "apply". The issuing of the licences could therefore take longer.

As regards the second possible interpretation of the word "illegal", I want to reply as follows. If by "illegally acquired" it is meant licences that had been bought or falsified, my answer is an unequivocal "no" [Time expired]

Mr A E REEVES Mr Chairman, my question concerns those people who are in possession of licences that are illegal according to the hon the Minister's second interpretation

We are aware of what happened in the past. We know how our people were treated when they had to apply for licences. We know how they were turned away and how rudely they were treated by the officials, who are still there today. We are aware that these people had to be tested five, six, seven and eight times to obtain licences, and if they did not pass the test they went for the alternative, namely acquiring a licence illegally

If the hon the Minister merely replies with a blank "no" it means that he does not want every driver on the road to be licensed. We want the people to be licensed, and if we want that, we have to make provision for it, because we know what the laws did to people in the past. We know how people were turned away from testing stations in their hundreds. Whether one passed or failed was immaterial. They turned the

people away anyway. These people have to be accommodated

Many of these people have been driving for 30 or 40 years, if not more. I am only talking about people who obtained their licences in South Africa. We have to accommodate these people somehow, otherwise we will always find ourselves with a lot of people on the roads who are not licensed. Eventually we will begin to find rebellious people going against traffic officers and the traffic regulations. This is what we must try to avoid.

We cannot merely sit back and say "no". Let us look at who these people were who obtained illegal licences. They were not the privileged people. They were not the people who always had everything they wanted close at hand and who could merely walk into a testing station and get a licence without even being tested properly. We are talking about people who were turned away in great numbers because of the colour of their skin, who were ill-treated by the traffic inspectors, and this is still being done on a regular basis today.

We cannot shy away from it. We cannot merely reply, "no" as openly as the hon. the Minister did. There is no such thing as "no" where this is concerned. We have to accommodate these people. If we want to bring down the deaths on our roads, if we want to make the road safer for travelling on we have to address this problem. A "no" is not an answer. That is not a solution to the problem. We have to address the problem and address it correctly.

\*Mr N M ISAACS: Mr Chairman, recently we have found that a period of grace was granted to people who had unlicensed firearms and unlicensed television sets. Today we are saddled with a situation in which people have illegal vehicle licences. We could also call them false licences.

I now want to ask the hon. the Minister whether it is not possible to ask these people to come forward if they have illegal or invalid licences. They must then hand in those licences in order to be allowed to undergo a test. What do we find today? Those licences sometimes come from abroad, or from the Transkei. A few weeks ago a senior representative of the Transkei was caught. That person was under the impression that that licence of his was valid. When they put

HOUSE OF REPRESENTATIVES

it to him that that was not the case and that that licence of his was valid in the Transkei, but not in South Africa, he was astonished. That is why I am asking what the possibility is of dealing with the matter in a different way.

Let us consider which people have such licences today. These are adult people, and some of them are old. They are people who have been on the road for years. They are people who are breadwinners. They use their licences to support their families. What happens now? Those people must now try to obtain a licence immediately. Yes, very well; they are not licensed or the licence is false. But what happens now? Those people simply carry on because they need that licence in order to feed their families. That licence must be used to be able to keep going. They have been driving vehicles for many years. That is why I am asking the hon. the Minister whether it is not possible to accommodate these people. [Time expired.]

\*Mr J DOUW: Mr Chairman, the question today is whether the hon. the Minister wants to allow illegality to continue ad infinitum. All that is being advocated here is a cut-off date to enable people to have themselves tested.

There are thousands of people who are driving with illegal licences today. Some of them are experienced, skilful drivers. In most cases these are people who will never want to take a test again. Hence the friendly request to the hon. the Minister to eliminate illegality from the roads and make certain that the non-payment of claims by insurance companies is stopped and that immediate attention be given to this matter. The hon. member for Bishop Lavis referred to the question of illegal firearms, and I want to know from the hon. the Minister what is more important: an illegal driver's licence, or an illegal firearm?

Mr A E REEVES: Mr Chairman, I want to thank the hon. member for Bishop Lavis and the hon. member Mr J Douw for supporting me.

We gave in to so many other demands. Look at the Indemnity Act and a lot of other things. The hon. member mentioned firearms and TV licences, but those are not important things. The driver on the road is more important, because people's lives are at stake.

As the hon. member for Bishop Lavis said, for

most of those people a driver's licence is a means of securing an income. They make a living from driving. Yet we are just going to stand here and say: No, everybody with illegal drivers' licences must simply be taken off the road and ticketed continually. The fine for this offence runs to a maximum of R24 000, and the offender may also face a certain period of imprisonment.

My question to the hon. the Minister is: Did we empty the prisons in order to accommodate these people without licences? Is that what he wants to do? That is not the solution.

The solution lies in allowing these people to go for a minimal test. What I mean by a minimal test is that such a person should be taken out in a motor vehicle to drive through town, and that he should be tested by a decent inspector. I reiterate that it should be a decent inspector who tests him in order to allow such a person to become a legal driver so that he can drive on the roads without being harassed by traffic inspectors.

\*The MINISTER OF TRANSPORT: Mr Chairman, I just want to finish what I started saying.

No provision of any kind will be made to legalise such licences. [Interjections.] My advice to persons falling into this category is to go through the normal testing procedure without delay and obtain a legal licence. If they do not do that, they are not only driving illegally, but any insurance they think they may have is probably invalid as well, with all the financial implications attached to that.

Last year, when we piloted this legislation through Parliament, we addressed a request to the plus minus 300 000 to 1 million people on our roads who have a false licence please to acquire legal licences. I arranged with the Institute of Traffic Officers to ensure that when a person arrives with a licence that has been falsified and he admits it and says he bought a licence or acquired it in some illegal way or other, they must accommodate him and allow him to undergo the necessary test.

As the hon. member said, if a person has already been driving with a false licence for 20 or 30 years, he need not have any fears about passing any test, because then he has been driving for long enough. The main point is that I do not have the support of the Institute of Traffic Officers of South Africa to make any further

concession to any person who does not have a valid licence.

My reply to Mr J Douw, who asked me a question, is that there is no difference between a person who cannot handle a firearm and who walks down the street with it, and a person who cannot drive a motor vehicle and drives down the street in it. Both are a mortal danger to their fellow citizens.

Consequently I shall put this question again to the Institute of Traffic Officers when I speak to the institute. We see one another twice a year on a regular appointment basis. It will be early in August. I shall put it to them that they, as they undertook last year—will immediately help any person arriving there and admitting that he has a forged licence to obtain a legal licence for the sake of himself, for the sake of his insurance and for the sake of his fellow citizens who also use the road.

Debate concluded

#### QUESTIONS

†Indicates translated version.

For oral reply.

General Affairs.

State President.

1992 Parliamentary session:  
transportation/accommodation costs

\*1 Mr M A HENDRICKSE asked the State President

- (1) What, in respect of the 1992 Parliamentary session, was the total cost to each Government Department of the (a) (i) transportation of seasonal personnel, equipment and documentation between Pretoria and Cape Town and back and (ii) accommodation of seasonal personnel and Ministers in Cape Town during that session and (b) how many personnel were involved, in each case;
- (2) what was the cost of maintaining the accommodation of such personnel and Ministers while it was not in use in 1992,

HOUSE OF REPRESENTATIVES

# Lufthansa to split cargo and passenger services

IN A MOVE to enhance market orientation and improve profitability, Lufthansa's cargo and passenger services are to become separate business fields in the SA/Namibia region. 269

*B10AM 125793*  
The unprecedented action will be gradually introduced worldwide. Each division will be headed by a new regional director, whose areas of corporate responsibility will extend over SA and Namibia, with direct accountability to Lufthansa's management in Frankfurt.

Herbert Stehmeier, 31 years with Lufthansa, heads the cargo division while Jochen Korbmann (25 years with the airline) is regional director for passenger services.

## Individual

Stehmeier says the separation paves the way for the creation of individual profit centres to meet the different needs of the cargo and passenger products with their radically different cost structures.

"It will also facilitate clear-cut decision making by delegating power to the lower levels," he says.

The separation follows the signing of a new air traffic policy between the German and SA governments allowing German airlines to service SA eight times a week.

Korbmann says Lufthansa has increased its weekly schedule from five to six flights and added two new destinations — Cape Town and Windhoek.



# Portnet puts forward R260m capital budget

IN A bid to improve service efficiencies and increase freight throughputs at SA's harbours, Portnet has applied to Transnet for a capital budget of R260m — 26% higher than last financial year's record R206m allocation.

This application excludes funding that may be required during the year for projects still under investigation.

Portnet assistant chief engineer (development) Arie Burggraaf says the budget for equipment and infrastructure is based on forecasts of cargo flows from importers and exporters, including Alusaf, Columbus Stainless Steel and Sasol-dominated Coalex.

He says much of this year's funds would be spent on mechanical handling appliances.

Of the total R260m requested, R150m is earmarked to complete projects started last year, while R145m is scheduled for replacing existing capital equipment and starting new projects.

Of the R145m, about R63m will be spent on general equipment, R34m on new projects and R20m on marine services, including refits to tugs and

pilot boats

If funds are approved, a large portion will be spent on its largest project — the replacement of straddle carriers, mostly at Durban's port but also at other harbours

Other expenditure planned for client services will be for major refits of the big tugs Tarpey and Botha in the port of Cape Town port, plus the Marshall Clark and Jan Haywood in Richards Bay.

In addition, the pilot boats John Cox and the RP Jackson in Durban and AC Craige in Cape Town will be refitted

## Substantial

Explaining what is planned from Richards Bay south, he says while SA's largest port received a large share of last year's budget, it is in line for another substantial allocation in the coming year

Since the postponement last year of construction of a R17m paper shed, Portnet has looked again at its project programme and decided to relocate the proposed shed in front of an existing shed, which im-

proves operational control.

Consultants are also working on methods to facilitate the smoother operation of Richards Bay's combi terminal, including changes to the handling methods by forklifts in favour of a gantry operation. Wharfside cranes are also being considered

Construction of a new quay has been rescheduled for later this year. Burggraaf says relocation of the quay fits in well with Richards Bay's redesigned master plan

At Durban, the programme to replace 29 straddle carriers is on schedule for completion by mid-year

Further, two more container cranes are under construction for commissioning at Durban in 1993/94

In the immediate future, however, he hopes funds will become available so Portnet can award a R20m tender for the replacement of certain functions of straddle carriers with rubber-tyred gantries. These would facilitate higher stacking and increased density of container stacks.

"We are also reviewing the No 3 pier project and redevelop-

ment of No 1 pier," he says

Under longer term consideration is the development of an additional back-up area at the Point, based on the deepening of the quays from 7m to 12,8m

Apart from funds needed to refurbish the eight existing container cranes at Durban, provision has been made to buy another container crane

At Port Elizabeth, harbour needs include the replacement of a container crane lost in an accident to help cope with increasing traffic, along with straddle carrier replacements here and at Cape Town's port

## Reclamation

Upgradings planned for Cape Town include reclamation work for the provision of an extra tank farm in the Ben Schoemen dock, being developed in conjunction with Richards Bay Bulk Storage.

Following consultations with Alfa Projects and Middelburg Steel & Alloys, Portnet is investigating a project at Saldanha Bay to facilitate export of beneficiated steel products.

# Price cutting linked to declining service levels

THE effects of price cutting in the service industry, particularly in freight forwarding and shipping, are pertinent to players and customers alike

These findings stem from an in-depth study comprising part of Profreight executive Euan Simpson's Bachelor of Business Administration degree studies.

He says it is unclear whether price cutting leads initially to lower levels of service, or declining service standards lead to lower prices.

What is clear is that the two are inextricably linked and both price and service levels declined in the service industry in the '80s and into the '90s.

Individuals surveyed in the industry — including shippers, shipping line executives and freight forwarders — raised the point that as prices fell service standards declined

One said it had a "very adverse" effect "As our income has been squeezed,

so we have had to downgrade the quality of staff employed"

A management and business consultant in the freight industry wrote "Price cutting has been the single most important factor affecting service levels" History would show the trigger was the birth of the airfreight consolidator who bought business from the airlines at reduced freight rates, he said.

## Spread

He said that at the insistence of the importing and exporting customer, this spread to customs broking services which the airfreight agents provided

With the advent of containerisation, the sea-freighters followed suit, although not to the same extent.

Simpson says it is a moot point whether containerisation led to price cutting in the shipping industry.

"There has always been considerable differentials

on rates, especially on trades which have vigorous non-conference operators

"However, it can be said that development of containerisation has led to conference and non-conference lines alike adopting a more market-friendly rating policy, with the published tariff books of old being used more or less as guidelines"

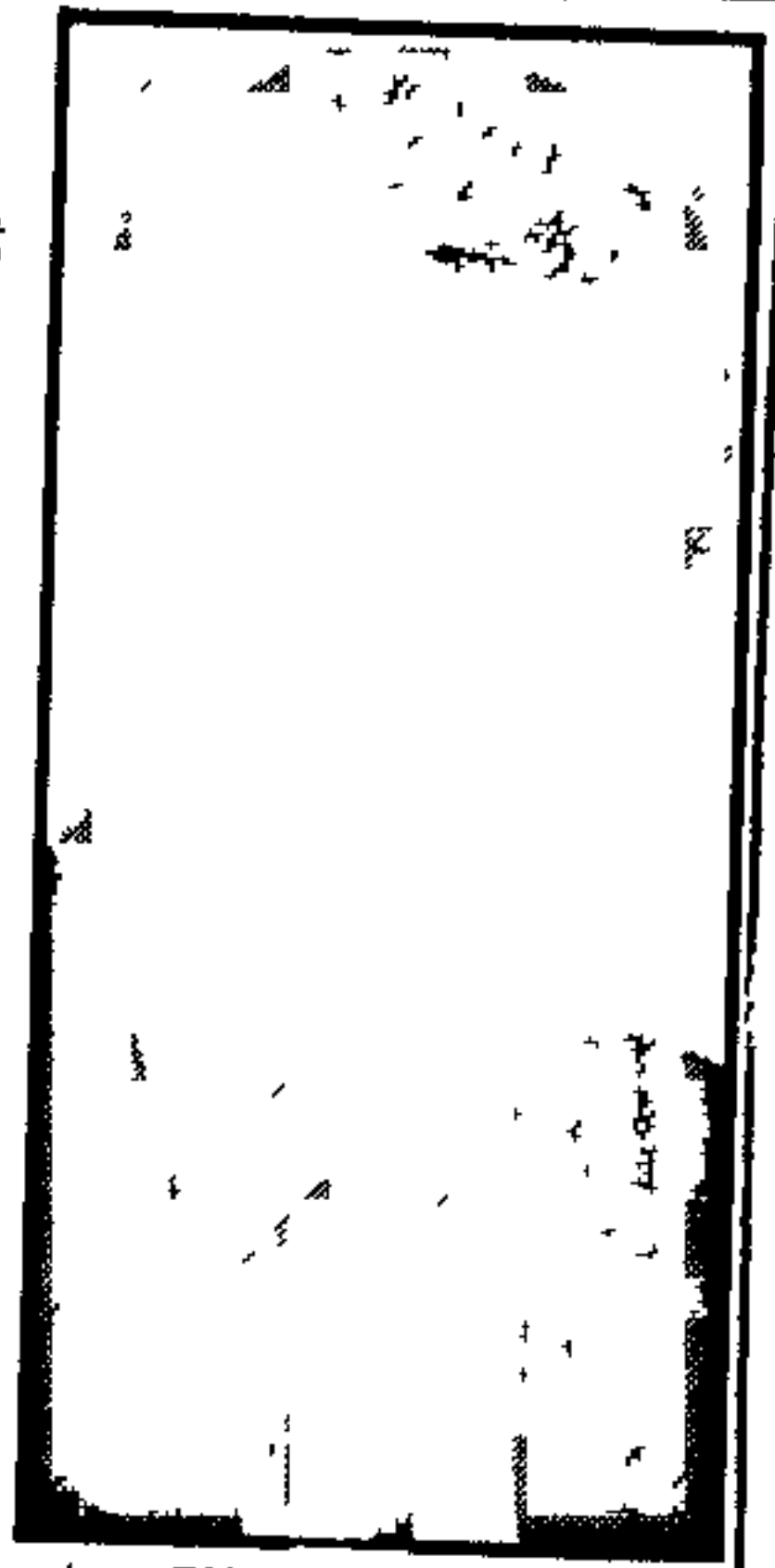
His findings further show that price cutting led industry management towards employing lower-cost personnel and many potentially capable operators left freight forwarding to seek more remunerative pastures

An important aspect of price cutting is how long it continues

A shipper said that in the initial phase of price cutting or a price war the end user usually benefited.

"However, the longer the price cutting phase or price war continues benefits are outweighed by costs.

"This typically starts with the emphasis on cut-



EUAN SIMPSON

ting variables or operating costs and then goes on to trying to reduce fixed costs. As the price cutting continues so service levels begin to fall."

While Profreight recognises it must maintain a competitive pricing policy in the highly over-traded freight and forwarding industry, it is committed to maintaining a high standard of customers who believe quality of service ranks above price when measuring competition, Simpson says

# Local players tentatively follow trend towards EDI

BIDAM 12/5/93 (269)

THOUGH progress has been slow, more major players in two-way trade are falling in line with their international counterparts by introducing standardised electronic data interchange (EDI) systems for freight forwarding.

Well-rooted among forwarders, clearing agents and other freight services in the industrialised nations, EDI replaces traditional paper-intensive communications which are slower and inferior.

SA Association of Freight Forwarders president Peter Krafft says the ultimate objective is communication through EDI.

However, progress is slow as EDI's introduction must be cautious and requires establishment of interface agreements between all participating parties.

One area where progress has been steady and encouraging is the development of an electronic customs system to clear

consignments of goods, he says.

"To their credit, the customs authorities are working actively to achieve this — hopefully before the year-end."

In this context complete accuracy of data entry to the computer system is essential. Forwarders are prepared for this but depend on substantially greater accuracy and attention to detail by their importing and exporting clientele, says Krafft.

A simple "keying in" error can greatly delay clearance of goods and the "education" of the trading public in this matter will become a vital part of the activity of all forwarders.

"Efficient networking both nationally and internationally is also a prerequisite to effective EDI communication," he says.

Renfreight strategic planning and systems executive Peter Hollard agrees Customs must come on line soon and Renfreight

has offered to participate with Customs at its test site.

Portnet's recent entry into EDI with an export container terminal orders system is encouraging.

Meanwhile, Safmarine reports several projects underway which conform to UN Edifact standards.

## Eliminating

Safmarine director (liner logistics) Mike Veary says bayplan information is currently received currently in electronic form.

Information is used to reconcile against manifest information eliminating errors and speeding up paper-based documentation submission to Portnet.

"The next step will be to submit this documentation electronically," he says.

Further progress is expected this year on a project started in 1992 with Customs to provide electronic reconciliation of bills of lading and bills of entry.



MIKE VEARY

Veary says all of these projects have been supported by the installation of computer infrastructure conforming to international standards and allowing access to and from the Telkom networks, as well as private networks.

In another recent development with several major banking houses, Safmarine introduced an electronic banking facility to dramatically speed up the release of documents.

"Freight and other charges can be paid automatically through daily deductions from client's banking accounts," he says.

# Transnet decides against new Elfi issue

TRANSNET had decided not to issue a new equity-linked fixed interest (Elfi) instrument, a spokesman for the transport authority confirmed yesterday.

It had considered seeking a listing for a local version of Elfi on the SA Futures Exchange after the Reserve Bank ruled in February that foreigners could not participate in future Elfi issues.

The Bank felt Elfi posed a threat to SA's reserves because of the high interest rate paid on one tranche of the instrument

TIM MARSLAND

Foreigners bought Elfi with financial rands but were paid interest in commercial rands, which they were allowed to repatriate, hence the drain on the reserves.

Elfi's bull and bear tranche is linked to the JSE's all share index. The bull tranche gains in value if the index rises, while the bear benefits from a drop. On an earlier Elfi issue, Transnet paid 4% interest on the bull tranche and 25% on the bear tranche.

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## SA has potential to be hub of distribution throughout Africa

ENTRY to Africa is the name of the game for SA's forwarding industry now that the continent's harbours and airports have opened up to SA

The removal of sanctions has also encouraged foreign forwarders to see the advantage of doing African trade through SA because of its superior infrastructure, supported by the efficiency of local forwarders

Since containerisation took off more than a decade ago, the local clearing and forwarding (C & F) industry has had to increasingly add value to services

The new field of play for SA forwarding and transport industries presents the

freight sector with another challenge — that of being able to maintain efficiencies when dealing with new African trading partners

Grinrod Seafreight national sales and marketing manager Mike Millard sees SA acting as a regional power

A primary advantage of the forwarding industry in dealing with Africa is that it is the ideal hub for distribution of groupage cargoes — some destined for SA and some for other African countries

This is borne out not only

by SA road hauliers moving hundreds of trucks along routes through the sub-Saharan region, providing forwarders with easy access to clients in many countries, but by the continued development of rail, air and sea transportation

Spoornet Railways Africa GM Andre Heydenrich is currently negotiating a co-operative scheme for the centralised control of scheduling of a southern African rail network

Air cargo movement from Jan Smuts to other African states is also boom-

ing, with reciprocal flights increasing, while more European carriers serving the SA route also have stop-offs in African states.

With SAA flying to more African states, Safair Freighters has a full-scale charter/freighter to and from most of the continent's main centres

On future cargo destinations, SAA manager (cargo and marketing) Clive Langeveldt says the airline is looking at Ethiopia, Gabon, the Comores, Seychelles and Mozambique

Seafreight is also well

served, with Unicorn the main local contender for African destinations

Unicorn serves the east African coast extensively, with competition mainly from the Mediterranean Shipping Company, says Unicorn executive director (foreign services) Mike Ford

The west coast has fewer competitors, but Unicorn subsidiary Tropic Lines has weekly and ad hoc services to at least 10 countries stretching to Senegal.

It has also established an intra-African feeder service with a host of international carriers

The critical factor is for forwarders to choose the right mode, or mix of modes, says Millard.

## Renfreight out in front when it comes to globalisation

GLOBAL shipping, forwarding and airfreight interests in SA have been gearing to further assist two-way trade as more markets open up to SA

The Rennies Group is out in front, particularly its major freight forwarding company Renfreight, which is meeting the new challenges in freight systems and management.

Renfreight CE Eddie Stead says that to meet economic growth targets, SA business has to become more globalised.

SA and its neighbouring countries are not only a major producer and consumer region, but an integral part of world trading patterns.

EDDIE STEAD

<sup>B10A3 12/5/93</sup>  
In the area of international brand marketing, all industries have global players which want to source raw materials where they are cheapest, add value where labour costs are low and sell where consumption and prices are high

### Consistency

They seek consistency in their transportation methods worldwide and the forwarder has had to respond with global solutions

"We are in a decade of rapid development, where transportation and communication are becoming increasingly symbiotic," says Stead

Like other initiatives such as fax, EDI (electronic data interchange) and JIT (just-in-time) manufacturing, globalisation has evolved from buzzword to reality in less than a decade.

"Thus freight management companies have had to adapt their infrastructure, systems and pace to cope with the demands of the '90s."

Greater visibility of SA products is a key prerequisite. This year, SA products and services will be on display at more venues locally and overseas than before.

Renfreight was recently appointed SA representative of the International

Exhibition Logistics Associates, which has 70 members worldwide.

"Safto has just appointed us as the official forwarder for the first South African-only products exhibition to be held in Singapore in September."

### Positive

Though economic activity is at a low ebb, world expectations of SA are positive, says Stead.

The mix of export products is extending towards the added-value end of the spectrum and these encouraging signs have acted as a green light to international air and sea carriers.

HOUSE OF ASSEMBLY

tion, no details in this regard may be furnished

- (2) (a) (i) and (b) (i) No.

QUESTIONS  
Indicates translated version  
For written reply.

General Affairs:

State President: income tax on salary/allowances  
298 Mr P G SOAL asked the Minister of Finance

- (1) Whether the State President is liable for the payment of income tax on (a) his salary and (b) any (i) allowances and (ii) other income received by him; if not, why not; if so, in respect of the latest specified period of 12 months for which information is available, on what amounts was such tax levied, in each case,

(2) whether any (a) former State Presidents and (b) widows of former State Presidents are liable for the payment of income tax on (i) pensions and (ii) any other personal income received by them; if not, why not, if so, in respect of the latest specified period of 12 months for which information is available, on what amounts was such tax levied, in each case? B663E

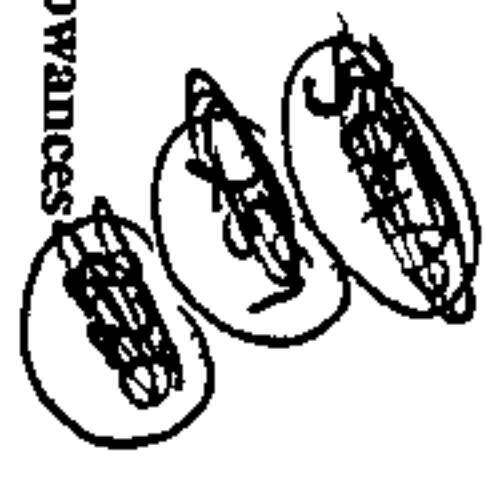
The MINISTER OF FINANCE

- (1) (a) and (b) (i) No.

In terms of the exemption contained in section 10 (1) (c) (i) of the Income Tax Act, 1962, (the Act) the State President is not liable for the payment of income tax on his salary and allowances

- (b) (ii) Yes

As a result of the secrecy provisions, contained in section 4 of the Act, which prohibit the disclosure of such informa-



A pension payable to a former State President or his surviving spouse is not subject to tax as a result of the exemption contained in section 10 (1) (c) (ii) of the Act.  
(a) (ii) and (b) (ii) Yes.  
As a result of the secrecy provisions, contained in section 4 of the Act, which prohibit the disclosure of such information, no details in this regard may be furnished

Deficit before borrowing/total expenditure

302 Mr K M ANDREW asked the Minister of Finance:

- (1) What was the actual deficit before borrowing, (b) total expenditure, and (c) deficit before borrowing as a percentage of the gross domestic product, in the 1991-92 financial year;
- (2) what was the actual or estimated (a) deficit before borrowing, (b) total expenditure, and (c) deficit before borrowing as a percentage of the gross domestic product, in respect of the 1992-93 financial year? B697E

The MINISTER OF FINANCE:

- (1) (a) R12 754,9 million (see table 4.3 in Budget Review of 17 March 1993)
- (b) R85 860,9 million (see table 4.3 in Budget Review of 17 March 1993)
- (c) 4,2 per cent of GDP.

- (2) (a) Revised estimate: R28 563,8 million (see table 4.3 in Budget Review of 17 March 1993)
- (b) Revised estimate: R104 876,6 million (see table 4.3 in Budget Review of 17 March 1993)
- (c) 8,6 per cent of GDP

HOUSE OF ASSEMBLY

and Schemes are taxable according to income tables from the Receiver of Revenue

- (3) Yes—the person concerned was a member of the Government Service Pension Fund and as such, made contributions during his whole service period to the pension fund. He therefore became entitled upon his retirement to a gratuity and a monthly pension for which provision is made in the regulations which control the said Fund. The amounts of the gratuity which he received as well as the pension to which he lawfully had a right, are confidential and cannot be furnished.

QUESTIONS  
Indicates translated version  
For written reply:

General Affairs

Ex-member of Cabinet: cash payments/annuities/pension

290. Mr L FUCHS asked the Minister of Finance:

- (1) Whether he will furnish information on the cash payments, annuities and/or pension paid or payable to an ex-member of the Cabinet, whose name has been furnished to the Minister's Department for the purpose of his reply; if not, why not; if so, (a) how much did this person receive by way of (i) cash payments and (ii) annuities on his retirement as (aa) Minister and (bb) head of the Government Department concerned and (b) what part of these amounts was exempt from income tax;
- (2) whether any annuity and/or pension which this person is receiving from the State at present is exempt from income tax; if so, to what extent in each case;
- (3) whether, in addition to any financial benefits this person receives as a retired Minister, he is still receiving any such benefits as the retired head of the Government Department in question; if so, what benefits? B676E

The MINISTER OF FINANCE:

- (1) No—pension matters are strictly confidential and the amounts can therefore not be furnished
- (a) (i) (ii) (aa) and (bb) fall away
- (b) Only gratuities payable under the Government Pension Funds and Schemes are exempt from income tax.

- (2) No—pensions (annuities) which are paid under the Government Pension Funds



Yes—the person concerned was a member of the Government Service Pension Fund and as such, made contributions during his whole service period to the pension fund. He therefore became entitled upon his retirement to a gratuity and a monthly pension for which provision is made in the regulations which control the said Fund. The amounts of the gratuity which he received as well as the pension to which he lawfully had a right, are confidential and cannot be furnished.

Rail Commuter Corporation: offices in Johannesburg

308 Mr R V CARLISLE asked the Minister of Transport

- (a) What was the occupancy cost in respect of the offices used by the South African Rail Commuter Corporation in Sandton, Transvaal, as at the latest specified date for which information is available, (b) how is the office accommodation previously used by the Corporation in the Westbank Building in Johannesburg now utilized and (c) why did the Corporation transfer its offices to Sandton? B704E

The MINISTER OF TRANSPORT

(a) The Managing Director of the South African Rail Commuter Corporation informed me that the amounts invoiced by Unilever to the South African Rail Commuter Corporation Limited in respect of February and March 1993 were as follows.

	February	March
Basic Rental . . . . .	60 800	68 096
Parking . . . . .	11 360	12 723
Operating Expenses*	9 728	9 728
<b>TOTAL</b>	<b>81 888</b>	<b>90 547</b>

The rental amounts, including parking, increased by 12% on 1 March 1993 in terms of the lease agreement

*Hansard*

*Hansard*

*Hansard*

*Hansard*

(b) With regard to the lease of the Westbank House premises it should be noted that there were three separate leases relating to the area occupied by the South African Rail Commuter Corporation. Two of these expired prior to the physical move of the South African Rail Commuter Corporation to Lincoln Wood Office Park. It is understood that the area covered by these leases is currently occupied by Transnet Limited.

In connection with the third lease contract, it only expires on 30 September 1994. This lease, however, is in the name of the South African Transport Services and not the South African Rail Commuter Corporation. With the consolidation of premises occupied by Transnet Limited, this organisation was pleased to have the opportunity to have the liability for this agreement revert back to it as it was eager to occupy the area governed by the lease.

(c) The decision to relocate the offices of the South African Rail Commuter Corporation from Westbank House to Lincoln Wood was taken after extensive and comprehensive investigations, numerous reports and protracted deliberations.

Ultimately, the primary reason why the Corporation transferred its offices to Sandton was that it was far cheaper to do so than to remain at Westbank House. At the time of the investigation the present net value of the saving over a five year period amounted to R823 593. Even with the softening of the market at the time of the physical move and renewed offers by Anglo American at that time in an attempt to induce the Rail Commuter Corporation to remain in Westbank House, it still proved financially cheaper over a five year period to move from Westbank House to Lincoln Wood Office Park.

In addition to the financial considerations, the following factors were also taken into account:

— Lincoln Wood is far more suitably located from the point of view of ease of access by clients, suppliers, tenants and employees.

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— Westbank House was extremely poorly designed from a space utilisation point of view and could not accommodate adequate design for efficient and effective internal communication and liaison, including the provision of meeting facilities and a reception desk.

— Improved security and sufficient parking facilities (Within a six month period two of the staff members of the SARCC were stabbed and the entrance foyer was sprayed with bullets.)

**Toll plazas on N3: cost/toll money**

325. Mr W U NEL asked the Minister of Transport

(1) In respect of the N3 toll road between Heidelberg (Transvaal) and Pietermaritzburg for the latest specified 12-month period for which information is available, (a) what was the total cost of (i) operating the toll plazas, (ii) maintaining the stretch of road in question and (iii) further construction work on this section of road, (b) what total amount was collected in toll money and (c) what is the estimated monetary value of toll money forfeited through toll concessions to members of the public;

(2) whether, with reference to the above toll road and 12-month period, his Department paid over any money to a certain company, the name of which has been furnished to the Minister's Department for the purpose of his reply, if so, (a) what is the name of this company and (b) how much was paid over in respect of (i) operating the toll plazas, (ii) maintaining the stretch of road in question and (iii) further construction work on this section of road?

**The MINISTER OF TRANSPORT:**

(1) Information is available for the period 1 April 1992 to 31 March 1993

Only preliminary results are available and these are subject to adjustment for provision and accruals

(a) (i) R10 467 463

(ii) R 3 324 449

(iii) No expenditure was incurred on construction work on this section of road

(b) R75 267 550 Value Added Tax is not included in this amount

(c) R1 405 268

(2) (a) Toll Road Concessionaires (Pty) Ltd.

(b) (i) R10 263 279

(ii) R 3 324 449

(iii) No amount was paid over in respect of construction work on this section of road

**Certain publication: analysis/cost of questionnaires**

327 Miss M SMUTS asked the Minister of Communication

(1) Whether the readers of a certain publication, the name of which has been furnished to the Minister's Department for the purpose of his reply, have been sent a questionnaire to complete and return;

if so, what is the name of this publication;

(2) whether an analysis of the questionnaires returned by readers has been done; if not, why not; if so, (a) what was the result of this analysis in respect of readers' responses to Questions Nos (i) 26, (ii) 19 and (iii) 20, (b) what reader profile emerged in respect of responses to Questions Nos 5 and 7, (c) what percentage of questionnaires so sent to readers was completed and returned and (d) (i) how many copies of this publication are printed and (ii) what is the cost involved per edition?

**The MINISTER OF COMMUNICATION:**

(1) Yes RSA-Belondersig/RSA Policy Review

(2) Yes.

(a) (i) Yes 95,3%  
No 4,7%

(ii) Read only certain articles 62,4%  
Read all articles 33,6%  
Only page through the publication 2,4%  
Read only headlines and captions 1,6%

(iii)	Regularly	Sometimes	Seldom	Never
Interviews	49,2%	40,5%	9,1%	1,2%
Articles	55,8%	38,5%	5,1%	0,6%
Newsflashes	64,5%	26,9%	6,9%	1,6%
Political snippets	65,5%	23,2%	8,2%	3,0%

(b)		
Semi-civil servant	51,1%	At friends/relatives 2,1%
Employee	21,2%	Other 35,8%
Employer	10,3%	
Pensioner	7,1%	(c) 18,4%
In own employ	6,4%	(d) (i) The circulation varies monthly, but averages at 3 300
Student/pupil	3,0%	(ii) The cost per copy is R5,50
Housewife	0,8%	
As subscriber	62,1%	



# It's one price for all as bus fares go up

Staff Reporter

Johannesburg's bus fares will go up on June 1 when a flat rate, regardless of the distance travelled, will be introduced.

Johannesburg transportation director Stan Verrier yesterday cited rising fuel and operating costs for the increase.

"We have managed to keep fare increases to a minimum. The new flat rate for commuters means they will pay one

price regardless of the distance travelled and the number of zones crossed," he said.

Monthly tickets, which allow an unlimited number of trips, will now cost R60. During peak hours it will cost R3 a trip, and R1,50 during off-peak hours. Coupons per trip will be R1,60 and pensioners travel free.

Monthly tickets for June will be on sale from Saturday.

## SAA to fly to Hamburg

STEPHANE BOTHMA

SAA will be adding Hamburg in northern Germany to its international route network from June 30, after introducing flights to Cyprus earlier this year.

SAA said yesterday in a statement two flights a week would operate between Johannesburg and Hamburg, via Munich.

The addition would bring to six SAA's weekly flights to Germany. (269)

An SAA spokesman said extensive market research showed a great demand for flights to Hamburg, situated near Berlin.

Full economy return fares to Hamburg would cost R7 826, while Super Pex fares in the low season would be R2 813 return.

SAA this year cancelled international flights to Vienna, Hong Kong and Abidjan and entered into code share agreements with other carriers, allowing SAA a certain number of seats on flights to these destinations. BOM 14/5/93,

Star 15/5/93

# SAA dives deep in red

SOUTH African Airways will report a loss of almost R500 million for its past financial year, industry sources said this week, making it the biggest loss reported by SAA to date.

The problem is said to have been SAA's high profile and prestigious foreign routes, few, if any of which, are profitable. In contrast, its domestic routes are healthy.

**MANDY JEAN WOODS**

SAA chief executive Mike Myburgh yesterday responded by saying: "We have not finalised our books yet and I cannot confirm or deny the figures. There are still very significant factors to be considered."

He conceded, however,

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that SAA would report a loss this year. "Perhaps the main reason for this has been SAA's inability to adapt quickly enough to changing circumstances."

Asked how great a role bad management might have played, he said. "Management is always responsible for business failures — or successes, for that matter. One must

● TO PAGE 2.

Star 15/5/93

## SAA LOSS

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● FROM PAGE 1.

bear in mind that it has not been an easy industry in which to be successful at this time."

Myburgh said the recession, deregulation and South Africa's emergence from isolation had brought into the country a host of new international operators, which, combined with the continuing perception internationally that South Africa was not a safe destination, all compounded to impact on SAA's bottom line last year. "There is no way we

could have escaped from those factors," he mused.

In October last year, SAA's holding company, Transnet, announced that Myburgh would take over from former chief executive Gert van der Veer

Once appointed, Myburgh launched Project Success, aimed at immediate and necessary rationalisation of the airline, in November last year. This included hundreds of retrenchments, cutting of some routes and general belt-tightening

"Project Success has come along very well and we are on target with our budget predictions."

# More bang for the bucks is BA advertising policy

Star 15/5/93

STEPHEN CRANSTON

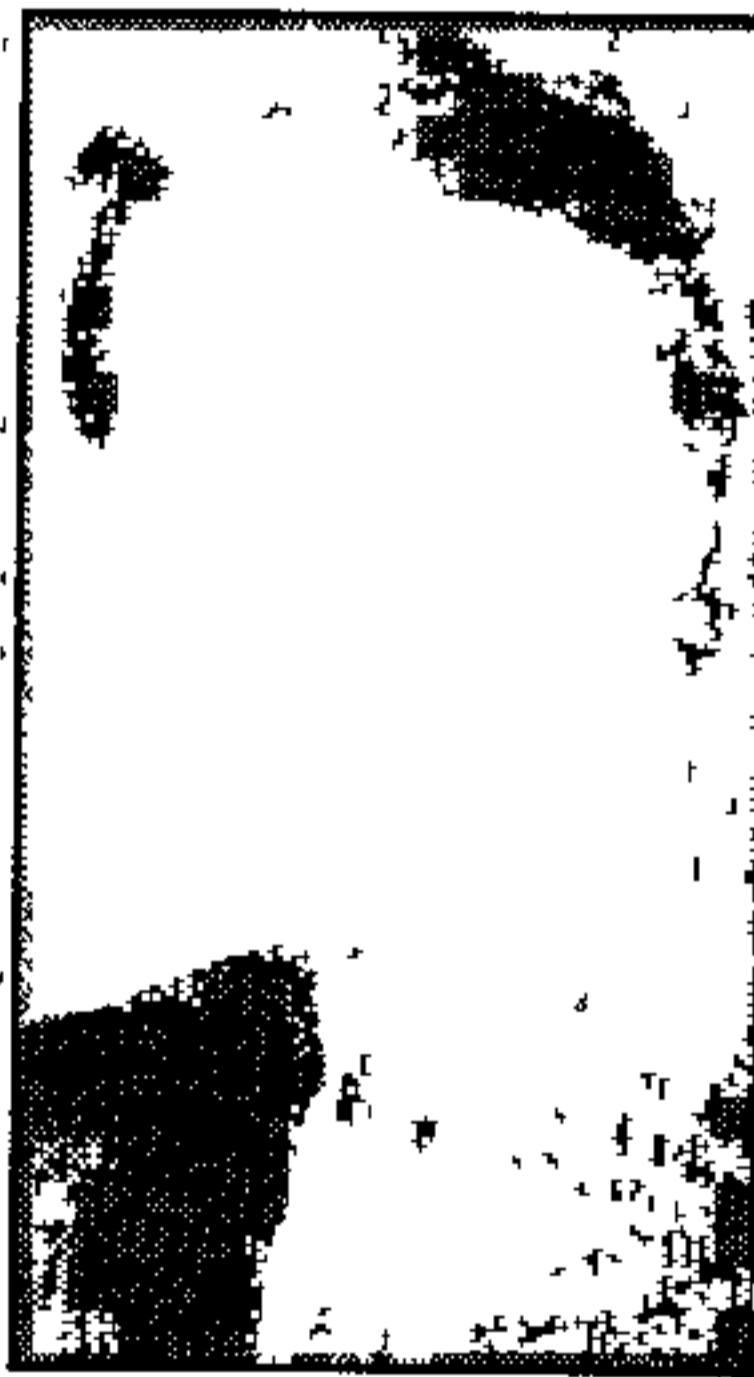


THE latest commercial for British Airways Club World, which began flying last week, represents the latest stage in the continuing evolution of the British Airways brand, says Derek Dear, BA's GM Marketing Communications.

Dear says the concept of brand building was a new concept in the airline business when BA was relaunched in 1981 to prepare for privatisation. In order to effect a full scale revamp BA fired its agency FCB, and hired Saatchi & Saatchi.

"We operated with the slogan 'We'll take more care of you', but unfortunately, there was very little customer care. We were very much an operations-driven business and if anything, customers rather got in the way."

BA was a nationalised airline which made huge losses and showed very little profit motive.



**BRAND BUILDING:** British Airways's Derek Dear.

BA realised that it could not change without taking its staff with it. It went through a traumatic time in which 23 000 people were retrenched in 18 months and the remaining staff all went through a course entitled "Putting People First", which they now go through every year.

To mark the changes, all BA planes were repainted and uniforms changed.

But initially, BA did not dare to promise service it could not deliver. The first Saatchi commercial was the famous Manhattan commercial, in which a flying replica of Manhattan was

brought down to land. BA flies more people across the Atlantic every year than the entire population of Manhattan, and size was, and remains one of BA's greatest strengths.

BA then started to smarten its product. Its first unique selling point was the widest seat in the air, which Dear admits wasn't actually the most comfortable seat in the air.

After two years of the "Putting People First" programme BA felt confident enough to advertise its Supercare programme.

Then five years ago the emphasis was placed on the business traveller, the main source of revenue for the airline business. It spent £8 million on the Boardroom campaign internationally, which featured the red-eye commercial, in which the archetypal yuppie works continuously on the overseas flight but arrives refreshed for the morning's meeting.

"At that time, the target market wanted an airline flight to be an extension of the working day. Occupancies in Business Class increased by 20 percent."

BA's marketing manager for South Africa, Sandi Lee, says that businessmen want comfort, choice and as little hassle as possible.

"They want to get away from set routines, to feel more in control of their own flight and to be treated as individuals rather than pin-striped stereotypes."

The latest service enhancements include a new eight channel video, refinements to the First Class cabin, which includes the new Sleeper Service on flights of less than nine hours leaving after 7 pm.

There will be a complete passenger cabin refit on Concorde and improved lounges at Heathrow, includ-

ing showers.

It will also launch arrival lounges to give premium passengers the chance to shower, shave, breakfast, press their clothes and use a telephone or fax. This should be well-received by passengers arriving from Johannesburg in the early morning.

BA's marketing thrust is supplemented by local promotions such as Randsaver holidays and the Executive Club of South Africa.

"We are always aiming to be unique. We don't have the world's largest advertising budgets so we aim to make memorable commercials and in that way get more bang for our bucks," says Lee.

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**BRITISH** Airways have launched a new scheme whereby South Africans flying to London on a return, British Airways ticket can get cheap flights to the rest of Europe

The scheme, of particular interest to South African businessmen who have to visit several European centres, enables travellers to buy a pass that will give them between three and twelve flights within the UK and around European centres, from 45 pounds (R225) a flight.

British Airways is Europe's leading international airline, flying to more than 70 cities

# British Airways launches cheaper flight scheme

across the continent

The new Europe Airpass allows visitors to set their own itinerary around BA's European flight network

The only rules are that passengers must make at least three flights within Europe and no more than 12.

The pass lasts from a week to three months and must be bought at least seven days before travel in conjunction with a return flight to Europe.

"The new Europe Airpass offers South African travellers an unrivalled way of seeing Europe," said a spokesman from BA.

"It has particular significance for business travellers, who have to visit several centres there."

(269)

S/Time

[C/memo]

16/5/93

# Calling carriers servicing regional African market

Star 18/5/93

WHILE there are definite plans to continue expansion at Grand Central Airport, there is a ceiling beyond which the developers do not wish to venture.

The airport's international status is intended for air carriers servicing the domestic and regional African market, not the major overseas airlines.

In addition, passenger throughput will be limited to a maximum of 20 000 a month.

Meridien Projects chairman Errol Friedmann: "We see a number of scheduled flights operating from the airport and a lot more business jets."

"We believe the airport will be able to serve southern Africa, both with passenger and small freight services."

**■ Great future:** Though Grand Central is an international airport, it is directed at regional African carriers, not major overseas airlines, says Meridien Projects chairman Errol Friedmann.

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panded. Friedmann says the terminal building has been designed to grow with volume, and can more than double in size.

Grand Central has good parking with constant security patrols.

In the very near future, to service passengers actually leaving South Africa, Grand Central will be adding duty free shopping.

Says Friedmann: "This is an unusual facility for a small airport and it has taken us a long time to put together."

Friedmann believes there is scope for additional tourist oriented retail operations such as clothing and curio stores.

The popularity of Grand Central as a helicopter haven is prompting the developers to consider establishing a fully fledged helicopter base at the airport.

Says Friedmann: "We are swamped with helicopters. Once again it is the airport's ideal location which is proving a major draw card."

Noise pollution is one issue which reared its head in the area and the airport commissioned an independent survey, making the results available to the Midrand Council and local residents.

The report showed that in the not too distant future more noise will be generated by road traffic. In addition, the council is exploring ways to reduce the airport's impact on land in the area currently zoned for residential use.

Concludes Friedmann: "We have come a long way in 18 months."

The small freight market, less than container loads, is seen as a good opportunity for the airport. Friedmann wishes the airport to concentrate on smaller, higher value freight, such as pharmaceuticals

and computer components.

He also believes an opportunity exists for courier services to operate from the airport.

As passenger traffic increases, so facilities at the airport will be ex-

## harmony with the rat catchers

MIDRAND'S Grand Central Airport is determined to ensure it offers the very highest standard of service to its tenants and the pilots who use the airport.

With this in mind, the airport has put 14 highly skilled professionals on to its official payroll.

Says airport manager Jeanette Rennie: "We are the only airport in the country which has 14 cats on its staff."

And the cats have made their own demands in terms of the airport design — special doors have been created to allow them freedom of movement.

Says Rennie: "It all started because we had a wild cat problem and decided to bring them under the official umbrella. Now they are valued members of staff who do a great job of keeping down rodents, and the rat catching department has its own budget."

The importance of the task of keeping nibbling rodents under control should not be underestimated. Rodents eat away at wiring, seats and other parts of the aircraft.

So pilots would rather put up with the occasional cat paw mark than take off only to find a rat has destroyed a vital piece of equipment.

The cats have their own office and can only be considered upwardly mobile. Several highly skilled members of the department of rat catchers have responded to better offers from other businesses sited on the airport. Rennie notes that retaining staff can be a problem when unscrupulous executive headhunters offer higher salaries and fringe benefits.

Says Rennie: "Just recently one of the local companies enticed away two of our cats by offering them pilchards. However, the cats do remain loyal to the airport as a whole."

Birds can also be a major hazard and the airport is considering enlarging its staff of animals to include falcons and other appropriate birds of prey.

Says Rennie: "We would like falconers to contact us so we could work out a satisfactory arrangement."

Central Airport manager Jeanette Rennie says the airport's success is due to the high standard of service to its tenants and the pilots who use the airport.

NOW AT GRAND CENTRAL FOR YOUR CONVENIENCE!

## Easy access from major urban centres

# Fly hassle free

Star 18/5/93

**TRAFFIC** at Midrand's Grand Central Airport has doubled in the past year and this has created challenges and longer hours for the airport's management and staff.

Grand Central Airport manager Jeanette Rennie says when she started working at Grand Central Airport 19 years ago it was a little country airport where the main activity was teaching people to fly. It was the largest training school in the country and even trained pilots during World War Two.

Says Rennie: "The airport has changed, particularly over the past 18 months. Today we are attracting an ever increasing number of aircraft, many of them operating on behalf of SA's major corporations.

Despite the changes we have been careful to ensure the airport retains its country atmosphere"

Pilot training is still a major activity at the airport, which has two helicopter and three fixed-wing training schools.

Being situated at the highest point between Johannesburg and Pretoria, Grand Central is seldom closed. In addition, its location makes it more convenient for many Pretoria, Randburg and Johannesburg based executives.

### Fast growing:

The multi-million rand development taking place at Grand Central Airport has been a challenge to management and staff, but they have risen to the occasion.

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The airport owners have spent millions upgrading the infrastructure and facilities.

Says Rennie: "The change has come as a surprise to many businessmen, many of whom did not know we were here or had not realised we had changed."

Grand Central has been given international airport status. This does not mean the airport will be catering for the longhaul aircraft such as the 747s. The runway has not been designed to cope with these giants of the air. Instead Grand Central is aiming at companies offering flights into Africa as well as domestic routes. It is also attracting the corporate owned aircraft used to transport busy executives.

Says Rennie: "Grand Central is ideal for destinations such as Zimbabwe. The airport offers easy access and time saving travelling to and from the airport.

"It is also more expensive for a charter company to operate from airports such as Jan Smuts and there are a large number of top quality hotels in the area.

"We are catering to businessmen, and over-

seas visitors flying to destinations such as game parks."

Rennie says the rapid changes at the airport have been something of a culture shock and produced its own headaches.

Says Rennie: "One day the builders arrived and suddenly we were coping with the safety considerations brought about by the construction process."

Another new development has been the technology, which has improved considerably. The old runway lights were low-powered and were replaced. The new system is more complex but considerably more effective.

Grand Central has also installed a beacon which helps to direct pilots to the airport and the tower has new communications equipment. Unlike the major airports, Grand Central does not offer full air traffic control. Instead its tower personnel are there to advise pilots on conditions such as wind speed and direction.

Though there is very little night traffic, the airport is operational 24 hours a day with the tower offering its services between 6 am and 6 pm.

Says Rennie: "There is almost no traffic at the

airport from around 9 pm until about 5 am.

"The relationship with the local community is good. If an aircraft comes in too low, residents phone us with the aircraft registration and we call the pilot to order. Should there be any infractions of the regulations we report the matter to the Department of Civil Aviation.

Rennie has very definite ideas as to how the airport should function.

She says: "From the moment people arrive at the airport, everything must be easy.

"People must go into the carpark and know their vehicles will be safe. They must walk through the terminal building and on to the aircraft, without delays. The process must be hassle free.

"We want the facilities of a major airport coupled with the simplicity of the country airport.

"We have never had a security problem at Grand Central, but we have brought in a security company so as to be even more professional.

"The airport has everything an aircraft operator needs, from repair facilities, through to that vital cup of coffee. The facilities have improved a hundredfold."

Rennie says Grand Central has always been a safe airport and the new runway and equipment will ensure it keeps its record.

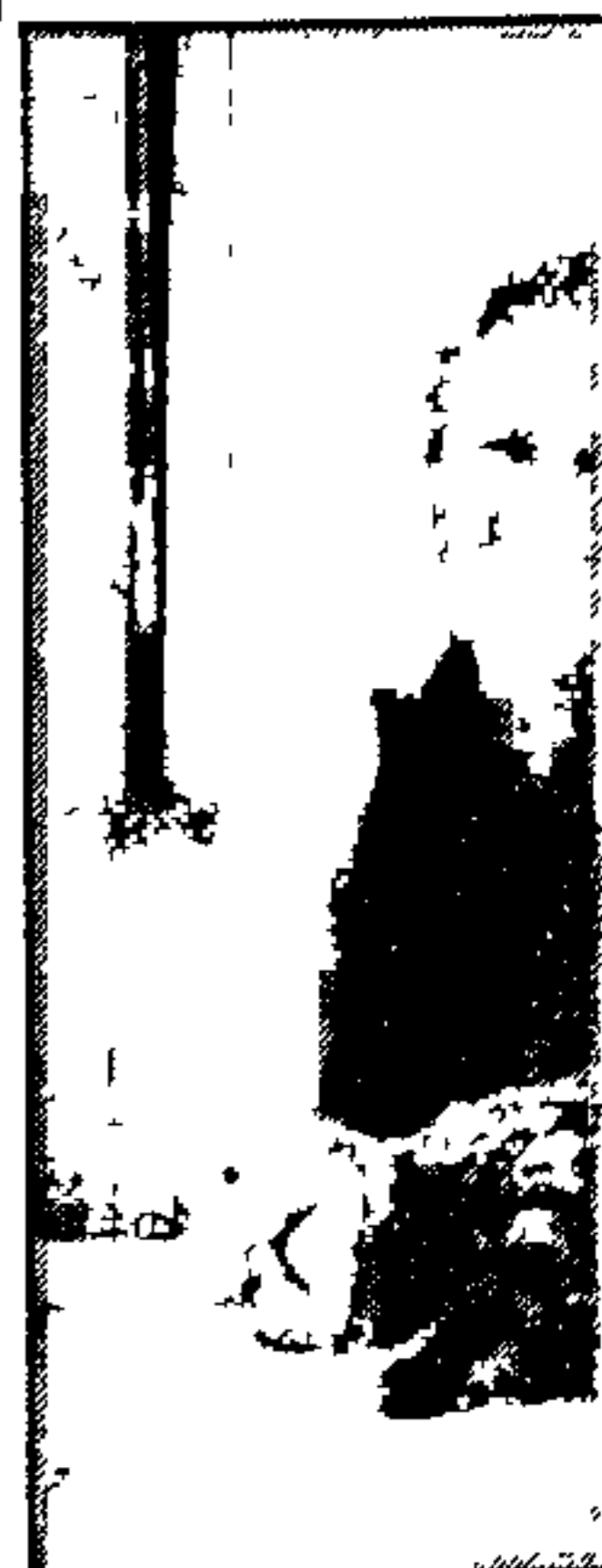
Says Rennie: "Given the extra helicopters and other aircraft coming into Grand Central we have worked to develop a close relationship with our tenants and if there are any problems we all get together and sort out the difficulty. The pilots, airport staff and companies operating from the airport are like a large, friendly family."



## Runway

Category 2B (n)  
Accelerate/stop  
(ADSA): 1 830 m  
Take-off run available  
Runway width  
Take-off distance  
(TODA) 1 830m  
Taxiway width:  
runway and taxi  
Landing distance  
PAPI lights  
Dual main  
Maximum slope  
LCN 45

## In purr



It's a kitty's life...  
ager Jeanette Rennie  
valued

## Take the worry out of travelling

TRAVELLING is an exciting experience, provided nothing goes wrong.

Most travellers cater for possible difficulties by taking out insurance which will cover their medical costs while away from home. However, cost is only one problem.

Travellers are away from home without the high standard of SA medical facilities and they often don't even speak the

Munro Deyssel: "In some countries the local hospitals are suspect."

Europ Assistance contacts the traveller's relatives and, if the patient is going to be in a foreign hospital, the company will fly out the person's spouse

Most travellers who are seriously ill or injured just want to get home. Europ Assistance will fly travellers home as soon as they are fit to be moved

Deyssel has strong words about the quality of care in many African countries.

"Europ Assistance has more local offices in Africa than on any other continent in the world. This is because the local medical care is in many cases below standard."

Having Europ Assistance based at Grand Central is a major plus for the airport as, along with medical personnel, it pro-

**LTON AIR SERVICES cc**  
FOR AIRCRAFT MAINTENANCE AND ENGINE OVERHAULS  
ALEX MENDES / TONY DE SOUSA

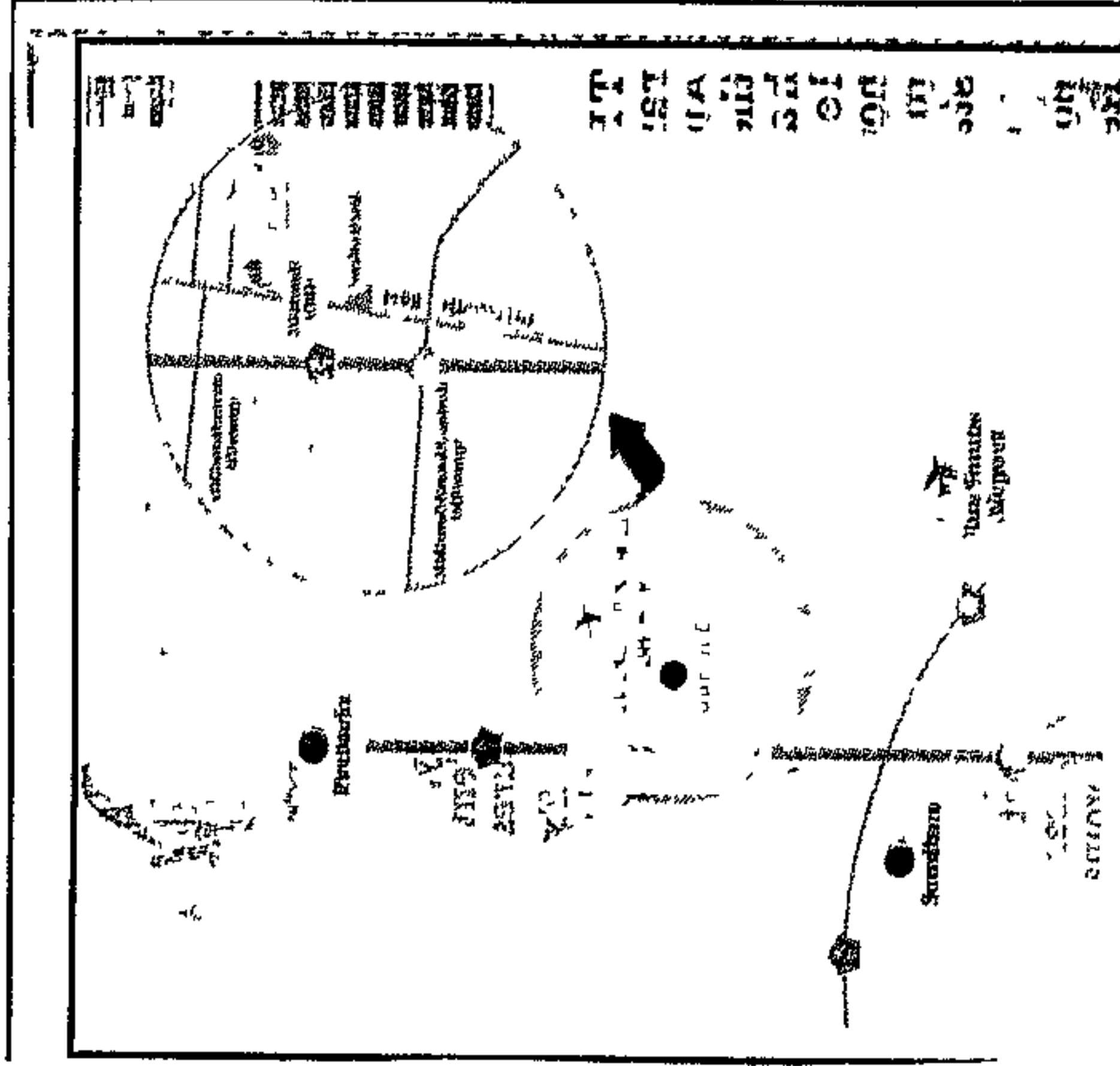
A little imagination turns Grand Central into viable project

# Sleepy country airport soars to new heights

■ **Upgrading:**  
Grand Central  
Airport, situated

Stew  
4/15/81

192





between Pretoria and Johannesburg, has undergone a major R46-million upgrade. It now offers a new terminal building, new hangar space and a whole new range of facilities.

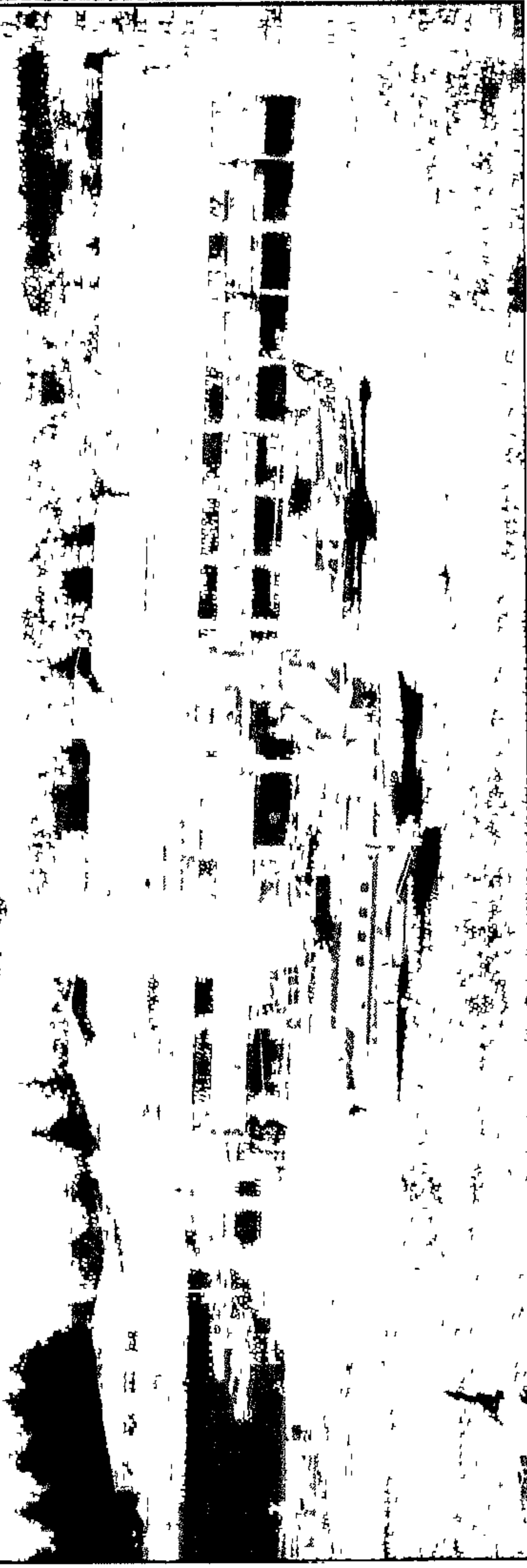
**GRAND Central Airport** is one of South Africa's fastest growing airports, but there are still many people who do not know where it is situated.

The airport is located in Midrand — conveniently situated halfway between Johannesburg and Pretoria — making it a popular pickup point with businessmen and providing up-to-date hangaring and service facilities for the corporate jets, helicopters, medical services, small freight shippers and flying schools which use the airport

However, until recently Grand Central was a sleepy little country airport which had little to offer — until it was redeveloped by a consortium made up of Meridien, Tiber, Trencor and pension funds.

Meridien Projects chairman Errol Friedmann says "The airport was located on a nice piece of ground, around 75 ha, and it seemed to be an area which would ultimately be straddling the Midrand CBD. The original owners made the pur-

C. TAK  
19/5/93  
2209



**New face ... an aerial view of the new upgraded facilities at Grand Central Airport. The map (inset) shows the airport's convenient location between Pretoria and Johannesburg.**

chase as a property investment

"They intended to zone it for commercial/hi-tech industrial and then in 20 years time when the city had grown, they would have been sitting not only with some hi-tech/commercial and an airport, but also some prime ground in the middle of the CBD

"Having bought the property, the owners found themselves with the business of an airport on their hands"

At the time the airport was not profitable though it had a low cost structure. There was a small staff, a runway which was "clapped out", the airport sold some fuel, there were

hangar facilities for small aircraft, and it was convenient for people to fly their planes in and out over the weekends. However, it was not a commercial airport

The owners decided that with a little imagination, it could be turned into a commercially viable project

Says Friedmann "They started actively promoting Grand Central as a little airport and polished the management — putting in some financial controls. Suddenly the business started showing potential.

"It was decided the airport could be developed into a commercial venture catering mainly to the corporate market, not

the larger passenger aircraft but rather the smaller business jets

"At the same time the owners were trying to market part of the land holding as an industrial township

"However, Midrand's council asked them to halt their plans as it envisaged the whole of the future CBD being located in the area and it didn't want industrial activity taking place in the city centre

"The owners stopped their development plans as it was to their benefit to wait and see what happened"

Friedmann decided it would be beneficial to have the surrounding land in institutional hands, to ensure it was developed in

harmony with the airport. He says the decision by Old Mutual to purchase the land was one of the fastest deals made

Two years ago a joint venture consisting of Trencor, Tiber and Meridien was formed. The new group purchased 40 ha on which the airport was sited. The group then approached a consortium of pension funds to finance the redevelopment

To date, the group has spent around R46 million, including land, on Grand Central

The first development phase was recently completed, consisting of a new runway, taxiways, aprons, lighting, instrument landing systems, 8 000 sq metres of hangars with an

associated office complex, and a new terminal building

The terminal building houses the airport's charter companies, helicopter companies, small airlines, customs and immigration, and retail stores

Friedmann points out that the development is proving a huge success. Before development commenced, Grand Central was dealing with around 1 200 passengers a month, this has increased to around 3 000 a month without a major marketing drive

Says Friedmann "We are hoping to bring the passenger traffic up to 6 000 passengers a month in the next 12 months"

# Guards must stay, says committee

By Helen Grange

The Metro-Security Guard, launched in January to protect train commuters, will continue to be augmented despite objections from the ANC-Cosatu-SACP alliance, a Goldstone Commission committee report indicated yesterday.

The guard was implemented by the SA Rail Commuter Corporation in line with the Goldstone committee's earlier interim recommendations.

In its final report on train violence, the committee said the guard, currently 372-strong, would consist of 4 500 members by March 1995. It would be phased in firstly in the southern Transvaal and then expanded to other regions in accordance with the need.

In its interim recommendations, the committee said the local community should be involved in the protection of commuters, and thus the Metro-Security Guard should be acceptable.

The report said that only 4 percent of all reported train violence incidents had resulted in successful prosecution. Due to the complex circumstances under which this type of violence was perpetrated, the committee could not agree that the police were not serious in their efforts to stop it.

# Train attacks linked to rivalry

By Helen Grange

Train violence, which has claimed hundreds of lives on the Witwatersrand, is intricably linked to political rivalry and intolerance and could only be addressed on a long-term basis, a Goldstone Commission committee has found.

In its final report released yesterday, the committee, which inquired into train violence last year, recommended that political organisations should educate people at grass-

roots level about political tolerance, "which is essential for free and fair participation in the political process".

The committee said it was "clear that attacks emanate from hostels as well as from surrounding townships", but there was no foundation for any finding that hostel residents were mainly responsible for the attacks on commuters.

There was no evidence that any organisation actively encouraged the perpetration of train violence, nor any indication that train violence was aimed at any political goal.

While no evidence was

brought to the effect that a "third force" was involved in the train violence, there was also no evidence to justify a finding that no such activities took place.

The committee found great difficulty in gathering evidence against perpetrators because of the chaotic circumstances under which attacks were carried out and the unavailability of witnesses, many of whom would not testify for fear of intimidation or reprisals.

There was also a great lack of confidence and trust in the SAP, which was still perceived

to be an instrument of oppression

In its recommendations, the committee advised that attempts should be made to involve hostel residents and township inhabitants in joint forums, while political organisations should exercise strict control over their followers at grass-roots level.

"The SAP should continue to address the question of reluctant witnesses. This should be done by ensuring that cases are properly investigated so as to ensure convictions. Victims should be protected as far as

possible. Protection programmes should be explained to witnesses," the report said.

The SAP should also try to build trust in the community, while the public should be made aware of and should accept that the SAP was there for its protection.

The committee also recommended that the SA Rail Commuter Corporation and community leaders make commuters aware of the fact that security fences were erected for their protection. It was found that attackers gained access to railway stations through holes in security fences.

Star 18/5/93

(2/6/9)

# Link between violence on trains and politics

Sowetown 18/5/93



TRAIN violence was inextricably linked to political violence and there could be no separate approach to its solution, according to the Goldstone Commission's final report on train violence. (262)

However, a question mark hangs over the involvement of a so-called "third force" in train violence.

The commission found in its report released yesterday that political rivalry between the African National Congress and the Inkatha Freedom Party had resulted in intolerance and enmity between their followers which had spilled over to train violence. (269)

The commission found there was no evidence that either the ANC or IFP had actively encouraged the perpetration of train violence but recommended that leaders of both organisations educate their followers in political tolerance.

In its interim report released in July last year, the commission stated that whenever a group of attackers was identified they turned out to be hostel dwellers,

## ■ Question mark over 'third force'

mainly Zulu-speakers, traditionally linked to the IFP

The final report, however, said: "There is no foundation for any finding that hostel residents were mainly responsible for the attacks on commuters."

"It is clear that attacks emanate from hostels as well as from townships. Township residents are regarded as ANC supporters or Xhosa speakers."

The report recommended that attempts be made to involve hostel residents and township inhabitants in joint forums to create better understanding and to address their negative perceptions of each other.

Organisations involved should exercise strict control over supporters and unacceptable behaviour should be disciplined, the report said.

Regarding allegations that a "third force" might be responsible for the train attacks, no one came forward with information, says the commission --

Police and journalists showed up at Johannesburg's Library Gardens for a march yesterday — by pupils protesting against the new examination fees — which failed to materialise.

By GARY LUMLEY

# Food Sector suffers sales slump

8/10/93 19/5/93

LESS than a quarter of all food products managed to show growth over the past year as activity in the food sector slumped to the lowest level in years, industry sources said.

Recently released figures from some major food companies reflected the severe pressure caused by significantly reduced consumer demand, oversupply of protein products and other drought and recession-related problems.

Food manufacturers said not only had there been little or no volume growth, but prices — and subsequently margins — were under severe pressure.

This marketing information services figures showed that 46 out of 64 food markets reported declining sales in the last quarter of 1992.

Ibisi's Judy Gordon said that in the markets where there had been activity, there had been growth, and strong marketing had been a major factor behind increased sales.

There had also been growth in those brands where cheaper brands could be substituted. Food sectors which relied heavily on black con-

MARCIA KLEIN

sumption, like soya-based products, had remained strong, Gordon said.

Another area of growth was where there had been competitive pricing, like in margarine.

Gordon said she could not disclose food sectors which had fared particularly badly.

Many of the major food companies said basic protein products had been in oversupply and margins were placed under severe pressure. The drought had necessitated importation of maize which had led to cost increases and consumer resistance.

According to Gordon, the top performers were dry sauces and wrap pack cheeses, where there had been increased marketing. Frozen fish had shown good growth, largely due to increased supply, while pasta benefited from some substitution and a move towards health products.

A study by Ibisi showed that from 1988 to 1991, grocery, toiletry and confectionery products grew by an average 12,1% in retail outlets and by

an average 10,7% in smaller stores. But in 1992 the growth rate dropped to below 10%.

Perry and Associates' Mike Perry said conditions in the food sector had worsened in the past few months. In April there was a loss of production due to holidays and political events. The violence meant that suppliers were sometimes unable to deliver.

Markets in decline were subject to cyclical changes, like the economic cycle. But they were also subject to fundamental structural changes in the economy, including the increase of the urban population and the redistribution of income, Perry said.

According to Perry, the return of economic growth would see fast growth in wholesale chains supplying spaza stores and other informal sector outlets. Wholesale chains would increase their market share relative to the grocery retail chains.

Perry said manufacturers "supplying real value basic foodstuffs that offer quality" — like beer, fruit juices, carbonated soft drinks, bread and pasta — to urbanised mass consumers would also show fast growth.

Shares on the JSE  
The FSB's two-week in- with the company"

# Ethiopian flights to SA

## carry export potential

8/10/93 19/5/93 STEPHANE BOTHMA

ETHIOPIAN Airlines' decision to start a regular service between Addis Ababa and Johannesburg would significantly increase SA's export potential to that country, an airline spokesman said yesterday.

The carrier, one of Africa's oldest and most consistently profitable, will start a twice-weekly service on June 1. A Boeing 757, which can carry 151 passengers and 51m<sup>3</sup> of cargo, will operate on the route.

"SA's high level of industrialisation presents opportunities for Ethiopian companies to import many goods from SA instead of from Europe or the East," Ethiopian Airlines regional director for Africa Melakou Yoseph said.

He said he believed that a significant potential existed for business, diplomatic and passenger traffic between the two countries. The carrier opened a cargo division in Johannesburg this week.

Yoseph said the carrier's comprehensive network in Africa would prove extremely useful for SA businessmen and diplomats.

Flights, costing R2 343, will arrive in Johannesburg via Harare on Tuesdays and Saturdays and depart for Addis Ababa via Harare on Wednesdays and Sundays. SAA spokesman Leon Els said although SAA had obtained landing rights in Addis Ababa, the carrier had no immediate plans to fly to Ethiopia.

## Unicorn in African deal

(289) PETER DELMAR

UNICORN Lines has signed a co-operation agreement with Ivory Coast-based Sivomar which will give the West African country a shipping presence in SA and the Indian Ocean.

Unicorn MD Ivan Clark said the company had similar agreements with other shipping lines in Namibia and Congo and was negotiating with others in various African states, including West Africa. (10M)

Following the signing of the agreement, Sivomar committed itself to acquiring a third ship which will be used in the SA and Indian Ocean routes. (19/5/93)

Clark said it was likely that Unicorn would within a few months be in a position to charter a vessel to Sivomar.

The agreement was endorsed by Ivory Coast Transport Minister Yaya Dembele who said it resulted from political initiatives taken by the country's long-ruling President Houphouet Boigny.

Clark said bilateral trade between SA and Ivory Coast had taken off in recent years and Abidjan was a deep water port of similar importance to Durban or Cape Town.

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It is estimated that the annual premium will be \$1m, says Lindsay Clur, a manager in corporate finance with Price Waterhouse Meyernel, who is helping to set up the operation.

Tenders have gone out for security services. The tab will be in the region of the R52m/year that it cost the SA Police to provide security, and, if awarded to one company, will be the biggest security contract in SA. The cost of security was never passed on to the airlines but will be with commercialisation.

The Air Traffic Co, which is unlikely to pay any dividend, will spend R250m in the next five years on improving its navigational equipment. Much of this money will come from loans from the private sector. "It will be heavily geared but will meet its commitments because it will have a strong cash flow," Clur says.

Its operating expenses are about R60m/year. It never charged for its services before but will now. Any profit will be ploughed into a capital reserve fund. "We have to plan for the capital that will be needed in a decade from now, when satellite navigational technology takes over," he says. "Without a capital expenditure plan we'll be further away from it than we are now."

Plans call for spending R300m in the next five years on improving the terminals. Of this, R130m will be spent on Jan Smuts airport, where the apron will be extended and the baggage handling and power and lighting systems improved. The newly installed air bridges will be improved and fitted with moving pavements. The terminal and security fencing at Cape Town's D F Malan airport will be upgraded at a cost of R50m.

Durban's Louis Botha airport will overrun its capacity early in the next decade. "The Airports Co will then have to look at building an alternative airport at La Mersey," Clur

## PLACATING SAA

On April 9 the FM stated in an article on Fliestar that the Competition Board had "instructed" SAA to increase its domestic fares. This was an overstatement. The board can, in fact, make only a recommendation.

Though SAA did increase its fares in August before the board criticised it for its pricing policy, SAA had maintained its fares and increased flights before that and it was this action that elicited Fliestar's complaint of predatory pricing.

SAA's domestic operations broke into profitability only in November

says. This is a political hot potato because the site has also been identified as ideal for low-cost housing.

The Airports Co will be heavily involved in property development and management, and will ask the private sector to build and operate car parks, garages and hotels. Terminals could become shopping centres. "The company will work on the Heathrow example, where 60% of revenue is generated by developed property," he says. "In SA, 72% of the airports' revenue is generated by landing fees and passenger charges."

Landing fees may be increased by 10% in July and pegged at that level until the next tariff review, probably in March. But government has agreed to grant the two companies a R100m subsidy for their first year of operation, some of which could be used to keep landing fees at their current levels until the next tariff review.

The subsidy will also enable the Airports Co to take only moderate increases in passengers' departure fees. The current R5 domestic departure fee will go up to R7. The departure fee for international passengers will be increased from R20 to R24. ■

## AIRPORTS

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### A planeload of business

**Commercialisation** of the State's nine airports won't kickstart the economy, or sort out the balance of payments, but it will generate R550m in business opportunities for the private sector over the next five years.

Plans call for the two companies that will operate the commercialised airports, the Airports Co for the terminals and the Air Traffic & Navigation Services Co for the flying side, to be running by the end of July. But even under a worst-case scenario, with the project delayed until October, the spending will start in July when their boards will be in place.

Advertisements calling for nominations for MDs and financial and human resources directors have already appeared.

Banks and auditors must be appointed, as well as insurers to take over from government, which self-insured. Liability cover of US\$500m-\$750m will be arranged offshore.

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ing, with exports of perishable fruits and vegetables, in particular, rising. Almost all the airlines say business is booming, though none will disclose figures, and much of this growth appears to be at the expense of sea, road and rail transport. Overland transport was down 11,4% to 102,2 Mt from September to November, the last period for which figures are available, over the same three months the year before, (269)

SAA could easily have been swept aside by the overseas airlines, but it has held its own. For years it carried freight only as an afterthought on passenger flights and left cargo behind if a sudden rush of late passengers filled up an aircraft. Now that it realises there are big profits in cargo, it has a freight arm, Cargo SAA, a joint venture with Ukrainian company Antau. SAA markets the cargo-carrying capacity of five Russian-built Antonov 32 and three Ilyushin 76 freighters, which weekly serve routes such as Luanda, Blantyre, Kinshasa, Brazzaville, Singapore and Colombo.

Clearly they cannot cope with demand, for SAA plans to convert an Airbus A300 passenger aircraft into a freighter. SAA's normal passenger aircraft all carry cargo on international and domestic flights, and the airline operates an expanded cargo service between Johannesburg, Cape Town, Bloemfontein, Port Elizabeth and East London with freighters. (X) CONT

AIRLINES

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Competing for cargo (269)

When international airlines started beefing up service to SA two years ago, the battle was over passengers. Now the contest has extended to air cargo. SA Airways, Lufthansa, KLM and Swissair are all upgrading their freight services, and Singapore Airlines plans to begin flying a dedicated freighter once a week from September.

The end of sanctions has made the market more competitive, but in addition it's grow-

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(269)

Africa for KLM, which also flies into Cape Town, says the airline more than doubled the freight it carried in the year to April, compared with the same period last year. Its performance could have been more impressive but it was only last June that two 747-400s started flying directly from Amsterdam to Johannesburg without having to stop and pick up cargo in Nairobi.

KLM has allocated another 747-400 Combi to the SA route. It too is catering for the automotive industry and seems to have captured some of the fresh produce no longer finding its way on to Lufthansa flights.

The one exception appears to be Safair, for years the region's market leader. No-one at Safair is saying much but in February it laid off 250 people, blaming the move on political instability in Africa.

It had the biggest fleet of privately operated Hercules transports in the world. But then it lost two valuable markets because of the civil war in Angola and the UN food-relief programme in Somalia.

Safair, however, has maintained a comfortable position in the local market using a newly bought British Aerospace 146 QC, a leased BAe QT, and the rented belly space in sister company Flitestar's Airbus A320s.

It is trying to replace its lost markets, which might explain why CE Braam Loots and his deputy, Felix van der Merwe, have been so busy in recent weeks. ■

Nothing illustrates the dramatic growth — and change — of airfreight better than the experience of Lufthansa, the acknowledged market leader on international routes. Its six passenger flights a week — soon to be seven — each take 15 t of freight. It has been operating a dedicated DC8 freighter with a capacity of 40 t for many years between Frankfurt and Johannesburg, and it recently introduced a dedicated 747 freighter with a 102 t capacity.

In February, Peter Stedenburg, the airline's manager in Frankfurt for cargo routes in the Middle East and Africa, complained

that because mostly fresh produce, which goes at a low freight rate, was carried on its northern leg, it was necessary to carry high-tech goods producing a high cargo revenue on its southbound leg to make the service profitable.

But three months later the airline is producing good profits on both legs. Herbert Stehmeier, Lufthansa's regional cargo director, southern Africa, says exports are growing faster than imports. In the first quarter they were up 25% on the same quarter last year. "It's no longer just flowers and fresh produce. It's components for the automotive

industry, such as catalytic converters, body parts and leather trim."

Under an agreement with Lufthansa, SAA markets half the capacity of the 747 on its southbound flights but Lufthansa uses it all on its northbound routes. Flying into Cape Town twice a week has also boosted Lufthansa's freight pickings. To cope, it will have to put another 747 Combi, which can take 35 t cargo on the main deck, into service in November.

Ron Goertz, cargo manager for southern



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(269)



## MONEY MARKETS by Tim Marsland

# Transnet debt well handled

ASK dealers who the black sheep of the local capital and currency markets is and most will mutter darkly about Transnet. But many of those mutterings are born of ignorance.

Transnet's total loan portfolio is of the order of R20bn. In the capital market it has loans of about R15bn, although about R9bn consists of its T011 bond which has been issued to the Transnet Pension Fund.

Depending on the measure used, Transnet is the second most active player after Telkom.

As a ratio of own turnover to own marketable debt during 1992/93, Telkom heads the list with a ratio of about 23 times. Next is Transnet at 15 times, Eskom 3,7 times and the Reserve Bank 2,2 times.

Transnet and Telkom's long-dated stock trade at about the same yield as Eskom's long-dated paper, but marginally higher than similar-dated government stock.

This indicates that Transnet is as effective as the other issuers in selling its debt as cheaply as possible.

But Transnet excels in its currency division. It holds foreign loans of about R4,1bn of which about 80% is hedged.

It ranks itself as being in the top five of corporate players in the currency market, but some sources suggest it may well be the biggest.

Its 1992 annual report shows this portfolio, which includes finance for SAA's aircraft, is dominated by dollar loans at about R1,2bn.

While Transnet does not disclose its savings from its activities in the currency markets, these savings are significant.

And as one source says, dealers muttering about Transnet probably came off second best in transactions with the transport authority.

paid their salary for the days exceeding this maximum; if not, what is the position in this regard; if so, (a) how many educators are involved, (b) (i) on whose authority and (ii) in terms of what statutory and/or other provisions were they so paid for days exceeding this maximum and (c) in respect of what date is this information furnished;

(2) whether she will make a statement on the matter? D244E

**THE MINISTER OF EDUCATION AND CULTURE.**

(1) No.

If an educator proceeds on leave for any period but does not have leave to his credit, such educator is granted leave without pay and not full pay (salary) In this regard the following must be noted

(i) *Sick Leave*

An educator may be granted 90 days sick leave on full pay and 90 days sick leave with half pay in any one sick leave cycle of 3 years Educators who have completed at least 9 years of continuous service are granted additional 90 days sick leave on full pay and 90 days sick leave on half pay. Moreover, for every sick leave cycle completed, in service, an educator qualifies for an additional 3 days sick leave on full pay

(ii) *Vacation Leave*

An educator is granted vacation leave on full pay only for the number of days accrued by him Any additional days is covered by the granting of vacation leave without pay

(iii) *Accouchement Leave*

Female educators are granted 84 days special leave on full pay for accouchement leave for a maximum of two confinements The remaining

HOUSE OF DELEGATES

(iii) *Study Leave*

period of absence is covered by the granting of vacation leave without pay, depending on the number of vacation leave days accrued to her

Study leave on a 50/50 basis is granted to educators on the basis of 1 day's special leave on full pay for each day's vacation leave taken on full pay.

In this regard, on educator is granted full pay only for the maximum number of days vacation leave accrued and utilised for study purposes as well as an equal number of days special leave. The remaining period of leave is covered by the granting of leave without pay

(a) Not applicable

(b) (i) Not applicable

(ii) Not applicable.

(c) As at 25 May 1993

(2) No

Mr M F CASSIM. Mr Chairman, arising out of the hon the Minister's reply, is she willing to present statistic details to this House to indicate how many teachers are utilising the maximum legal provisions to the detriment of pupils?

The MINISTER Mr Chairman, I can get that information, and I shall give it to the hon member in writing

Mr M ABRRAHAM. Mr Chairman, further arising out of the hon the Minister's reply, and in view of the recent education crisis which we experienced in this country, can she tell us what the situation is with regard to those teachers who stayed away during the recent stayaways or chalk-downs, which are also tantamount to absenteeism?

The MINISTER: Mr Chairman, the application of the principle "no work, no pay" is under consideration.

Mr A RAJBANSI: Mr Chairman, further arising out of the hon the Minister's reply in respect of "no work, no pay", can we have a guarantee that she will be not undermined by the hon Chairman of the Ministers' Council in respect of that statement? [Interjections.]

Mr M RAJAB: Mr Chairman, further arising out of the hon the Minister's reply in chief, could she indicate to this House whether provision is also made for paid *accouchement* leave for male members of the profession? [Interjections.] I ask this question advisedly. It is not a joke Other progressive departments in fact make provision for *accouchement* leave for husbands whose wives are pregnant, so that they may lend support to their wives

The MINISTER: Mr Chairman, we do not have that provision at the moment, but it bears looking into

Mr N NARANJEE: Mr Chairman, further arising out of the hon the Minister's reply, I should like to know whether I understand the situation correctly. Teachers teach for 193 days per year and are entitled to 90 days sick or other leave. Is it true that if someone is ill for this full

period, he or she would only be teaching for 103 days of the year?

The MINISTER: Mr Chairman, that would appear to be so

For written reply:

General Affairs:

La Mercy airport project: expenditure

31 Mr M RAJAB asked the Minister of Transport:

Whether his Department incurred any expenditure in connection with the La Mercy airport project during the latest specified financial year for which information is available; if not, why not; if so, what are the relevant details? D232E

The MINISTER OF TRANSPORT

Yes An investigation to the amount of R425 207,23 into alternative development strategies for State airports in the Durban region was undertaken A report in this regard has been released to interested parties for comment and further discussion

HOUSE OF DELEGATES

## Safair resumes Angolan run

STEPHANE BOTHMA

CARGO carrier Safair has resumed operations into Angola, eight months after the civil war forced the withdrawal of aircraft from the country.

Safair MD Bram Loots said yesterday the carrier was in the process of extending its interests by establishing maintenance facilities at Luanda which would be operated on a joint-venture basis with Angola.

Six aircraft were back at work in Angola, but this time on a strictly cash basis, he said.

Angola owed Safair about \$10m for work done before the election and subsequent civil war — debt which was partly to blame for the company's poor financial state.

Loots said he had no doubt the debt would be recovered.

Safair was earlier this year forced to retrench 33% of its staff after the collapse of several African contracts as a result of civil unrest and wars. The Angolan war alone had resulted in a R20m loss in annual turnover.

However, Loots was very upbeat about Safair's prospects for the next financial year starting in July.

The rationalisation and restructuring of Safair into three business units had resulted in massive savings, he said.

# SAA joins open skies debate

Star 2-15-73

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TWO years ago, when de-regulation first forced down the cost of air travel and Virgin Airline's Richard Branson spoke lightly of R500 tickets to London, would-be tourists rejoiced

Overnight the weak rand no longer seemed a deterrent to international travel. Holidays abroad were once again a distinct possibility.

What happened? Branson's promises did not materialise. Cut-price tickets have increased international travel, but the airline industry's problems have not been resolved.

During the past two years, at least a dozen new international carriers have started flying to and from South Africa. However, while the Government's

South African delegates are among 5 000 taking part in a world travel convention — Pow Wow '93 — in New Orleans this week, reports WINNIE GRAHAM.

"open skies" policy may have been seen to be enlightened in some quarters, some SAA officials question its wisdom.

They have watched their market portion shrink, and view with concern the flight of South Africa's cash reserves to foreign countries.

In their view, buying an airline ticket from the national carrier is becoming the patriotic thing to do. However, Errol Matodes, manager of tour production development for SAA, believes that an open skies policy is one of the best things to have happened to the

airline industry. "We have an open skies policy, and it's no problem."

He says it would be ideal to have a similar arrangement with the United States. At present the US government allows SAA just five flights to America a week. Flights to America are 60 percent full. In addition, SAA is offering several discounted packages to stimulate the market.

Ronald Allen, chief executive of Delta Airlines (a major US carrier), said the average air fare had fallen by 30 percent since 1980 following deregulation.

And 117 US airlines had filed bankruptcy proceedings since 1978.

Allen complained that the evolving multinationals were finding themselves in direct conflict with governments.

In his view, bilateral agreements for air routes were artificial barriers created 50 years ago when efforts to form multinational agreement failed.

"Our current system of air service treaties were formulated when the economics of one nations were independent of one another," he said. "Many are highly restrictive, and to make a difficult situation worse, bilateral vary from country to country. Politics has shaped the international marketplace." □

# 'Open skies' policy still not in place

Star 27/8/93

CAPE TOWN — South Africa is losing numerous jobs and vital foreign exchange because its tourism industry is being inhibited by continued government protection of the airline industry.

— This is the view of

Southern Africa General Manager of KLM Royal Dutch Airlines Peter Jansen.

Speaking at a conference in Cape Town he said: "Liberalisation of aviation in 1992 has seen many more airlines serv-

ing the Republic but deregulation has still some way to go to achieve an open skies policy."

"For every extra 10 000 tourists attracted, 1000 new jobs would be created and R50 million earned in foreign exchange.— Sapa.

# New Delhi air link 'soon'

MARIANNE MERTEN

AIR India was expected to establish air links with SA before the year-end, former Indian cabinet minister Karan Singh said yesterday on his arrival in SA.

Singh is to attend celebrations marking the centenary of Mahatma Gandhi's arrival in SA. He will also meet Indian leaders throughout the country.

He said SA tourists had been denied the pleasure of travelling to India for too long. SA had had a "very negative image" in India, but since ANC president Nelson Mandela's release from prison and changes started by President F W de Klerk there had been an upsurge of interest.

Singh will visit Johannesburg, Durban and Cape Town "to meet leaders of the African people, leaders of all races and denominations and friends in the Indian community".

Upon his return, Singh said he would write and lecture on his visit. "I'm not going to pass up the opportunity of talking about SA which hardly anybody else (from India) has visited."



Former Indian cabinet member Karan Singh arrived in SA yesterday for a week-long visit. Picture GARTH LUMLEY

# Entrenched power-sharing out of the question ANC

THE ANC rejected out of hand President F W de Klerk's insistence on entrenching multiparty power sharing in the final constitution, ANC publicity chief Palo Jordan said yesterday.

He was responding to an interview with De Klerk published in yesterday's edition of the London Financial Times.

In the interview De Klerk was reported as demanding indefinite coalition government and a minority veto for whites in any future government.

De Klerk was quoted as saying power sharing among the country's main political parties should be entrenched as a permanent principle in any constitution after next year's elections.

The country would then have "to be governed on the basis of consensus on fundamental issues between the main players", he said, adding that it might involve the

BILLY PADDOCK

creation of an executive committee of party leaders with the chairmanship rotating between them to deal with fundamental principles.

Jordan said government and De Klerk would always hold out for minority veto powers and would try to construe any agreement in that way. "But for us it is out of the question."

"Our adoption of the principle of a national unity government for a limited five-year period is to do with reconciliation and reconstruction and to reduce the polarisation in the country."

To entrench minority powers and a minority veto in a constitution would serve to undermine the very task of forging reconciliation "and undo everything we are trying to do in building a new nation", he said.

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CAPE TOWN <sup>FM</sup> 28/5/93

## A question of needs

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**Cape Town** City Council has completed the first stage of a comprehensive plan for redevelopment of the Culemborg-Black River area. It is regarded as crucial to revitalisation of the central city.

Planners say the redevelopment could be the most significant since the construction of the Duncan Dock and reclamation of the Foreshore in the Forties. Central to the plan is a 300 ha site owned by Transnet and the SA Rail Commuter Corp.

Size and location make the site the most strategic area in the city. Both organisations have indicated that they intend redeveloping the land.

In a recently published summary of the first stage report, Cape Town deputy city planner Peter de Tolly and city engineer Arthur Clayton say a package-of-plans approach will best suit the redevelopment. A similar approach was used for the Victoria & Alfred Waterfront redevelopment.

The Transnet/Commuter Corp site is surrounded by the wider redevelopment area which includes District Six, Salt River, Observatory, Matieland, Brooklyn, Paarden Eiland, the harbour and the CBD.

The Transnet/Commuter Corp land is generally considered lost space, comprising mainly railway and related activity. It is isolated from the city and cuts off city districts from one another.

The first stage of the plan makes no proposals for redevelopment. These will be considered in the next two stages which will include public participation and policy decisions. However, planners point out that the size and strategic location of the area mean it could play a key role in resolving the housing problem in metropolitan Cape Town.

Suburbs in the redevelopment area have traditionally housed people of "moderate economic means" and it has good access to most parts of the city.

Three other major projects are being considered for parts of the redevelopment area: part of the infrastructure for the Olympic Games if Cape Town wins the bid to stage the event in 2004; the international Millennium Expo scheduled for 2000; and an export processing zone. All or any of these developments would contribute both infrastructure and jobs to the area. ■





# More black South Africans 'bitten by the travel bug'

By Winnie Graham

NEW ORLEANS — Black South Africans are emerging as a tourist market "of enormous potential".

Tour operators and airline executives at the TIA (Travel Industry Association of America) Pow Wow this week spoke of black South Africa's growing interest in international travel.

SA Airways' manager of tour product development Errol Matodes said the airline had identified the market for blacks as "extremely important". Blacks were already flying to relatively nearby destinations such as Mauritius, Kenya and Israel, with emphasis on religious tours of the Holy Land.

"SAA is conscious of the need to encourage black tourism," he said. "In fact, we've invested in a new black travel agency in Johannesburg.

"It's called Fab Travel and we've helped with the installation of a computer system, training, expertise and considerable financial assistance."

Colin Loubser of Johannesburg-based Logan Tours is an-

other operator whose company is doing increasing business with black South Africans. He is taking an all-black group on a week-long jazz tour of New Orleans in July. The jaunt costs under R5 000 and includes two nights in New York.

He said the 1994 World Cup soccer tournament, expected to draw more than a million foreigners to the United States, will be popular.

"In the last few years, tourism between South Africa and the rest of Africa has grown considerably," he said. "We have black South Africans going increasingly to places such as Cameroon, Nigeria, Kenya, Zaire, Angola and Kenya."

## Big year

Brian Passmore, managing director of Wings Travel in Durban, believes 1994 will be a big year in the black travel market — largely because of the World Cup. His company is preparing a video to entice travellers to the US.

"There's enormous potential in the black market," he said, "particularly with destinations such as New Orleans, New

York, Disney World and the Epcot Centre."

His firm has signed a contract with Dominico Tours, a coach touring company in the middle-price range.

"South Africans are very cost-conscious. We'll be able to offer them value for money."

Colleen Wagner of Johannesburg's United Marketing, a wholesale tour operator, believes the potential of the black travel market is largely untapped at present.

She has found that black South Africans are still enjoying holidays in their own country.

Delegates at Pow Wow were told that a benchmark survey had shown there was a heavy emphasis on family travel among US black tourists.

The study reveals that African-Americans travel farther and use buses more often than other Americans.

Two-fifths of respondents said they travelled to visit family, 21 percent travelled for vacations and 11 percent travelled for business. Nearly 80 percent travelled with relatives.

Racial discrimination accounted for less than 1 percent of complaints.

# SAA resumes Angolan run

By AUDREY D'ANGELO

SOUTH African Airways (SAA) is resuming its regular service to Angola on Monday June 7, in association with TAAG Angola Airlines

The service was introduced in April 1992 with two flights a week. It was suspended in October when fighting broke out

To begin with there will only be one flight a week, leaving Johannesburg at 9,15am on Mondays and leaving Luanda at 2,15pm the same day

Senior public relations manager

CT 29/5/93  
Leon Els said "The two flights a week used to be filled to near capacity and we have no doubt that Luanda will still be a very popular destination. We expect demand to grow

"Passengers on that route are mostly business people, and Angolans coming to SA to shop"

SAA will use an Airbus A300 with 247 seats, and a large cargo capacity, for the service

Els said this would supplement the cargo service for which SAA was currently using Russian freighters

# SHOTS FIRED AT AIRLINERS

(Times 30/5/93)

By NICK OLIVARI and ROGER MAKINGS

ONE of the busiest approaches to Jan Smuts airport was shut down for 18 hours after tracer bullets were fired at two aircraft coming in to land over the strife-torn East Rand townships this week.

Since the incident on Thursday night, South African Airways has stopped all its flights from using this approach, one of the airport's busiest and used by both domestic and international aircraft.

More than 70 flights were requested until the approach was reopened at noon on Friday, after an investigation by the Directorate of Civil Aviation into the incidents.

A police patrol in Tembisa, north of Kempton Park, saw two bursts of tracer bullets being fired at the aircraft on Thursday night. More than 60 people have been killed in East Rand townships since an ANC march erupted into violent confrontation in Thokoza last Saturday.

## Aim

The use of tracers suggests a deliberate attempt to shoot down the aircraft. Tracers mark the path of bullets so that a marksman can adjust his aim in the dark.

The incidents occurred at 7.25pm and 7.30pm — while Law and Order Minister Hernus Kriel was addressing delegates at the nearby World Trade Centre in Kempton Park on Tuesday's controversial raids on members of the Pan Africanist Congress.

Yesterday a senior Directorate of Civil Aviation official confirmed that all aircraft leaving and arriving at Jan Smuts were instructed to make use of alternative approach paths from 7.35pm on Thursday night. This is a peak period for air traffic at Jan Smuts.

None of the aircraft using the approach at the time the shots were fired showed any sign of being hit when they were inspected on Friday.

The Directorate of Civil Aviation spokesman declined to identify the two flights. However, between 7.25pm and 7.35pm four aircraft were in the air.

Three incoming flights — two from Cape Town and one from Bloemfontein — and one outgoing flight — to East London and Port Elizabeth — were in the air over the area.

SAP spokesman Major Ida van Zweel confirmed that a patrol had called in the tracer sightings on Thursday night.

## Range

The flight path over Tembisa is one of the standard approaches for aircraft using Jan Smuts Airport making their final landing approach are at an altitude of between 300m and 600m over the township.

The effective range of an AK-47 assault rifle on the ground is between 600m and 700m.

"Theoretically, the chance of shots fired from the ground doing serious damage to an aircraft are quite remote. In virtually every case, bullet holes have only been detected by maintenance crews long after the flights have landed safely," said the DCA spokesman.

"Surface-to-air missiles, of course, are quite a different matter," he said.

□ To Page 2.

## Parties under pressure to fix election date

By MIKE ROBERTSON, EDYTH BULBRING and CLAIRE ROBERTSON

SOUTH Africa's political leaders are racing against time to meet Thursday's deadline for announcing a date for the country's first non-racial elections.

Top businessmen led by Consultative Business Movement chairman Murray Hofmeyr arranged special meetings with the government, the ANC and the Cosag grouping this week to warn that the country could not afford another Codesa 2-style breakdown of talks.

For President de Klerk a special warning signal flashed in the form of a poll that showed that only one in four whites now supports his National Party.

The ANC, too, is under mounting pressure.

Not only are radicals in the organisation threatening to create mayhem unless quick results are achieved in talks but the organisation is becoming increasingly concerned about its ability to govern in future.

## Arrests

Shocked by figures which show capital flight amounted to as much as R5-billion in the first four months of this year, ANC leaders appealed to the rich not to desert South Africa now.

Negotiators this week succeeded in riding out the crisis brought on by the mass arrests of PAC members. But the underlying reason for the raid — white anger at the National Party's inability to govern — remains.

This was brought home by the new poll that shows that white support for the NP has dropped to its lowest level ever.

A Research Surveys poll of 1300 white men and women in metropolitan areas showed that only one in four whites now backs the NP. Among white men the CP (29 percent) now has more support than the NP (26 percent).

The degree of confusion among whites was evi-

## APLA: PAC LEADER STICKS TO HIS GUNS

By NORMAN WEST, Political Reporter

THE PAC would not disown its military wing, Apla, just to appease the government, PAC publicity secretary Barney Desai said yesterday.

Speaking at a special PAC national executive meeting called to respond to the government's crack-down on congress members, Mr Desai also warned that the organisation intended taking a tough line when it met the government on Tuesday.

"Let them charge those against

whom they claim they have evidence of criminal acts," he said. "But we will not strike any deals on Tuesday."

The organisation has so far refused to suspend the armed struggle waged by its military wing.

Mr Desai said only after the government had given an undertaking to "cease its Gestapo tactics and agree to a date for democratic elections to put in place an elected constituent assembly, will the PAC be prepared to discuss a cessation of hostilities."

## THE WEEK KRIEL PLAYED SUPERMAN Page 19

denced by 27 percent of men and 48 percent of women saying they either didn't know which party they would vote for or would not vote at all.

This news will strengthen the hand of Cabinet hardliners like Law and Order Minister Hernus Kriel who believe cracking down on lawlessness should now take precedence over achieving a negotiated settlement.

Securing the early announcement of an election date is critical for ANC President Nelson Mandela and his chief negotiator Cyril Ramaphosa.

## Ungovernable

They held this out to ANC radicals when arguing, in the wake of the killing of Chris Hani, that the organisation should not quit negotiations. They now have just four days to deliver on that promise.

An indication of the kind of pressure they are now under was provided by radical ANC Youth League leader Peter Mokaba.

"The youth will be uncontrollable and will make the country ungovernable."

□ To Page 2.

## Moolman critical

By KURT SWART

FORMER Springbok rugby lock Louis Moolman was in a critical but stable condition yesterday after undergoing heart surgery at the HF Verwoerd Hospital in Pretoria.

A hospital spokesman said. "Mr Moolman is in intensive care. He had an aortic valve replacement operation on Thursday. He is in a stable condition, but he is still very ill."

Mr Moolman, 42, was admitted to hospital last week. He played in 24 internationals for the Springboks.

## GOLD PRICE DIPS

GOLD dropped 69 US cents an ounce in Hong Kong yesterday to close at \$379,50 compared with Friday's \$380,19.

## THE PAPER FOR (more and more of) THE PEOPLE

THE Sunday Times has once again proved that it's the paper for the People with another remarkable growth in sales. The average sale of South Africa's most popular paper in April was an astounding

596 289

— an increase of 78 654 over the average sale in April last year.

On April 16, the Sunday Times achieved a new record sale for a single issue. This figure will be announced next week, along with the winner of our R1 000 "Guess the Sale Competition".

## Shots fired at aircraft

□ From Page 1

ferent story," he said.

The spokesman said if the incidents escalated, the DCA would implement alternative procedures to avoid flying over trouble spots at low altitudes.

Yesterday, sources said none of SAA's aircraft had been damaged in the shooting incidents.

However, the Sunday Times has confirmed that SAA aircraft are now landing on the new parallel runway known as 03 Right which keeps them far from Tembisa and Soweto.

However, this may not be a permanent measure, mainly because of the cost of extra fuel aircraft will use in taxiing to the terminal building.

A commercial pilot said yesterday that, depending on what runways were in use at the time, aircraft preparing to land at Jan Smuts did a base turn as they passed over Tembisa to line up with runway 21 Right, which was in use early on Thursday evening.

He said aircraft taking off to the north, especially a heavily laden Boeing 747 would pass over Tembisa after a left turn at an altitude of between 2 000 and 3 000ft.

ield

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# SA Airways has first-class doubts

SA AIRWAYS will soon decide whether or not to reduce its first-class seating capacity.

In line with international trends, it has detected a drop in demand for first-class travel, partly caused by worldwide recession, says SAA spokesman Zelda Roux.

This week Air Namibia dropped its first-class option on its London and Frankfurt flights and expanded its business-class capacity. Air Zimbabwe has taken similar action, as have several international carriers.

Miss Roux says "Much depends on the

costs of changing the configuration of the aircraft. It varies from type to type of aircraft. But it is unlikely that we will do away with first class."

SAA, which has studied its options for three months, will probably settle for a smaller, more exclusive first-class and an enlarged business-class section, she says.

By ROGER MAKINGS

St. Times (Buss)

30/5/93

(269)

# SAA still playing safe near airport

By Bronwyn Wilkinson

South African Airways is still avoiding approaches to Jan Smuts Airport over the East Rand township of Tembisa, after tracer bullets were fired at two planes over the township on Thursday night.

SAA spokesman Zelda Roux said yesterday the airline was still using alternative routes. "We are constantly monitoring the situation and taking the necessary precautions," she said.

Airport manager Johan

Cillié said passengers were not in danger and the alternative route did not pass directly over Tembisa, but just to the left of the township.

"Jan Smuts is in a perfect position to deal with situations like these because we have three runways," he said.

More than 70 flights were rerouted to avoid ground fire on Friday before the approach route was reopened.

Cillié said pilots could request to use a parallel runway. SAA pilots had been requesting the alternative

route, which is also open to pilots of other airlines.

He believed that planes flying near Tembisa were out of range for most weapons, but Jan Smuts Airport was in constant liaison with police.

SAP spokesman Major Ida van Zweel said police on patrol on Thursday had noticed tracer bullets being fired in the direction of two planes. No planes were hit.

Tracer bullets are used with normal bullets at night for gunmen to check their accuracy and adjust their aim.

By AUDREY D'ANGELO

SOUTH African Airways (SAA) is providing too many seats on domestic routes — and this over-capacity is keeping fares down to a level which threatens the health of the aviation industry in this country, Flitestar MD Jan Blake said in Cape Town.

He told a conference on tourism at the Cape Sun, sponsored by Kessel Feinstein, that this also meant SAA's over-capacity was being subsidised by the taxpayer since the airline was owned by the government.

Blake said SAA had reduced seat capacity on the Cape Town to Johannesburg route by 21,7% compared with May 1991 — although the frequency of the service had been increased by 3,1%

But according to Flitestar's calculations capacity on the Johannesburg to Durban route had been increased by 2% and frequency by 6%. On the Durban-Cape Town route capacity was increased by 23% and frequency by 7%

Although the air fare structure must be handled with great care in view of the weak economy, Blake said "It must be borne in mind that we are in an environment of high inflation as well as in a position where the rand is depreciating strongly against the

# 'SAA over-capacity threatening industry'

CT 31/5/92  
dollar — a currency in which a substantial proportion of airline costs are incurred.

"Care will therefore have to be taken to ensure that additional cost pressures do not overtake air fare increases, in order to keep the aviation industry in SA healthy

"It is well known that, worldwide, airlines have lost more money in the last 18 months than the accumulated profits for the previous 40 years (269)

## Taxpayers

"In a big country like the US many airlines can disappear without disrupting the services while in SA the disappearance of one of the airlines will have an effect on the quality of the service as well as the future of deregulation in general"

Blake said it was also important, in these difficult times, that government funds should not be used to subsidise the air traveller.

"It can be argued in any way one likes, but it is a fact that any losses incurred by SAA as whol-

ly owned by the government are eventually funded by the taxpayer"

Although SAA had claimed a profit on its domestic operations since December 1992 it was difficult to assess whether this meant a profit plus a reasonable return on investment, since no audited figures had been disclosed

The Competitions Board had found it was not possible to state categorically that cross-subsidisation between international and domestic services had not taken place

"Cross subsidisation can take place by transfer of revenue even if the international services are operating at a loss"

Blake said the Competition Board had also reported that all new aircraft obtained by SAA "up to the latest 747-400s and the A-320s were funded by loans guaranteed by the government"

● Leon Els, senior public relations manager of SAA, said the Competition Board had asked the Department of Transport for an audit on its domestic services

Els said SAA's timetable was based on supply and demand

PUBLIC SECTOR - TRANSPORT - GENERAL

1993

# Parastatals' capex begins to rise

Buss. Day 11/19/93

TIM MARSLAND

CAPITAL spending by parastatals is starting to pick up again after sharp real declines during the recession.

Eskom had budgeted for a 25% increase in capex at R4,5bn against R3,61bn for 1992/93, a spokesman for the electricity supplier said. (260)

This was against an expected inflation rate of about 12% for the year.

More than R500m of Eskom's capex formed part of the organisation's R3bn electrification plans. (269)

Telkom is to spend R2,2bn for 1993/94 - up 7% from a previous R2,05bn. This would be spent on projects such as upgrading client services. (267)

Transnet, under which SAA falls, has

budgeted for capex of R1,1bn in the current year against a previous R1,5bn

A spokesman said Transnet's capex varied extensively from year to year because of the high cost of capital goods it required. However, the aircraft purchased by SAA were bought under operating leases and so were not part of capex.

One economist noted the parastatals had cut capex sharply in the previous year and the latest figures could indicate the trend was flattening out. This could also be an early sign of economic recovery.

Spokesmen for the organisations said at

To Page 2

## Capex

Buss. Day 11/19/93

From Page 1

the weekend most of the capital market funding needed for this year had already been raised. "Our needs have been dwarfed this year by the government's requirements," one treasurer said.

An Eskom spokesman said funding had been completed for the current year, adding that the entire requirement of R590m for its electrification bond had been raised. However, he said the electricity supplier could pre-fund for the next financial year if interest rates justified this. (260)

A Transnet spokesman said about R600m had still to be raised from the domestic markets. (269)

Telkom treasury manager Willie Land-

man said very little was needed from the domestic market because of an unexpected improvement in cash flows. About R100m could still be raised, depending on whether cash flows continued to improve. However, Telkom would look at the commercial paper market to fulfil this need.

The Land Bank did not require any funds from the capital market this year, a spokesman said. However, it could look at raising R1,2bn from the money market, depending on the wheat crop. (267)

Development Bank GM Nick Christodoulou said at this stage there was no need for funds from the market.



# East Rand death toll reaches 170

LLOYD COUTTS 116193

THE killing of nine people in Katterlung and Thokoza at the weekend pushed the death toll in these townships since May 22 up to 70.

However, police spokesman Maj Ida van Zweel said yesterday violence was abating on the East Rand, and that the situation in the townships was "practically back to normal".

One of the latest killings appeared to have been a "muth murder", she said.

Last week the ANC admitted to the Goldstone commission that its criticism of police conduct during a march, which sparked the spate of violence, had been based on incorrect information.

Thirteen people were killed and 63 injured when ANC demonstrators clashed with hostel residents during an ANC march in Thokoza on May 22. The Thokoza Hostel Dwellers' Association has since promised to ensure that hostel residents do not possess illegal firearms.

Judge Richard Goldstone criticised the march, saying no action was taken on key recommendations that could have averted the clash.

Meanwhile, the SA Council of Churches said it was convinced of the need for joint control of the security forces and the establishment of a non-partisan, armed peace force under the control of an independent international command.

# Flitestar grounds

## Flights to Bahrain

FLITESTAR had cancelled its

only international service, a weekly flight to Bahrain, MD Jan Blake said yesterday.

The carrier had instead entered into an interim agreement with Gulf Air whereby a block of seats would be made available to Flitestar customers on every Gulf Air flight between Johannesburg and Bahrain, Blake said in a statement.

This arrangement was intended to become a more formal one, he said. The move had been dictated by low passenger loads and the fact that the available aircraft was not suitable for the route, a Flitestar spokesman said.

The Airbus A320 used by Flitestar on the route — although an excellent short- and medium-distance aircraft — was not suited for the long-distance haul between SA and Bahrain, he said.

Blake said that for Flitestar customers the move meant the advantage of greater flexibility in departure times and the comfort and convenience of the wide-bodied aircraft used by Gulf Air.

Gulf Air operated Boeing 767s from Johannesburg via Abu Dhabi to Bahrain and flew twice weekly.

For Flitestar, the arrangement would release an A320 for weekend

use on the popular Johannesburg-Durban route, giving the airline more time to make its medium- to long-haul aircraft purchase decisions, Blake said.

"The deal results in a win-win situation for all parties. Gulf Air maximises its passenger loads, Flitestar passengers gain the advantage of more frequent flights and convenient linkage to other Gulf destinations, while Flitestar retains the option of reinstating its own service when passenger loadings will support this move," Blake said.

On the domestic front, Flitestar had just completed the reconfiguration of four A320s — increasing economy class seats to 114 from 96 and decreasing business class seats to 20 from 35.

The present state of the economy revealed a growing demand for economy class seats, Blake said.

However, he said, the airline had also noted that with the high standard of its value-added services in economy class — such as more leg room, wider seats and a free bar service — travellers who normally flew business class on other carriers were happy to settle for economy class on Flitestar.

# Teachers ready to return to school

Business Day Reporter

TEACHERS in Soweto, Johannesburg, Natal and the western Cape were set to return to school today after a decision by the SA Democratic Teachers' Union (Sadtu) NEC at the weekend to suspend its national strike.

Sadtu decided to suspend the action until July when it would be reviewed at the union's national congress, spokesman Randall van den Heever said.

He said the decision was taken because of a commitment among teachers to restore a culture of learning, the imminent convening of the national education forum and a government undertaking to reopen salary talks.

The striking teachers, who went ahead with their labour action on a regional basis after a national strike was called off recently, were demanding a 25% increase in wages and an end to rationalisation, retrenchments and the unilateral restructuring of education.

A national strike was averted after discussions between ANC president Nelson Mandela and President F W de Klerk recently. Sadtu said it would refer its demands concerning rationalisation and retrenchments to the education forum.

# No room for 'privilege' in publishing

MARIANNE MERTEN

THE relationship between government and publishers should not be based on privilege, a Sached Trust/National Education Co-ordinating Committee (NECC) conference statement said at the weekend.

Conference co-convenor Sached Trust book division director Orenna Krut said yesterday this decision was particularly important in the light of a proposed agreement between Macmillan Boleswa and the ANC-linked Thebe Investment Company.

It was necessary "to clean up" educational publishing so that it would operate freely and transparently.

The ANC at the conference had made a commitment to a free and fair publishing industry, Krut said.

Another key recommendation was that publishers' associations draw up a code of conduct to avoid corruption.

Krut said she was sure most of the resolutions would be adopted when they were submitted to the national education and

training forum

Although the forum's main task would be to formulate a national education policy, practical input was also necessary.

Conference delegates also resolved to establish a national book development council to "represent the interests of learners, educators, material developers, publishers and distributors".

Sapa reports that ANC education head John Samuels said the ANC favoured a wide-ranging publishing industry independent of government.

Freedom from government intervention would depend largely on "the extent to which publishers commit themselves visibly to the development of a local publishing industry". Published material should assist in a short-term transition and also lay the foundations for longer-term educational changes, Samuels said.

ANC reports that...

# Transnet interested in Angola

Buss. Day 11/6/93

LINDA ENSOR

CAPE TOWN — Transnet had signed a letter of intent indicating its interest in working with a Portuguese company in redeveloping Angola's transport infrastructure, a project estimated to cost billions of rands.

In an interview during the World Economic Forum proceedings last week, Euro-Atlantica Investimentos e Comerciosa (Eiac) president Pedro Coelho said he had met Transnet, Barlow Rand and other SA companies during his visit to discuss reconstruction projects in Angola.

He said extensive work was required to reconstruct the country's railways and harbours. Coelho expected the projects would be financed by the World Bank, the European Development Bank and private banking consortiums.

Coelho was not optimistic about Angola's prospects, but said recent US recognition of the MPLA government and international consensus that the government was legitimate were positive developments. It was not strategically wise in the long term, he said, to abandon a country in trouble.

(269) (16)  
Meanwhile, our Cape Town correspondent reports that SAA is resuming its regular service to Angola on Monday June 7, in association with TAAG Angola Airlines. The service was introduced in April 1992 with two flights a week. It was suspended in October when fighting broke out. To begin with there will now be only one flight a week.



volve or amounting to an offence on the part of any person

(3), (4) and (5) Yes, on 15 January 1993 In this regard cognizance has to be taken of the provisions of sections 17 and 21 of the Inquests Act, 1959 (Act 58 of 1959), which enables an attorney-general to, after considering the record of the proceedings, request the re-opening of the inquest or to institute criminal proceedings if he is of the opinion that it should be done.

No decision has been made as the Attorney-General is awaiting representations from the legal representatives of the deceased's mother

#### Crime prevention unit at Chatsworth

\*3. Mr A RAJBANSI asked the Minister of Law and Order.

- (1) Whether any arrests have been made by the crime prevention unit at Chatsworth since the so-called A Team unit was disbanded; if not, why not; if so, how many;
- (2) whether, since the disbandment of the above-mentioned unit, any Mandrax tablets have been seized in the area concerned; if so, how many? D280E

The MINISTER OF LAW AND ORDER:

- (1) Yes, 235
- (2) Yes, 731.

Mr A RAJBANSI: Mr Chairman, arising out of the hon the Minister's reply, is he prepared to give us comparative data in respect of the efficiency of the present restructured crime unit and the performance of the A Team?

The MINISTER: Mr Chairman, if that question is placed on the Question Paper, I will gladly do so. Permit me to say that considering what the hon member said at the World Trade Centre on Thursday evening, I wish he was as concerned about the deaths of people murdered by Apla as he is about this particular issue.

Mr A RAJBANSI: Mr Chairman, on a point of order. That is an unrelated matter. If the hon the Minister has guts here, he should also have guts at the World Trade Centre.

HOUSE OF DELEGATES

cise was also present and we took decisions on various matters.

Firstly, we decided that a press statement would be prepared by the commissioner for publication. This statement will deal with requirements and restrictions in respect of the clearance of imported goods by returning residents. It is anticipated that a better knowledge of the do's and don'ts will go a long way towards removing misunderstandings between customs and the public. The public is also being made aware of the fact that officers are required to wear name plates, so that offenders may be identified. That is the first step.

Secondly, the commissioner reassured an instruction that all officers who interact with the public should wear name tags in future. That is an important step.

Thirdly, the commissioner and I will visit Durban. I am sorry that it will not be possible for me to spend a whole day there during this parliamentary session, since I have many duties regarding legislation. However, I shall be visiting Durban during that time. I intend to visit the airport for an *in loco* inspection, and I shall inform the hon member of my visit.

#### Public Service: merit awards

\*5 Mr M RAJAB asked the Minister of Education and Training (Minister responsible for the Commission for Administration):

Whether the Commission for Administration administers a system of merit awards for all members of the public service; if not, why not; if so, what are the relevant details? D291E

The MINISTER OF EDUCATION AND TRAINING (Minister responsible for the Commission for Administration):

No. The various departments mentioned in the Public Service Act, 1984, themselves administer certain prescribed systems with regard to merit awards in the case of members of the Public Service.

#### Own Affairs

#### Funds for housing: insurance company

\*1. Mr M F CASSIM asked the Minister of Housing:

- (1) Whether his Department recently obtained funds for housing programmes through a certain insurance company, the name of which has been furnished to the Minister's Department for the purpose of his reply, below the market interest rate; if not, what is the position in this regard; if so, (a) when, (b) what is the name of the company in question, (c) what amount and (d) under what conditions;
- (2) whether he will make a statement on the matter? D261E

The MINISTER OF HOUSING:

- (1) No. As far as could be ascertained, the former Financial Consultant had exploratory discussions with an Insurance Company. However, it appears that no tangible results were derived therefrom. (a), (b) (c) and (d) fall away
- (2) No.

Mr M F CASSIM: Mr Chairman, arising out of the hon the Minister's reply, is he aware that this particular insurance company has advertised its intention to make available vast sums of money for housing at an interest rate of 10%?

The MINISTER: Mr Chairman, for the information of the hon member Mr M F Cassim, such monies are not loaned by this Administration. Local authorities have to apply for such loans. Their applications have to be made in consultation with the administrator in charge of local authorities. In turn, the administrator concerned has to consult with Treasury to ascertain whether such loans can be serviced.

Mr M F CASSIM: Mr Chairman, further arising out of the hon the Minister's reply, why can the necessary machinery not be put in place to explore all the possibilities for obtaining this much needed funding for social upliftment in the country?

The MINISTER: Mr Chairman, I have stated on many occasions in this House that we must naturally explore every possible way of ensuring the upliftment of the underprivileged community, particularly with regard to housing, welfare, etcetera. Money is required.

In any event, with the restructuring of the Administration, there has to be a new scenario.

HOUSE OF DELEGATES

fore subject to fluctuation Mercantile Registrars Limited is the transfer secretary and the register of shareholders is available for inspection at that company if the present shareholder composition needs to be established

In terms of the prospectus, no shareholder may, with the exception of the Employees' Share Trust, own more than 10% (4,4 million shares) of National Sorghum Breweries Limited. The transfer secretary has confirmed that no single shareholder owns more than 10%.

#### Funeral of Chris Hani: special trains

341. Mr J CHIOLE asked the Minister of Transport:†

- (1) Whether any assistance in the form of (a) special tariffs, (b) special trains and/or (c) subsidized services was rendered by the South African Rail Commuter Corporation to persons who attended the funeral of Mr Chris Hani recently, if so, what was the (i) (aa) nature and (bb) extent of, and (ii) cost involved in, this assistance,

- (2) whether any persons attending the funeral caused damage to property of the Corporation, if so, what was the (a) (i) nature and (ii) extent of this damage and (b) total cost involved in repairs to the damaged property? B798E

#### THE MINISTER OF TRANSPORT

The Managing Director of the South African Rail Commuter Corporation informed me as follows

- (1) (a) Yes  
(b) No  
(c) No

- (i) (aa) The cost of a ticket was R2,00 per passenger per return journey.

- (bb) 44 such tickets were sold

- (ii) None.

- (2) Certain damage was caused but not necessarily by "persons attending the funeral"

- (a) (i) Arson and vandalism.

HOUSE OF ASSEMBLY

- (ii) One first-class motor coach was destroyed by fire at Grasmere. A Nasrec ticket office was destroyed by fire and a public-address system was damaged and stolen.

(b) Approximately R615 000

Bus companies: State subsidies

345 Mr M J ELLIS asked the Minister of Transport:†

Whether he will furnish the name and address of each of the bus companies in the Republic currently receiving State subsidies; if not, why not; if so, (a) what are their (i) names and (ii) addresses, (b) what total amount was paid to each in 1992, (c) (i) what is the longest subsidized route and (ii) what amount was paid per kilometer on this route and (d) what amounts have been awarded to contractors to operate bus services other than school bus services? B785E

#### THE MINISTER OF TRANSPORT:

(a) (i) and (ii):

Algoa Bus Company  
PO Box 225  
Port Elizabeth  
6000  
Bahwaduba Bus Services (Pty) Ltd  
PO Box 1505  
Pietersburg  
0070

Braatvedt Bros  
T/a Washesha Bus Service  
PO Box 118  
Eshowe  
3815

Boland Passenger Transport  
PO Box 1795  
Cape Town  
8000

Bophuthatswana Transport Holdings (Pty) Ltd  
PO Box 16719  
Pretoria North  
0116

Darnall Motor Transport  
PO Box 97  
Mandini  
4450

#### Durban Transport Management Board

PO Box 1746  
Durban  
4000

EAJ Transport Services (Pty) Ltd  
PO Box 1666  
Vryheid  
3100

Eastern Bus Lines (Pty) Ltd  
PO Box 79  
Witbank  
1035

Estate Late K H Maraj  
T/a Doornkop Bus Service  
PO Box 105  
Stanger  
4450

GaZankulu Transport (Pty) Ltd  
Private Bag X4048  
Tzaneen  
0805

Golden Arrows Bus Service (Pty) Ltd  
PO Box 1795  
Cape Town  
8000

G Phaduri & Sons  
PO Box 301  
Louis Trichardt  
1760

Ikageng Bus Service (Pty) Ltd  
PO Box 6532  
Bailliepark  
2526

Impendhle Bus Service (Pty) Ltd  
PO Box 26  
Howick  
3290

Interstate Bus Lines (Pty) Ltd  
PO Box 1343  
Bloemfontein  
9300

Krystna Bus Service  
PO Box 438  
Kaysna  
6570

KwaZulu Transport (Pty) Ltd  
PO Box 427  
Pietermaritzburg  
3200

Laeveld Bus Service  
PO Box 413  
Ellisras  
0555

Lebowa Transport (Pty) Ltd  
PO Box 1839  
Pietersburg  
0700

Mabirimisa Bus Service  
PO Box 50  
Louis Trichardt  
0920

Matstrans (Pty) Ltd  
PO Box 1319  
Nelspruit  
1200

Maphumulo Mail Service (Pty) Ltd  
PO Box 105  
Stanger  
4450

Marrupine Bus Service (Pty) Ltd  
PO Box 386  
Pinetown  
3600

Mayibuye Transport Corporation  
PO Box 1392  
Bisho  
Midland Bus Service CC  
Poste Restante  
Paulpietersburg  
3180

Northern Cape Bus Service  
PO Box 593  
Kimberley  
8300

Putco Ltd  
Private Bag X3  
Wendywood  
2144

OwaOwa Bus Service (Pty) Ltd  
PO Box 13141  
Witsieshoek  
9870

Risaba Bus Service  
PO Box 96  
Letsele  
0885

South Coast Bus Service  
PO Box 23025  
Isipingo  
4110

HOUSE OF ASSEMBLY

*Hansard*

*Hansard*

Southern Cape Bus Service PO Box 2393 Cape Town 8000	Comuta Services (Pty) Ltd Private Bag X3 Wendywood 2144
Lenasia Bus Service Private Bag X3 Wendywood 2144	David's Bus Service (Pty) Ltd PO Box 10437 Strubenvale 1570
City Council of Brakpan PO Box 15 Brakpan 1540	Newtra Holdings (Pty) Ltd PO Box 50845 Lynnwood Ridge 0040
Vaal Transport Corporation PO Box 76 Vereeniging 1930	Johannesburg Transport Directorate PO Box 1787 Johannesburg 2000
Washesha Bus Service PO Box 118 Eshowe 3815	Empangeni Transport (Pty) Ltd PO Box 7050 Empangeni Rail 3910

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(b) The total amount paid to each in 1992 was as follows

Algoa Bus Company	R 11 556 987,15
Behraduba Bus Service	R 2 488 189,15
Boland Passenger Transport	R 1 535 067,63
Braatvedt Bros	R 636 067,90
Bophuthatwana Transport Holdings	R 119 444 781,65
Darnall Motor Transport	R 449 409,20
Doornkop Bus Service	R 34 649,65
Durban Transport Management Board	R 59 047 086,01
EAL Transport Services	R 2 175 231,90
Eastern Bus Lines	R 5 406 910,75
Gazankulu Transport	R 1 451 584,72
Golden Arrow Bus Service	R 50 794 629,50
G Phadziwi Bus Service	R 815 117,35
Ikageng Bus Service	R 201 490,00
Iphendhle Bus Service	R 1 410 283,25
Interstate Bus Lines	R 18 259 121,60
Knyana Bus Service	R 7 696,50
KwaZulu Transport	R 48 843 115,51
Laeveld Bus Service	R 1 215 429,76
Lebowa Transport	R 17 084 223,90
Lenasia/Putco	R 4 243 771,40
Mabirimusa Bus Service	R 1 027 593,45
Matstrans	R 31 416 336,45
Maphumulo Mail Service	R 660 410,35
Marinpine Bus Service	R 1 085 078,35
Maybuye Transport	R 342,95

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Midland Bus Service	R 386 814,89
Northern Cape Bus Service	R 1 539 557,40
Putco Ltd	R 226 581 603,83
OwaOwa Bus Service	R 7 095 155,40
Risaba Bus Service	R 1 201 215,95
South Coast Bus Service	R 2 834 048,45
Southern Cape Bus Service	R 7 568,15
City Council of Brakpan	R 867 895,30
Vaal Transport Corporation	R 8 592 560,25

(c) (i) The longest subsidized route of 190,3 km is that of PUTCO, Pretoria, with the following route:

Totiskraal — Rathoke — Uivlught — Keerom — Viak Plaats — Driefontein (KwaNdebele) — Group CCC (Pretoria)

(ii) The total subsidy paid out for this route cannot be determined easily, therefore the subsidy amount per ticket type is submitted.

Ticket Type	Passenger fare	Subsidy	Total fare
5-Day	39,70	109,10	148,80
6-Day	47,60	130,90	178,50
22-Day	174,70	480,00	654,70
26-Day	206,40	567,30	773,70

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*269*

Contract No	Contractor	Amount
V2/88	David's Bus Service	R 584 200,39
VS4/88	David's Bus Service	R 1 195 251,76
VS6/88	Newtra Holdings	R 5 083,29
VS7/88	Newtra Holdings	R 7 683,28
VS8/88	Newtra Holdings	R 5 499,43
VS10/88	Chetty's Coach Lines	R 2 557,49
D1/91	Empangeni Transport	R 15 984 758,70
D2/91	Empangeni Transport	R 11 968 359,33
D3/91	Empangeni Transport	R 10 018 765,10
D4/91	Empangeni Transport	R 2 014 969,44
D5/91	Putco Limited	R 6 030 833,11
D6/91	Putco Limited	R 1 155 063,41
D7/91	Johannesburg Transport Directorate	R 576 287,05
D8/91	Newtra Holdings	R 1 175 588,16
D9/91	Newtra Holdings	R 1 989 032,84
D10/91	Newtra Holdings	R 1 832 501,52

*House**House*

Contract No	Contractor	Amount
D11/91	Newtra Holdings	R 861 186,01
D12/91	Newtra Holdings	R 1 883 788,44
D13/91	Newtra Holdings	R 425 649,87
Total		R57 717 058,62

Your attention is drawn to the fact that all the above amounts are as yet unaudited and are therefore possibly not the final figures. Final figures for each financial year are published in the annual report of the Department of Transport.

#### Independent Black states: RSA citizenship

349. Mr P G SOAL asked the Minister of Home Affairs:

How many Blacks from each independent Black state regained their South African citizenship in 1992 in terms of the provisions of the Restoration of South African Citizenship Act, 1986 (Act No 73 of 1986)? B789E

#### The MINISTER OF HOME AFFAIRS

The Department of Home Affairs does not keep record of the number of persons who acquired their South African citizenship in terms of the Restoration of South African Citizenship Act, 1986 (Act No 73 of 1986)

#### Transnet: travel benefits for current/retired employees

354. Mr W U NEL asked the Minister for Public Enterprises.

(1) Whether he will furnish information on the travel benefits, other than those utilized in the course of duty, afforded by (a) Spoornet, (b) the South African Airways and (c) Autonet to (i) current and (ii) retired employees of Transnet; if not, why not, if so, what was the total cost of the benefits so afforded during the latest specified 12-month period for which information is available, expressed in terms of the equivalent full fare cost thereof;

(2) whether he will make a statement on the matter? B835E

HOUSE OF ASSEMBLY

*House**House*

Furthermore, the figure for concessionary air travel does not include journeys undertaken by SA Airways employees/retired employees as the accounting system does not differentiate between service and concessionary travel in the case of employees of the SA Airways.

Reservation procedures for complimentary travel is so structured that mainly accommodation and seats which would otherwise go unused, are made available to concession holders. The figures furnished can thus not be seen as an expense or a total loss of income.

#### Own Affairs

Pupils completing 1992 school year

79. Mr R M BURROWS asked the Minister of Education and Culture

How many pupils who, in 1992, were in (a) Grade 1/Sub A, (b) Grade 2/Sub B, (c) Std 1, (d) Std 2, (e) Std 3, (f) Std 4, (g) Std 5, (h) Std 6, (i) Std 7, (j) Std 8, (k) Std 9 and (l) Std 10 at schools falling under his Department, failed to complete the 1992 school year? B866E

#### The MINISTER OF EDUCATION AND CULTURE

These statistics are not available

(2) No.

HOUSE OF ASSEMBLY

**NEWS IN BRIEF**

B 10/19/93  
3/16/93

**Transnet travel perks** 269

TRAVEL benefits granted to Transnet employees during the 1992/93 financial year amounted to more than R78m, Public Enterprises Minister Dawie de Villiers told Parliament yesterday. Benefits to retired Transnet workers amounted to more than R30m.



# Safair breaks into \$1bn repair market

By ROGER MAKINGS

SAFAIR is positioning itself to take a slice of the \$1-billion African aircraft maintenance cake that until now was farmed out to foreign companies. Safair has completed an \$850 000 structural repair and engine overhaul of a Zaire Air Force Hercules at its R40-million maintenance facility.

It has done engine and component work and provided spares for the Zambian Air Force for more than a year.

It is eyeing contracts from both the Angolan and Mozambican air forces — work which a few years ago would have been a pipe-dream, says Safair general manager, engineering and maintenance, Chris Bester.

But the big money is in the civilian market as African nations bow to World Bank pressure to cut military expenditure and concentrate on reducing debt.

Mr Bester says, "They no longer have money for new equipment. They have to make do with what they have. This means spending more money on maintaining fleets."

Mr Bester says "We estimate that African airlines spend about \$400-million on labour and \$500-million on spares for their aircraft outside Africa. This work can be done in South Africa for considerably less, to the same standards and in less time."

"Africa has traditionally been the dumping ground of ageing '60s and '70s aircraft. But with the stringent requirements emerging in Europe and the US, African carriers are being forced to upgrade their fleets. Buying or leasing new aircraft is out of the question for them. This indicates a growing market in maintenance."

Safair managing director Braam Loots says the company has resumed its operations in Angola after an eight-month withdrawal because of the civil war. It is establishing a maintenance facility in Luanda to be operated as a joint venture.

Earlier this year Safair was forced to retrench 33% of its workforce after a \$10-million had debt incurred in Angola before the election and outbreak of hostilities.

It has resumed work in Angola for cash only and is confident it will recover the money owing to it.

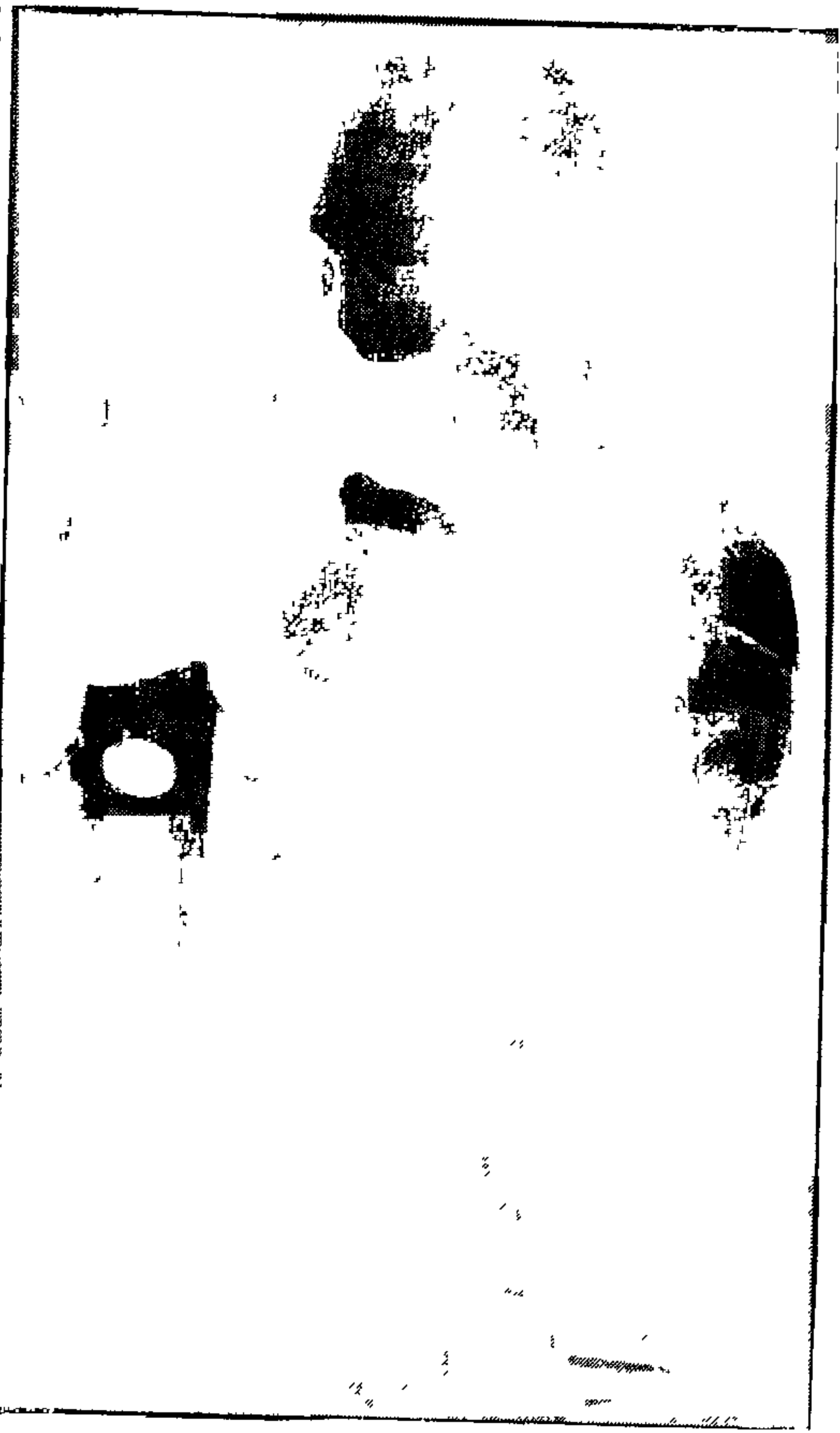
## Heart

Safair has secured the total maintenance contract for Zairean operator Shab Air's Boeing 727s and 707s and BAC 111 jets. The deal is worth between \$3-million and \$5-million annually.

Mr Bester says "Tan-zania has asked us for quotes for the refurbishment of its passenger aircraft. Our involvement in Nigeria could bring aircraft maintenance work our way shortly."

Also, under discussion with a West African country — Mr Bester will not say which one — is a contract to maintain a fleet of military aircraft. The deal is potentially worth millions of dollars.

Safair supervisor technician Marjal Vermeulen with the repaired Zaire Air Force Hercules



Picture: JOHN HRUSA

# Transnet may get pension transfusion

By DON ROBERTSON

THE State may take over the burden of topping up the R10,2-billion shortfall in the Transnet pension fund (269)

It is believed that Transnet managing director Anton Moolman has discussed the problem with Public Enterprises Minister Dawie de Villiers. He may accept an offer by Dr de Villiers, who said the underfunded pension and medical funds were Transnet's biggest problem (269)

A Transnet spokesman says that although Dr de Villiers is prepared to discuss the matter, no official representations have been made.

When Transnet's annual report was released last November, Dr Moolman conceded that the company would have to make a profit of R1,8-billion a year for the next 10 years merely to cover the shortfall in the funds.

In the year to March 1992, Transnet provided R979-million to fund interest on loan stock. This was one of the reasons for its suffering an attributable loss of R90-million compared with a profit of R515-million in the previous year.

When South African Transport Services was commercialised in April 1990, the new Transnet inherited a pension fund with an actuarial shortfall of R17,1-billion. Of this, R10,4-billion was funded by the issue of loan stock to the pension fund by Transnet.

Star 116193

# SA Airways resumes flights to Angola

By John Miller

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ries in April last year after a break of 17 years.

South African Airways resumes scheduled flights to Angola today after a seven-month break because of the civil war in that country.

SAA spokesman Zelda Roux said the weekly flight would be a joint venture with TAAG Angola Airlines.

Flights were resumed between the two coun-

Services were disrupted when the civil war in Angola resumed.

The airlines will offer a return economy ticket for R2 009 as well as a six-day to one-month excursion at R1 446.

During the latest break, SAA continued cargo flights into the country, using its fleet of Russian-leased aircraft.

# SAA likely to lose R200-m

Star 11/6/93  
(269)

By John Miller

South African Airways is expected to incur a loss of almost R200 million this financial year.

The news was broken to staff by chief executive Mike Myburgh in an internal broadcast last week, say reliable sources at the airline.

Last year the airline lost about R500 million, said Myburgh. The loss over the past four years has now topped some R1 billion.

Part of the staff motivation programme over

the next 18 months, according to Myburgh, will include the "gain share" concept.

He told his staff he was prepared to share up to 30 percent of any money made over the next year as long as it was less than the predicted R192 million loss.

This means the airline will have to borrow the money to pay the staff incentive.

Jan Blake, the managing director of Fhlestar, said the taxpayer was footing the bill for SAA's losses.

Blake also doubted whether any local or international bank would lend the airline so much money.

"The interest alone on this amount would make it very unlikely that the airline would ever be viable."

SAA spokesman Zelda Roux said she could not comment on some of the figures as they still had to be audited.

But she confirmed that the "gain share" option was part of a project to return the airline to profitability.

# Public servants' union planned

Star 11/6/93  
(269)

By Thabo Leshilo  
Labour Reporter

Plans to launch a giant public servants' trade union aligned to the ANC-SACP-Cosatu alliance next year are at an advanced stage, Cosatu said at the weekend.

The new union would have at least 150 000 members, said Cosatu's Zwelanzima Vavi

This would make it

Cosatu's fourth biggest union after the National Union of Mineworkers, National Union of Metalworkers of SA, and SA Clothing and Textile Workers' Union.

Vavi said the union would start as a merger between the 70 000-strong SA Municipal Workers' Union; National Education, Health and Allied Workers' Union, with 40 000 members, and Post and Telecom-

munication Workers' Association, with 23 413 members.

Mergers were also envisaged with other public servants' unions, including the SA Democratic Teachers' Union.

The new union would help workers bargain for better working conditions including the right to strike, said Vavi. The launch was set for May 28 and 29 next year.

# SA Navy in Morocco

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~~285~~

By Norman Chandler  
Defence Correspondent

The first South African Navy ship to visit a Moroccan port in decades is showing the flag at Casablanca

The replenishment vessel, SAS Drakensberg, which recently participated in the Battle of the Atlantic commemoration at Liverpool, England,

is due to visit two more African ports before returning to Simon's Town on June 26.

Drakensberg, which berthed at Milford Haven and Birkenhead during its week-long visit to the United Kingdom, is to call at Abidjan in the Ivory Coast from June 14 to 16, and at Libreville in Gabon from June 19 to 21.

It is understood that the ship's company has been well-received by the Moroccan

8/26/93  
Navy, and has been taken on sightseeing tours.

Morocco and South Africa have for several years had a close relationship and the visit of the Drakensberg is seen as a high point in the cementing of relations with South Africa.

● At Simon's Town yesterday, the refurbished replenishment vessel SAS Outeniqua was commissioned into the navy.

The naming of the vessel, formerly the Ukrainian-built

supply vessel Juvent, was done by the wife of the Minister of Defence, Kobie Coetsee.

A spokesman for the Navy said in Pretoria that the Outeniqua had completed its harbour and sea acceptance trials in record time with the South African crew being assisted in getting to know the vessel with the help of the original Russian crew.

Juvent was purchased last year.

# SA firm clinches a multi-million deal with Rolls-Royce

A SOUTH AFRICAN company has signed a multi-million-rand deal with Rolls-Royce, one of the world's leading aerospace companies.

It gives Simera, formerly Atlas Aircraft Corporation, a risk-and-revenue partnership with Rolls-Royce in its new high-tech Trent jet engine programme.

Simera will plough an estimated R300-million into the development of Rolls-Royce's engine for the A330 and Boeing 777. If the engine is a success, Simera can expect huge profits after it enters service in 1995.

## Equal

The deal, to be announced at the Paris Air Show today, also gives Simera a 20-year contract to build gearboxes for an existing Rolls-Royce engine.

Simera says an almost equal amount of money is involved in both deals — about R600-million.

The Rolls-Royce connection puts Simera and SA aerospace technology in the world spotlight. Simera and other SA companies could dominate Africa's aircraft maintenance — a market worth more than R3-billion a year.

The Rolls-Royce contracts could lead to bigger spin-offs in larger jet powerplants and the airframe industry in SA.

Only two other countries in the

STimes (Buss)  
By ROGER MAKINGS

world make Rolls-Royce aerospace parts — France and Germany.

Simera, the military and civil aircraft division of Denel, suffered a blow last year when the SAAF turned down the SA-made Ovid new-generation trainer as a replacement aircraft for its ageing Harvards in favour of the Swiss-built Pilatus.

Rolls-Royce approval for SA expertise is also expected to enhance the image of Simera's other products, chiefly the R50-million Rooivalk attack helicopter. It is said to be the match of similar international products and is being marketed worldwide. But it has yet to find buyers.

Simera chief executive officer Kobus Eksteen said this week he was confident his company would fulfil the terms of the gearbox contract.

"We will deliver the first accessori-ly gearboxes to Rolls-Royce in Derby by February next year, after which we expect to build 100 annually for the next 12 years, producing export sales of R30-million a year." Rolls-Royce will not make any investment in the venture. Simera will put R6-million into the project in addition to its facilities that made gearboxes for the SAAF for years. The contract will not bring extra jobs for much longer. A handful of Rolls-Royce repre-

sentatives will work with the SA technicians in training and quality-control capacities.

Mr Eksteen says: "Besides the growth in our technological capabilities there will be a concomitant improvement in production management."

Rolls-Royce insists that not only does Simera make the product according to its standards of excellence, but that it has a reliable cost-reduction programme in place to ensure a steady and predictable price for the gearboxes.

Rolls-Royce, which has about 33% of the international jet-engine market, makes a family of engines that power aircraft like SAA's fleet of new high-tech Boeing 747-400s to smaller twin-engined models.

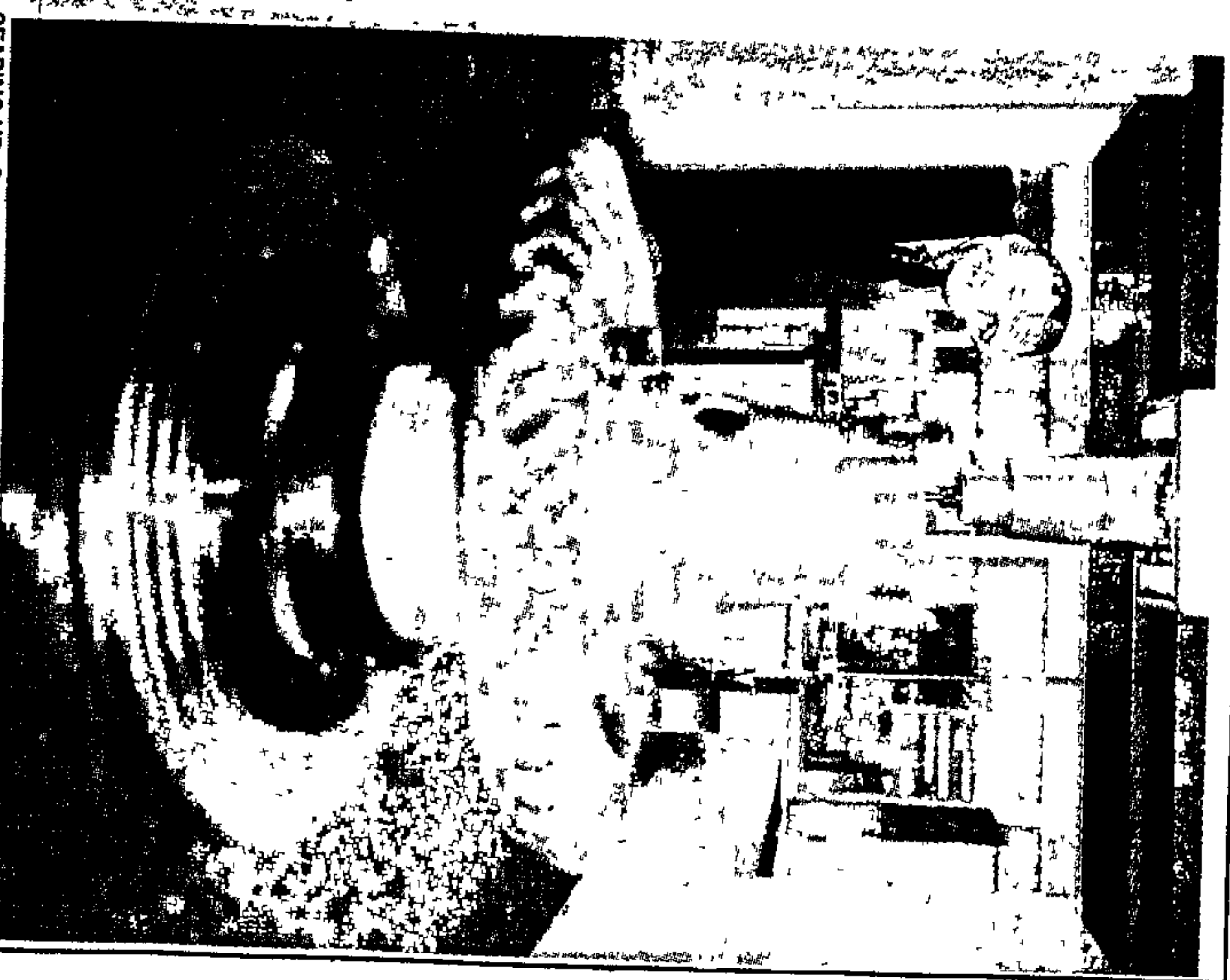
## Foundry

The two engines involved are the RB211-535 — used for the Boeing 757 and Russian built-Tupolev Tu-204 — and the Trent which develops thrust of more than 100 000 pounds. The Trent will power the Airbus A330 and Boeing 777, both of which have yet to enter service.

The Trent engine will power 34% of the B777 and A330 aircraft on order around the world.

Simera will be the only manufacturer of RB211-535 gearboxes in the world, production of which will begin at Kempton Park early in 1994.

Mr Eksteen says: "The castings will be made in our foundry, the gears and drive shafts being built in



GEARING UP. Simera chief executive Kobus Eksteen. Picture: CHRISTINE NESBITT

Simera's factory. Accessories will be imported from overseas suppliers so that the gearboxes can be assembled here and exported to Britain as a unit.

"This contract gives us a foot in the international aerospace door and will almost surely lead to bigger contracts."

Simera is no stranger to Rolls-Royce engines. It has built the Viper engine, which powers the SAAF's Impala jet trainers, under an Italian sub-licence since the early 1970s

Although the RB211-535 engine's life will extend well beyond the year 2020, Simera expects to be involved in other, bigger projects long before then.

Denel managing director Johan Alberts says commercial aircraft maintenance and modification is high on the agenda for its aerospace arm.

The company's participation at the Paris Air Show at Le Bourget places it in a position to enter the competitive commercial market.

# Shift in national road policy urged

PETER DELMAR

A SECRET government-appointed task group has told Transport Minister Piet Welgemoed to commercialise the management of SA's national road network.

Transport director-general Skippie Scheepers said yesterday the committee had proposed that national roads become the responsibility of a body independent of government.

The Commission for Administration, however, had adopted the position that the department's structures should instead be strengthened and national roads retained by government.

The committee also gave the green light for the maintenance and probable expansion of the toll road system.

Scheepers confirmed the committee had closely investigated the future of toll roads. It was generally agreed that with "one or two exceptions" these were operating successfully and were likely to be expanded.

The committee was chaired by Gerard Steinmetz, recently appointed executive chairman of Sage Holdings in the place of new Housing Minister Louis Shill.

Scheepers said the committee included

representatives of government departments and experts from the private sector.

The internal probe did not apparently canvass the opinions of private sector interests affected by roadbuilding and management. National Road Federation president Leon Oosthuizen said he had no knowledge of the Steinmetz report.

The investigation considered the future of the National Roads Board. Early last year government put on hold plans to abolish the board, but it now appeared likely that the board could go if Welgemoed accepted the committee's recommendations.

The report comes at a critical time for the funding of road building and maintenance. In April Welgemoed estimated that it would take R10bn to restore SA's national and provincial roads to their standards of five years ago.

TRACY SCHNEIDER reports SA Road Federation Western Cape chairman Cecil Rose as saying recently that more than R1bn a year was needed immediately to bring SA's roads to a state of "just accept-

To Page 2

## Roads

able" repair.

"If money is not allocated, roads will decline to the point where they will have to be replaced," he said. "The cost of replacing the 305 000km of intercity roads alone would be almost R100bn."

The federation objected to road maintenance receiving a small percentage of the large tax on petrol. Government now takes 60,9c of the R1,88/l petrol price.

AA spokesman Robin Scholtz said the road network was the "lifblood of SA's

economy", but roads were not high on government's list of priorities.

Funds for road construction and maintenance were drastically curtailed after the withdrawal of the dedicated fuel levy for roads in 1988.

"The result is that we have a serious backlog in routine road maintenance and any delay in making funds available exacerbates the already critical situation," said Scholtz.

From Page 1

# Plan to 'commercialise' the national roads

Own Correspondent

JOHANNESBURG — A secret government-appointed committee has told the Minister of Transport, Dr Piet Welgemoed, to commercialise the management of South Africa's national road network.

Transport director-general, Mr Skippe Scheepers said yesterday the committee had proposed that national roads become the responsibility of an independent body.

The Commission for Administration, however, had taken the position that the department's structures should instead be strengthened and national roads retained by the government.

The committee also approved the maintenance and probable expansion of the toll road system.

Mr Scheepers confirmed the committee had investigated the future of toll roads and generally agreed that with "one or two exceptions" these were operating successfully and could be expanded.

The committee was chaired by Mr Gerard Steinmetz, recently appointed executive chairman of

Sage Holdings in the place of new Housing Minister Mr Louis Shill

Mr Schéépérs said the committee included representatives of affected government departments and private sector experts.

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SA Road Federation Western Cape chairman Mr Cecil Rose said recently that if the roads declined till they had to be replaced the cost of replacing inter-city roads alone would be almost R100bn

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## Durban's port can expect competition from Beira

DURBAN — Africa's busiest port, Durban, could expect competition from Mozambique ports Beira and Maputo as the country moved towards peace after 16 years of civil war, Durban port manager Rudi Basson said yesterday.

On Tuesday the Swaziland Sugar Association announced it was rerouting sugar exports through Maputo instead of Durban, as transport to Durban added R20m to export costs.

"With African ports getting their acts together, they will become more competitive," Basson said.

Portnet, which controls SA's ports, recently unveiled plans for additional berths and container terminals in Durban, which handles more than 2-million tons of cargo and more than 3 300 ships each year.

Portnet has even more

ambitious plans for the port at Richards Bay, which is bigger than SA's other four ports combined and is already one of the most diverse bulk-handling ports in the world, according to its manager, Glen Martin.

The Portnet plan provides for substantial extensions to the coal terminal, provision of passenger liner docking facilities and transformation of the harbour into a rapid ship turn-around centre.

Martin said planning was well under way for an additional 650m of quayside. Other developments mooted by Portnet were the erection of coal storage facilities, extended container terminals and sugar and grain terminals.

Richards Bay handles approximately 1 200 ships and more than 60m tons of cargo a year. — Reuter.

# Propnet boosts value of Transnet land holdings

8/17/93  
 FRESH AIR: 269

PROPNET, the dynamic property development unit of Transnet, is converting portions of its R9 billion property portfolio from under-utilised land and facilities into wealth-generating property developments.

Harbour developments, commuter and transport nodes, airspace development, creative rezoning of land, and a totally new approach to evaluating a return to the investor on leasehold property, are just some of the "fresh air" the team headed by Fuzz Loubser has brought to SA's property industry since its official formation in 1991.

Over the last three years more than 20 projects have been completed, not including the highly successful R500 million Victoria and Alfred Waterfront in Cape Town, in which Transnet has a stake of more than R200 million. Propnet and its forerunner Business Development, has added R52 million in value to the land concerned - a productive performance for a team of just over 20 project management staff.

The Propnet team had already initiated new attitudes towards Government-held land prior to the reorganisation and corporatisation of transport services in 1990. An asset valuation of land at the time channelled the land used essentially for rail commuters, about

Propnet's Fuzz Loubser and his team have introduced a totally new approach to evaluating a return to the investor on leasehold property.



R1,7 billion in value, to the SA Rail Commuter Corporation, and the remaining R9 billion to Transnet.

Propnet, as Transnet's development unit, seeks to identify opportunities for wealth creating property investment and as landowner, developer, investor, and sometimes as broker, assemble packages for developments.

Initially "grudging" and sceptical attitudes from the traditional property investment community greeted Propnet's overtures to hold onto land and invite investment on a leasehold basis. However, this has been handled with considerable success, reflected in the R232 million of investor capital that has gone into Propnet projects.

"The difference," explains Loubser, "is that whereas the investor who acquires land ownership builds an end capital value to their property investment, in the case of leasehold, there is a zero end value with all of the return expressed over the term of the lease in rental income. We found that when it was analysed purely economically, it made only about 0,7 per cent difference to the yield."

"We got over that problem by agreeing to carry that portion of the risk ourselves, giving us a direct stake in the project as well, and for us, a trade-off."

A very consultative approach to development has governed most of Propnet's developments, particularly transport and commuter node developments.

Loubser estimates some 6 000 jobs have been created through projects "directly" with many more created indirectly through the business activity drawn by new buildings.

# St Lucia study flawed, meeting told

DURBAN — The St Lucia environmental impact assessment (EIA) report had been discredited, Wildlife Society spokesman Jeremy Ridl said at a meeting yesterday.

The EIA's economic team had formally distanced itself from the report, he said.

Just before its publication, the geological section of the report "had been thrown into doubt" as new evidence was made available by monitors of the Ramsar convention on the environment, which was signed in Iran in 1978 by representatives of 77 countries.

Ridl condemned the "indecent haste" with which organisations had had to respond to the CSIR report, which said no irreparable damage would be caused by mining.

Campaign for St Lucia co-ordinator Oliff d'Oliveira said if mining were allowed, the wetland would have to be taken off the Ramsar convention list of protected wetlands

**MARIANNE MERTEN**

If this happened, it would be the first time one of the convention signatories had delisted an internationally recognised wetland.

During a recent Ramsar convention conference in Kushiro, Japan, delegates recommended that mining at St Lucia should be refused on principle.

Zululand Environmental Alliance spokesman Jim Phelps said the EIA report's procedure was flawed.

The assessment management committee was not representative as it did not include members of conservation organisations or the public.

The principle of "hearing the other side" — a vital part of any impact assessment and integrated environmental management system — was "interfered with" because comments from the interested and affected parties were "filtered and digested" before they reached the review panel,

KwaZulu Bureau of Natural Resources director Nick Steele said the bureau had found "significant omissions and unacceptable bias" in the report.

The pro-conservation sentiments were supported by those invited to the meeting, which included representatives from political bodies and conservation organisations such as the Natal Parks Board.

DP MP Rupert Lorimer said his party had dedicated itself to the fight against mining at St Lucia, although "all environmental impact assessments meant nothing because the final decision was a political one"

CP MP Joseph Chiole said the CP did not want mining activity "anywhere in St Lucia".

NUM secretariat professional assistant Roy Sewnaram said his task was to "put the facts before the national executive" and facilitate a debate within the union.

## UK govt changes mind on SAAF ban

LONDON — The British government yesterday announced the lifting of its ban against the SA Air Force being invited to the RAF's 75th anniversary celebrations at the Fairford International Air Tattoo next month

Pressure, including a published letter from five former marshals of the RAF, has been levied on the government to lift the ban following the participation of the SA Navy in last month's 50th anniversary of the Battle of the Atlantic.

British government officials admitted their approach to the two events had been apparently inconsistent, but were concerned

**Own Correspondent**

that the appearance of SA military aircraft and personnel on the operational military base of RAF Fairford would be more clearly a breach of UN, EC and Commonwealth sanctions against SA than the navy event was

The SA supply ship Drakensberg pointedly stopped at the civilian port of Milford Haven rather than the navy ports of Plymouth or Portsmouth.

However, officials have concluded that since Fairford is a standby base that will not be used operationally during the tattoo, and because this is a major his-

torical anniversary, the sanctions do not apply.

South Africans such as Field Marshal Jan Smuts played a major role in the creation of the RAF, and pilots such as "Sailor" Malan were heroes in the Battle of Britain.

Proportionately more SA pilots were killed defending Britain than those of any other nationality. There has been a steady drumbeat of RAF veterans demanding SA be included in the 75th anniversary celebrations.

The Chief of the SAAF is expected to be among air force chiefs from around the world to be invited to the tattoo. It is hoped that SA will at least be able to return to the original invitation: four Pitts Special aerobatic planes carried to Fairford in two SA Hercules C-130/aircraft. — Daily Telegraph.

## Call for new joint plan

**MARIANNE MERTEN**

A credible national environmental management strategy was too important to be developed by government alone or with limited support from other groups.

Cape Town University Environmental Studies Prof Richard Fuggle said this week a minimum requirement was that participants in the multiparty negotiating forum agreed a national environmental strategy should be developed at this point.

All significant role players needed to commit themselves to such a strategy, he said.

Although the task of drafting the strategy would lie with a steering committee and its secretariat, wide-ranging consultations were also necessary.

**Gallo Gallo Gallo**

## Getting back on track

FM 18/6/93

Passenger trains in Europe have become so popular that some countries want to do away with the inexpensive Eurailpass because the cut-rate travellers are taking seats away from customers willing to pay full fare

Unfortunately, that's not a problem facing Spoornet. In SA, intercity passenger (not commuter) journeys fell by 15% in financial 1992 compared with 1991, and by another 17% in the 1993 year ended on March 31. But the drift from trains has stopped, says Spoornet's Charles Wright, senior manager in charge of InterPax, its intercity services. "We have hit rock bottom and can only go up from here."

Under Spoornet policy, he won't give the actual number of journeys, but he attributes the decline to the travelling market becoming smaller.

Wright says train travel is seasonal in SA. During normal weeks, trains are only half full, but over weekends and at month-ends they run 70%-100% full. During the July school holidays an extra 100 trains are operated and name trains, such as the Trans-Karoo and Trans-Natal, spawn twins. During the December holidays up to 300 extra trains are run.

InterPax — to be renamed Spoornet's Mainline Passenger Trains — is the poor relation. Not much is spent on aggressive marketing or upgrading of equipment that is

### BUSINESS & TECHNOLOGY

up to 40 years old. The rich relative is goods services.

Wright says overseas mainline trains "are trying to beat the aeroplane, but here we're a secondary user of the facilities and have to slot in where there's spare capacity." In much of the US, Amtrak, the national rail passenger service, also has this problem. Wright doesn't believe the Trans-Natal can compete with air travel between Johannesburg and Durban "because with air travel, business people leave at seven in the morning and fly home the same day, if they travel both ways with the Trans-Natal, they spend two nights away from home."

Wright is trying to improve matters but he has to overcome the legacy of former Spoornet CE Barry Lessing, who was considered anti-passenger train. Wright has appointed Lindsay Smithers to take charge of advertising, obtained permission to spend a modest

R1m on modernising six catering cars, and is lobbying for funds to improve train sets — trains that consist of a fixed number of carriages, like the Blue Train.

Blue Train business manager Henne Hartman will not disclose whether the luxury train is in the red or the black, but he's certainly chasing business. When demand between Pretoria and Cape Town drops in winter, one of the two sets is taken out of service for an overhaul or rebuild. But there aren't enough passengers to keep the operating set busy all the time, even with the reduced frequencies, so he is using it every fortnight for weekend trips to the eastern Transvaal. Of the seven planned trips this winter, four are sold out, and the other three are 70%-80% full.

Next year he'll probably be running it to Victoria Falls and have two modernised trains to call on. One was overhauled at a

cost of R5m last year, the other one is being given similar treatment this year.

Hartman is considering overseas requests that he include the Garden Route in the Blue Train's itinerary next year. If he does, every third train will continue from Cape Town to Knysna, then back again. And it will be marketed aggressively.

"Because of the increased interest in train travel, there's a lot of opportunity to sell the Blue Train," he says. "It has been chartered for later this year by two cruise ships, the QE2 and the Sagafjord. The Council of Mining & Metallurgical Institutions is holding an international conference at Sun City next year and has chartered both Blue Trains for a week. One will go to Victoria Falls from Johannesburg, the other will travel between Johannesburg and Cape Town."

FM 18/6/93

269



## SA AIRWAYS

# Taxiing for recovery

(269) FM 18/6/93

**There's still** a lot of red ink on SAA's balance sheet and it won't dry up all at once. But CE Mike Myburgh, who succeeded Gert van der Veer on April 1, gamely predicts that the airline will show a profit in the second half of its financial year, which ends on March 31.

Losses for financial 1993 have been put as high as R500m, but R300m is a more realistic estimate. Myburgh won't divulge the final figure. "You'll have to wait for Transnet's annual report." But he does not deny reports towards the end of last year that SAA had been losing R1m a day (*Business & Technology* January 15).

True to form, Transnet — SAA's parent — is being mysterious about when it will publish its annual report. Myburgh believes it's likely to be next month but a Transnet spokesman says September — six months after year-end — is a better bet. If he's right, it won't help Transnet's efforts to project itself as a private-sector enterprise. And it won't quieten the rumour mill.

There is good reason why SAA is in such dire straits. In the quarter to June 1992, SAA lost R33m on its domestic services alone. With the approval of Van der Veer, Myburgh — who became deputy CE in August — started Project Success, a programme to get the airline back into the black. That started paying dividends in November, when, due to cost containment and increased fares, SAA started showing an operating profit on its domestic services.

"We're showing a net profit on those services now, after paying our full contribution to the pension fund and both our current and annual levies to make up the accumulated shortfall in the fund," Myburgh says.

The airline, however, is still losing money on international services. The most recent figure available is the R38m loss in the quarter to June 1992. But Myburgh says rationalisation is working. Losses on the Johannesburg-Bangkok and Johannesburg-Vienna routes were eliminated by entering into code-sharing agreements with Varig Airlines to Bangkok and Austrian Airlines to Vienna.

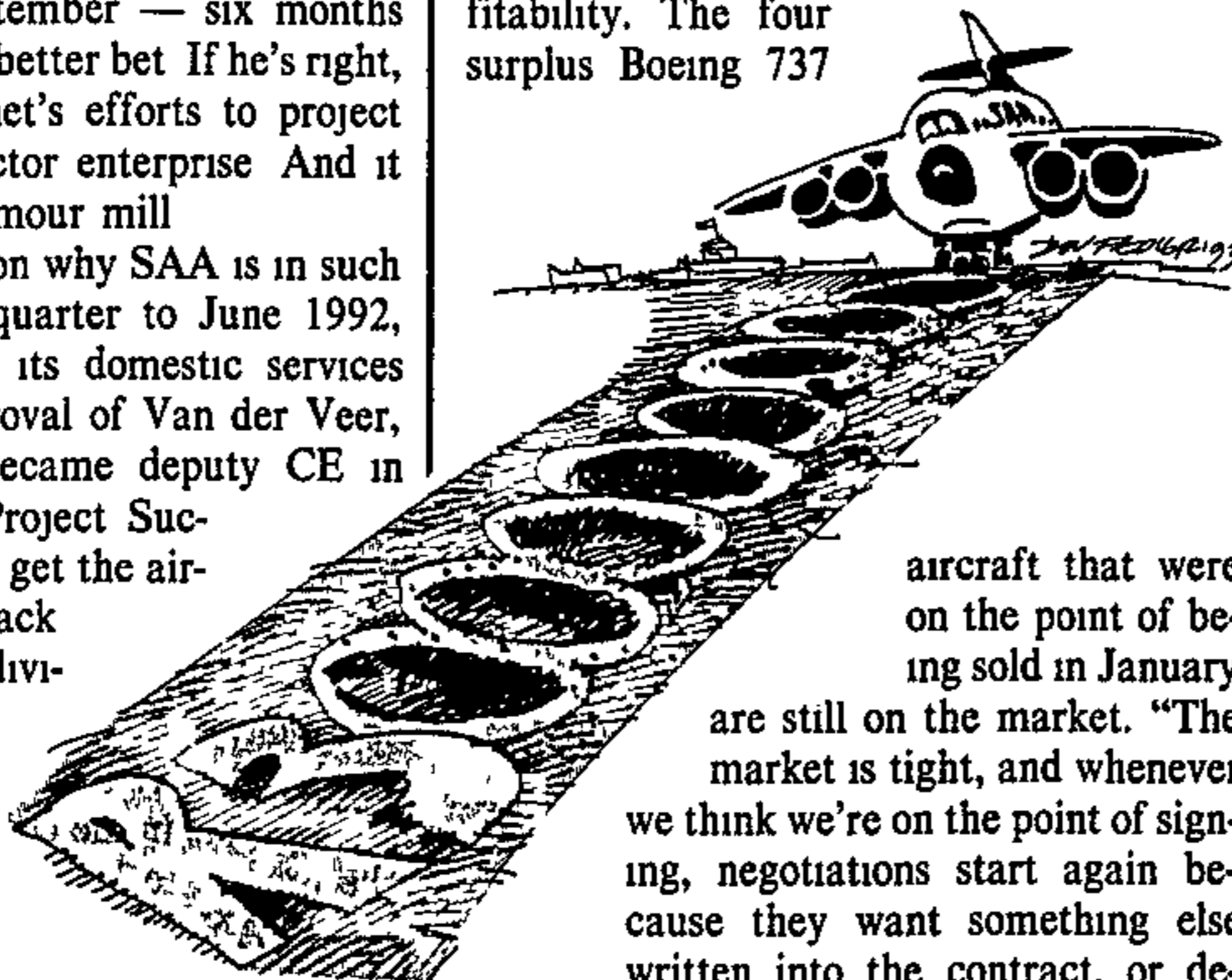
Varig aircraft, for instance, fly between Rio de Janeiro and Johannesburg under their own banner and as SAA/Varig between Johannesburg and Bangkok. That agreement allowed SAA to switch the 747 it used on that route to a more profitable one, probably Johannesburg-Singapore.

He plans to cut costs further by reducing frequencies on some other international routes and rationalising still more. He won't

identify them because he is "negotiating with interested parties." Most likely some frequencies to Europe will be reduced and some will involve code-sharing. Passenger volume between SA and Europe has dropped because of the recession. That's why hype master Richard Branson hasn't started his much-vaunted Virgin Atlantic Airways service to SA yet.

Rationalising doesn't mean just cutting or sharing services, Myburgh says. Frequencies on some routes could be increased. A likely one is the Australian service, which is operating at near 100% capacity. Flights for next June are 70% booked.

Nevertheless, SAA's embarrassment of aircraft could scuttle Myburgh's optimistic forecasts about profitability. The four surplus Boeing 737



aircraft that were on the point of being sold in January are still on the market. "The market is tight, and whenever we think we're on the point of signing, negotiations start again because they want something else written into the contract, or deleted," Myburgh says.

SAA will also take delivery of a new Airbus in September and a new Boeing 747 in October or November. It would cost too much to cancel those deals. And Air Mauritius, which is acquiring five new Airbuses, will return the two Boeing SPs it charters from SAA, one this year and the other in 1995. "We'll then have to use the new, more cost-efficient equipment ourselves, and sell or lease the older equipment," he says.

### Too much baggage

Myburgh has also attacked the problem of too much baggage on the personnel side. It was originally decided to retrench 2 200 workers (*Business & Technology* January 22). That would have pared 20% off SAA's R750m/year wage bill.

Only 1 800 took voluntary retirement packages but already operating costs have been cut by R200m/year. Myburgh has also identified 400 others whom he regards as surplus. Many are dyed-in-the-wool civil servants who are finding it difficult to adapt to

the private-sector mentality he wants to foster.

Originally he said those who didn't take a voluntary package by March may have to take forced retrenchment. After consulting with the unions, however, he is seeking other job opportunities and possible retraining for them within Transnet before mandating lay offs.

SAA will not need to use taxpayers' money to make up its losses, should Myburgh's optimistic predictions prove wrong. Van der Veer often stressed that taxpayers were never called on to cover losses. The airline has its own reserves and can, if need be, raise money on the market through Transnet, or on its own. ■

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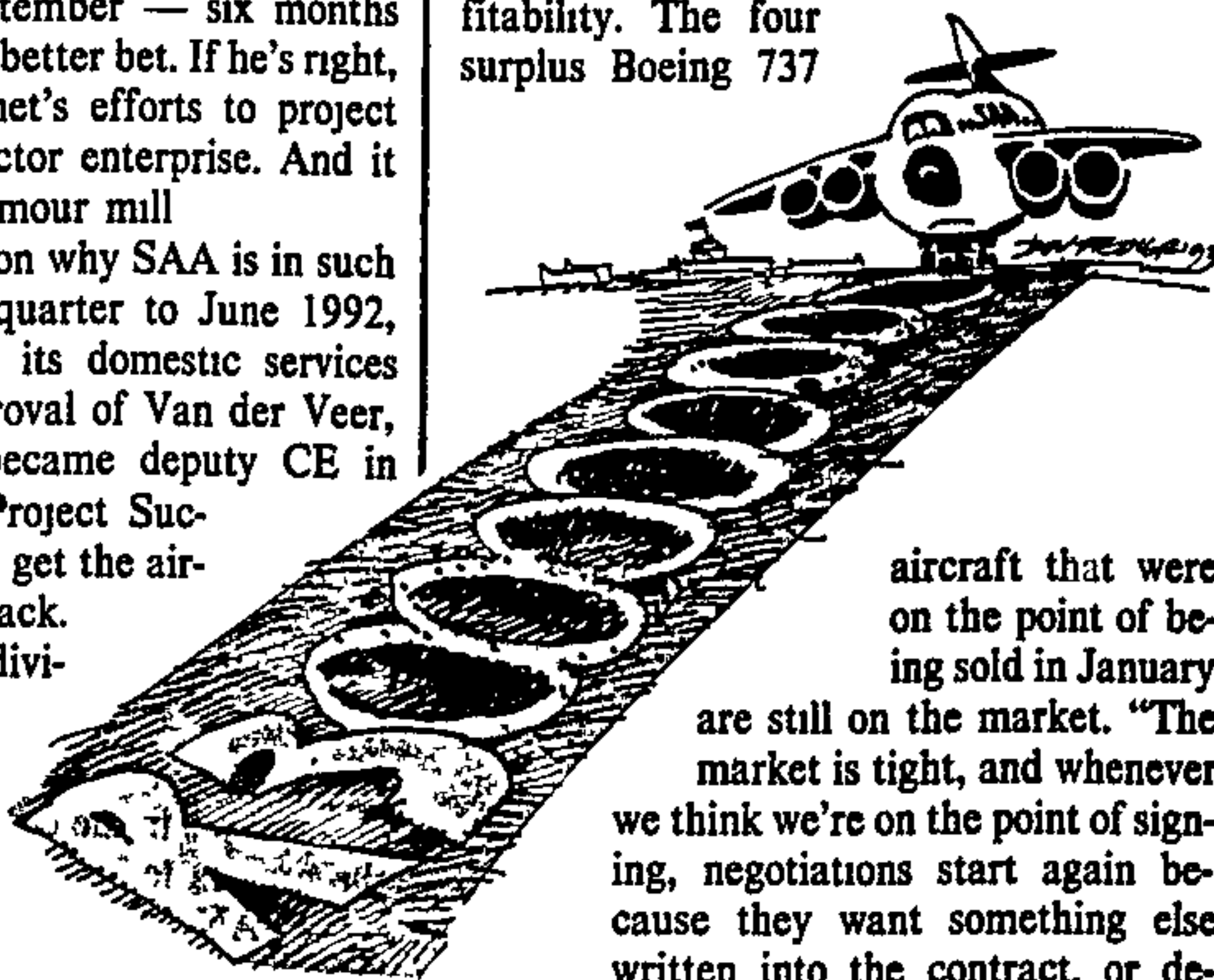
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## GLASS INDUSTRY FM 18/6/93 Under the microscope

The only local glass manufacturer, Plate Glass & Shatterprufe Industries (PGSI), will be living in a glass house for the next few months. The Competition Board says it will conduct a far-reaching investigation of the

### SASOL'S TEAM-MATES

FM 18/6/93  
Sasol has again decided that teaming up with a chemical rival can be more profitable than squaring off in the marketplace. In March it joined a Sentrachem division to build an alkylamines plant. This week Sasol and AECL formed a new business that will combine elements of their petrochemical and plastic interests.

With more than R2,5bn in turnover, the new company will be no mere sideline. Expected to be 60% owned by Sasol and 40% by AECL, it might eventually be listed on the JSE. But neither the name nor the management has been chosen yet.

The move is in line with international trends. Production overcapacity and weak world petrochemical markets have led many companies to combine forces, rationalise activities and become more focused.

Unless there's a hitch in forming the joint venture, the new company will embark on a R400m project converting AECL's PVC-from-carbide feedstock to ethylene feedstock. Production is expected to start by the end of 1995. Discussions are underway with Sentrachem and Hoechst to gain access to the feed stocks.

# The Yanks are coming



**TOM HOOD**  
Business Editor

**AMERICAN Airways,** one of the world's biggest airlines, has opened an office in Cape Town and could be flying here within two years.

The airline has bought half the seating in several South African Airways Boeing 747s, making it possible to "fly AA" from Johannesburg to Kennedy Airport.

This was disclosed in Cape Town by Mr. Michael Tyler, managing director of Aviation Africa, of Johannesburg — American Airlines' front company.

"I am hopeful we will be flying here in the next two years, maybe sooner if the political scene improves and air travel increases as a result."

The American giant employs 100,000 people, owns 700 jets and flies 3,400 flights a day worldwide.

AA first showed an interest in a South African operation in 1975 at the height of sanctions and opened an office in Johannesburg.

The target was to promote American Airlines over the whole of the African continent.

Revenue in the first year was \$880,000 and ten years later it was close to \$14 million.

"When sanctions were applied, we had to do what many companies did — a shielding operation — and started a Ply company Aviation Africa. We were still American Airways and that was just a front," said MD Mr. Tyler.

To visit Accra, he had to fly to London, then Rio and back to Africa.

"The company is very interested in the South African route but we need a minimum of three planes a week and enough passengers," he said.

Meanwhile AA has formed an alliance with SAA to operate the route for the benefit of both airlines and started by acquiring 40 seats on each flight.

Next stage in the development will be to extend the flights to Los Angeles, using AA planes from New York.

SAA would also be able to fly straight to the AA terminal at New York instead of the huge international terminal shared by other airlines.

"Meantime, we will buy a block of about half the aircraft's seating up front, and sell it. But the goal we are looking at is to bring our own aircraft in and run the service. We want to develop the route and get high-yield traffic to North

America and I am very optimistic about the future.

Mr. Tyler said he expected travel from America to increase as the South African election drew nearer and thousands of observers were flown in.

AA has given SAA business that went to other carriers in the past.

Price wars in the United States have put most airlines into the red and AA lost about \$100 million last year. "Luckily, we have billions of dollars in the bank."

Deregulation of air traffic cut fares to such an extent that closures, takeovers and mergers were coming.

■ American Airlines' colors are red, white and blue but aircraft hulls are unpainted and the company saves millions on fuel a year because of the weight saving in paint.

269  
ARC 14/16/73

# KLM wraps up extra flight

DUTCH Economic Minister Koos Andriessen wrapped up a five-day fact finding visit yesterday saying SA would have to fight for its place in the world (269) CT 19/16/93

As an illustration of closer bilateral links, Andriessen announced that he and SA Transport Minister Piet Welgemoed had agreed to introduce a fourth weekly flight between the two countries

Describing the country as entering its "most dramatic epoch" in history, Andriessen said SA would have to revamp its tariff systems in line with international practices as well as improve the efficiency and global competitiveness of its economy

Andriessen, who with his 25-member delegation met political and business leaders, said he was not overly optimistic about the country's economy but believed the ANC's drafting of a code of conduct for international investment was an important step

"Nationalisation is very important issue — if you make an investment protection agreement, you are not going to nationalise," he said referring to his meeting with ANC economic planning head Trevor Manuel

Andriessen said he would like to see capital and dividend repatriation clauses written into a code of investment protection — Reuter



# Bidvest to acquire Star 23/6/93 Safcor for R261-m

By Claire Gebhardt

Bidvest is to acquire the business interests of SA Freight Corporation (Safcor) and its subsidiaries for R261,27 million, or R11,60 a Safcor share (269)

The businesses will be acquired from Safcor through a wholly owned subsidiary

The purchase price will be settled through the issue of Bidvest shares and debentures at R75 each (352)

In terms of JSE rules Safcor will become a cash shell and its listing will be suspended

In the six months to end-December, Safcor increased earnings by 5 percent to 35,8c a share on a 24 percent turnover rise to R555,5 million

## Port may lose copper exports

*B/Day 24/6/93*  
Own Correspondent

**EAST LONDON** — East London's port could lose up to R2m in the next two years following a decision by Zambia Consolidated Copper Mines to reroute its copper exports to Durban.

Durban port manager Rudi Basson confirmed yesterday that the mine had approached the port and that a trial shipment had been received. Two further shipments had also been authorised *(269)*

Zambian copper currently represents 5% of the East London port's annual cargo tonnage.

### Capping considered

THE new board of the Multilateral Motor Vehicle Fund would investigate "capping" — setting a maximum amount payable for certain third party injuries, Transport Minister Piet Welgemoed said in Cape Town yesterday. *Bl Day 25/6/93*

The new board would also attend to the appointment and monitoring of the fund's agents, Welgemoed said. *(2/9)*

# Eskom bosses of April 26/93 fynbos park

DALE KNEEN  
Weekend Argus Reporter

SUGGESTIONS have been called for by the Overberg Regional Services Council on how to develop the area between Gansbaai and Struisbaai a section of which has been bought by Eskom for a potential nuclear power station.

The Administrator of the Cape Mr Kobus Mering has given the RSC the go-ahead to prepare a sub-regional structure plan for the area known as the Roostrandveld district of the southern Overberg.

Development suggestions will be included in the planning phase of the RSC's proposed structure plan which was called for in response to Eskom's purchase of land at Bantamsklip.

Eskom's announcement in mid-1990 that it had bought the ground 30km southeast of Gansbaai sparked controversy as conservationists felt it would destroy an area known for its fynbos.

Eskom spokesman Mr Andre van Heerden said it was unlikely a nuclear power station would be built on the site 'this century and that there was no definite commitment to use the land for that purpose.

The land was earmarked as a potential site for a nuclear power station but that does not mean it will be used for that purpose. In the meantime we intend managing the site as a nature conservation area.

The Bantamsklip land was one of four identified as possible sites for nuclear power stations. The others are at Tony's Bay near Port Elizabeth, and Brazil and Schulpfontein near Kleinsee.

Anyone wanting to make representations is invited to submit written comments to The Chief Executive Officer, Overberg Regional Services Council, 26 Long Street, Breedsdorp 7280 before August 10.

# Roads certified MAD

■ Roads are crumbling throughout the province while funds for maintenance are diverted to pay for anti-stone-throwing measures (26)

CLIVE SAWYER  
Municipal Reporter

ROADS in the Cape have gone MAD — which stands for Moisture Accelerated Distress — a condition caused by tyres wearing grooves in them preventing proper drainage and leading to cracks and hazards for the motorist.

A funding crisis and more heavy traffic is worsening MAD throughout the Cape.

Provincial officials this week reeled off statistics that revealed a stark picture of the road network deteriorating to third-world standards.

It will get worse before it gets better said provincial roads engineer Mr Theuns Kruger.

"Traveling around the country will become more problematic."

Fuel costs for motorists could soar. Fuel consumption of a passenger car at 100km/h was 8 percent higher on a paved road with a bad surface than on a road in good condition.

Treasury funds for roads had plunged in the past decade. "Now apart from road-safety problems we have personal safety problems for which we have never had to provide in our budget."

It was disclosed the Gordon's Bay-Roor Els road badly in need of repair for years was one of the maintenance projects put on hold to help fund new walls and bridges on the N2 'hell-run'.

Repairs to a potholed road in the eastern Cape between Bedford and Adelaide, would have to wait because of emergency measures.

Funds had not been set aside for walls alongside the planned site for Du Noon on the N7 and



□ MAD, BAD AND DANGEROUS - Funds are needed to repair and maintain roads like this one in the Cape

## Those flyovers are going . . . nowhere!

CLIVE SAWYER  
Municipal Reporter

THOSE flyovers to nowhere will be with us for some time.

With a shortfall of maintenance money for roads reaching R1 billion, projects everywhere are being stalled.

Provincial roads engineer Mr Theuns Kruger said this week that this included

the developer — Milnerton Town Council — would have to find them.

The CPA recently built devotions at Jansenville and Molteno because of stone-throwing on divisional roads.

And the very farmers at whom rocks were thrown were asked to help fund road maintenance.

Mr Kruger said. It is clear

roads was down to less than 100 km a year while more than 1 800 km were classified as in 'poor condition'.

Catching up with the backlog of rehabilitating only the roads older than 25 years would take 60 years said CPA material chief engineer Mr Etienne de Villiers.

Rehabilitation projects or some of the very few reconstruction projects still in progress included one very expensive — but temporary — item. The provision of bypasses of a reasonable standard for traffic to be diverted from stone-throwers — money that could be better spent on permanent projects, said Mr Kruger.

He said many roads in the province could become toll roads as part of the national network.

But increasing the number of toll roads was a policy he opposed.

"I do not think toll roads are the best thing — funds should be raised rather through an increased fuel levy," said Mr Kruger.

It was possible "dedicated lanes" could be created on some freeways for high-density vehicles like buses, minibuses, and fully-laden cars.

Asked what prospect there was for road upgrades in neglected township areas a provincial official said roads "of metropolitan significance", in theory, could qualify for assistance.

Building and maintaining roads in townships was the responsibility of the local authority, he said.

Not only tarred roads were facing a crumbling future gravel ones also needed upkeep.

About R92 million was needed to repair gravel roads throughout the province, but only R42 million was available.

Asked if tarred roads could be ploughed up and converted to gravel to save money, Mr De Villiers said. We are not contemplating ploughing yet, but it could happen where we could not do anything to patch up a road and it would be cheaper to rip it up.

"But, I would hate to see that happen."

## Two girls guilty of burning woman

DAVID YUTAR  
Weekend Argus Reporter

TWO teenage girls have been found guilty in Cape Town juvenile court to charges of attempting to murder a woman by dousing her in methylated spirits and setting her alight.

The girls, aged 13 and 19 pleaded guilty.

A third girl, aged 14 pleaded not guilty, saying she tried to stop the attack.

The court found that four teenagers poured meths over vagrant Anna Swartz who had been sleeping under newspapers on May 30 in Dean Street, Gardens and set her alight.

In statements before the court the two girls who pleaded guilty said they both ran away from home to become strollers (street children).

That evening they decided to sleep at St George's Cathedral. During the night their blankets and some clothing disappeared and were found with Ms Swartz.

They poured the methylated spirits over her and set her alight.

Magistrate Mr G Olwage postponed sentencing until July 30 for a probation officer's report. The hearing on the charge against the third girl was postponed until July 8 for further investigation.

## Unions set a date to strike

Weekend Argus Correspondent

SIX Cosatu-aligned unions representing hundreds of thousands of state and municipal workers have set their sights on 'the end of July and the beginning of August' as a tentative date for a general sector strike.

Mr Neal Thobane, assistant general secretary of the National Education Health and Allied Workers Union confirmed this after attending a meeting of the Public Sector Coordinating Committee in Johannesburg.

The unions include health education, municipal post and telecommunications police and prisons workers.

June 26 to June 30 1993

# Southbusin

## Holiday moneysavers from SAA

South 26/6 - 30/6/93

DOMESTIC air travel is still affordable, even during these tough economic times, and both business and leisure travellers can take advantage of a wide range of special deals South African Airways has on offer

Apart from the standard business and economy class fares, SAA offers up to a 50 per cent discount to economy class passengers who are able to plan ahead by making their flight reservations timeously

The airline's "first come, first served" airfare structure offers passengers

- 50 per cent discount if air tickets are booked and paid for at least three months in advance,

- 40 per cent discount on late-night flights,

- 30 per cent discount on tickets purchased at least seven days before the flight,

- 20 per cent discount on off-peak flights

Another money saving option is to make use of a number of discounted air/hotel plans which SAA offers in conjunction with the major hotel groups in South Africa

A typical SAA air/hotel plan offers return airfare and hotel accommodation at the same rate as, and in some instances even less than, the standard economy class airfare between two points

The airline has also negotiated discounted car rental with some of the major car rental companies, which is available to passengers using the air/hotel plans



**SITTING PRETTY: SAA's Business Plan offers free hotel accommodation**

Holiday packages are specifically aimed at leisure travellers, families and holidaymakers, who require either weekend or longer stays

SAA and Protea Hotels offer weekend or five-day trips to 40 destinations around the country, which include airfare and hotel accommodation

Karos Hotels and SAA have two-, five-, and seven night packages available with a choice of five hotels in South Africa. This package includes airfare and hotel accommodation on a bed and breakfast basis

The "Jet and Lodge" package includes return airfare and one night's free accommodation at the City and Town Lodges around the country — from Cape Town to Bloemfontein, for example, at R726 per person sharing, which is even less than

the standard airtare on the route

SAA and Southern Sun Hotels also recently launched two- and seven-night packages which include airtares and hotel accommodation with breakfast. From Cape Town, this is available to a choice of six hotels in Durban, three hotels in Johannesburg, two hotels in Port Elizabeth, and one hotel each in Pretoria and Plettenberg Bay

SAA and Southern Sun's "kids fly free/stay free" package offers free flights and hotel accommodation and breakfast to two children under twelve, sharing a bedroom with their parents.

The package is available to two adults travelling at the economy class airfare on SAA, and sharing hotel accommodation on a bed and breakfast basis from as little as R93 per

person sharing

The special holiday offer is available from June 25 to July 20, and December 1 to December 20, to Durban and Plettenberg Bay, and also into Cape Town from other centres

The airline has also designed two value-added packages which are specifically aimed at business travellers

The SAA/Protea Business Plan offers one night's free hotel accommodation and breakfast at the Braamfontein Hotel in Johannesburg, or at a choice of two Protea Hotels in Durban, with the purchase of an economy class ticket on SAA's services — from Cape Town at R1 130 per person

For further details and reservations, contact SAA's office in Cape Town, telephone (021) 25-4610, or any other IATA travel agency

## Bulgaria now has SA air link

Bulgaria's national airline, Balkan Air, joined international carriers yesterday in adding South Africa as a destination. *Star 25/6/93*

Its inaugural flight arrived at Jan Smuts Airport

The airline will fly into Johannesburg every Sunday morning and depart for Sofia on Sunday evening. The direct flight will bypass Harare. — Sapa.

B/Daw 28/6/92

**Concession sought**

THE Natal Provincial Administration (NPA) is to recommend to the Transport Minister that truck axle mass loadings be increased, roads MEC Peter Miller said at the weekend (26/6)

The concession for the trucking industry would have "huge implications" for Natal's roads

# New policy for public transport to be introduced

Reports by  
ADRIAN HADLAND

PRETORIA — A new passenger transport policy aimed at extending affordable public transport to all SA citizens was being formulated and would be introduced next year, Transport Minister Piet Welgemoed announced yesterday.

The policy, drawn up in consultation with the national transport policy forum, would address all forms of transport including bus, rail and the taxi industries.

Speaking on behalf of the Minister, who was ill yesterday, director-general Coenraad Scheepers told the Annual Transportation Convention that affordable public transport was a basic human right.

Providing access to opportunities for upliftment and even survival, mobility was also essential to economic growth and employment, Welgemoed's speech stated. "Mass commuter transport holds the key to the development of the economy."

The great demands on the urban transport fabric and the rapidly changing economic and social environment meant government faced a daunting policy responsibility. "We are faced with a situation where the majority of people that require public transport live far from work opportunities and other community services."

Most of these commuters were relatively poor and transport costs made up a high proportion of their living expenses, he said. "The challenge is to prepare and equip ourselves and future generations to participate productively in the economy."

With the government public transport subsidy of R2bn a year, the administration of the funds put the Transport Department under tremendous pressure, he said.

Welgemoed said an agreement had been reached with the policy forum that a joint effort would be initiated to develop the new transport policy.

A project team had already been established and the process was well under way, he said.

The intention was that preferred policy options be analysed jointly and that a sensible and affordable passenger transport policy be negotiated by all concerned.

## Regional airline 'essential'

PRETORIA — The creation of a regional airline for southern Africa was essential, Natal University economic research unit director Prof Gavin Maasdorp said yesterday.

Addressing 800 local and international delegates at the 13th Annual Transportation Convention, Maasdorp said there were 21 airlines in the region providing passenger services and eight freight carriers.

Southern Africa could not support this number at their present scale of operations on a profitable basis, he said. "With the trend internationally being towards larger carriers, it is imperative that serious thought be given to forming a southern African airline."

Maasdorp said while there had been considerable co-operation at a regional level, little progress had been made towards the creation of an airline.

The idea had been supported by both the Preferential Trade Area for eastern and southern African states and the Southern African Development Community, but to no avail, he said.

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## Shipping and harbours

Biday 30/6/93

### Durban plans to keep top spot

A MASTER plan for the long-term development of Durban's port has been produced to ensure it remains the premier conduit for seaborne general cargoes, chemicals and smaller drybulk trades.

Portnet Durban port manager Rudi Basson says the plan addresses the physical constraints of the port and takes account of rapid technological and economic changes in maritime trade.

Portnet predicts long-term development will be dominated by growth in all of containerised cargo, agricultural imports and bulk liquids.

It will also be marked by upgrading/remodelling

of outmoded general cargo facilities, specialisation/terminalisation, increased mechanisation and the provision of deeper berths.

Urban waterfront development along the Victoria Embankment and in its Point areas will also be noticeable.

#### Widen

Major recommendations of the report will entail large capital investment in:

- Widen and deepen the entrance channel;
- Provide a second container terminal;
- Deepen berths at Point, Maydon Wharf and Island View;

Develop a warehousing and distribution (maritime) park;

Establish new tank farms to store bulk liquids.

He says the Point berths, with shallow depths and narrow quay aprons, will become multi-purpose combi-terminals to allow one-stop service for vessels.

A new strategic direction is for future quay construction to be designed to allow dredging at a depth of 14,5m below chart datum (CD). This will require the deepening of the Esplanade and Maydon Wharf navigational channels from 12,3m CD to 14,5m CD.

B/Day 30/6/93

## Upgrading container services

HAVING taken stock of its short- to medium-term requirements and those of importers and exporters, Portnet is upgrading its ports and services, with R212m approved for financial year 1993/94.

Projects involving about R500m are in various stages of evaluation or execution.

Portnet executive manager (commercial) Captain Jan Mors says the largest allocation will be towards container-related extensions and upgrades because this is where the greatest potential growth lies, as more bulkbreak cargo worldwide is hived off into boxes for shipment. All ports stand to benefit when R5m worth of data

processing equipment is installed this year, while R26,4m is earmarked to upgrade the national cartage fleet with new trucks and trailers, and R8m will be spent on forklifts.

He says another R21m will go towards refitting tugs and pilot boats

### Benefactor

Durban is to be the main benefactor of individual port expenditure, where R57m will be spent on several projects this year.

Most notable are container spreaders (ie, attachments to container lifting equipment), a container data communications system, a container wharf crane and additional straddle

carriers

The main item at Richards Bay will be the supply of a mobile crane valued at R17m.

And at Port Elizabeth, a roll-on, roll-off (roro) warehouse facility is to be built.

He says that hopefully development at the ports will not depend almost entirely on inputs from Portnet in future.

While Portnet owns and administers most terminals, there has been a tendency for private companies to establish and run their own terminals.

Most notable are the Richards Bay Coal Terminal Company and private companies at Durban, such as Rennie's Bulk Terminal and Durban Coal Terminal.

# New trade opportunities should be a boon for SA ports

SHIPPING through SA ports could receive a boost once exporters take fuller advantage of unfolding opportunities for Asian and American trade.

Many countries have started to provide potential for two-way trade and others will follow soon, says the SA Foreign Trade Organisation (Safito).

Although new trading ties have been most significant with the central and eastern European countries, greater shipments could emerge once

the relatively untapped and growing opportunities on other continents, particularly from countries in the Far East, are exploited.

Safito's David Graham says that while Asia is SA's second most important market through Japan, Taiwan and Hong Kong, China offers "enormous" new trade opportunities.

Southeast Asia also appears to offer great potential, with many countries having recently dropped their re-

## Restrictive stances on trade with SA

Having relied in the past on essential imports from this region, such as rubber, spices, rice and tea, SA now has a strong opportunity to substantially increase exports," he says.

It is hoped trade with India and Pakistan will be normalised soon, as the large Indian population in SA will ensure tremendous interest between the countries and offer potential for trade development.

## Trade with North America will only grow significantly

once there is an end to US state and city sanctions and Canada's restrictive legislation.

The newest export market — the Middle East — shows great potential for development in the short term, particularly for manufactured goods, says Graham.

"Many SA companies have recently gained valuable experience of the markets and are aggressively pursuing op-

## Although only 10% of local exports are destined for African markets, more manufactured goods go to Africa than to any other region

Africa, he says, has every chance of becoming the major trading partner of most sub-Saharan countries.

Latin America has been a small market, but the renewed buoyancy of many of its economies could provide exciting opportunities for local exporters.

### Skeleton port crew

THE rerouting of Zambian copper exports through Durban instead of East London would leave at least 45 of East London's 50 port workers unemployed, SA Stevedores said yesterday. Regional manager Lambie Paraskeopoulos said the firm would be forced to run its remaining East London operations on a skeleton crew of three or four workers.

B/Ap 30/6/82

(269)

# Unicorn moves into Africa with end of sanctions

SHIPPING links of Durban-based African ship-owning and operating company Unicorn Lines are being strengthened and extended as sanctions and boycotts against SA are lifted

MD Ivan Clark and chairman Mike Groves recently visited the Ivory Coast, where Groves signed a co-operation agreement with Sivomar, a large shipping company

On the east African coast, the company has developed a six-day feeder service to Mozambique ports Beira and Maputo

A 14-day service has been established to the Tanzanian ports of Nacala and Dar-es-Salaam and Kenya's port of

Mombasa, en route to the Arabian Gulf and across to India and Pakistan

Clark says that although trade sanctions have not yet been lifted by most of these countries, commercial interest is growing and cargo volumes are improving

In a joint venture with its French partners, SCAC Delmas Vieljeux, it services the Indian Ocean Islands, Sri Lanka and Singapore

It also plies across the south Atlantic to the east and west coasts of South America and up to the Caribbean

Although based in SA, Unicorn is an African company, which for many years has serviced the trades into Africa, to

the Indian Ocean Islands and across the Atlantic to South America

Closer to home, Unicorn has traded regularly from Durban to Walvis Bay and on the west African coast through Luanda and Lobito to African ports as far as Dakar in Senegal

## Delegation

Seeing itself as a forerunner in the development of new trade links, the company recently hosted a Pakistan trade delegation in Durban. It liaises closely with senior officials in the Foreign Affairs Department, the DTI and SA businessmen

However, Clark cautions that only a certain amount of

30/6/93  
cargo can be moved and growth is restricted to a certain rate

"The many shipping lines that are seeing SA as an oyster might well find that trade volumes are just not there to sustain the number of lines now serving the country

"We are negotiating with the mainline carriers of the world to work with them in the feeding of their cargo out of the port of Durban"

He says Durban is ideally positioned as a trans-shipment port

"It has good facilities, and Portnet is keen to co-operate in improving these and in facilitating the potential for increased cargo volumes"

# Portnet has a plan to put its ship in shape

B/Dewy 30/6/93

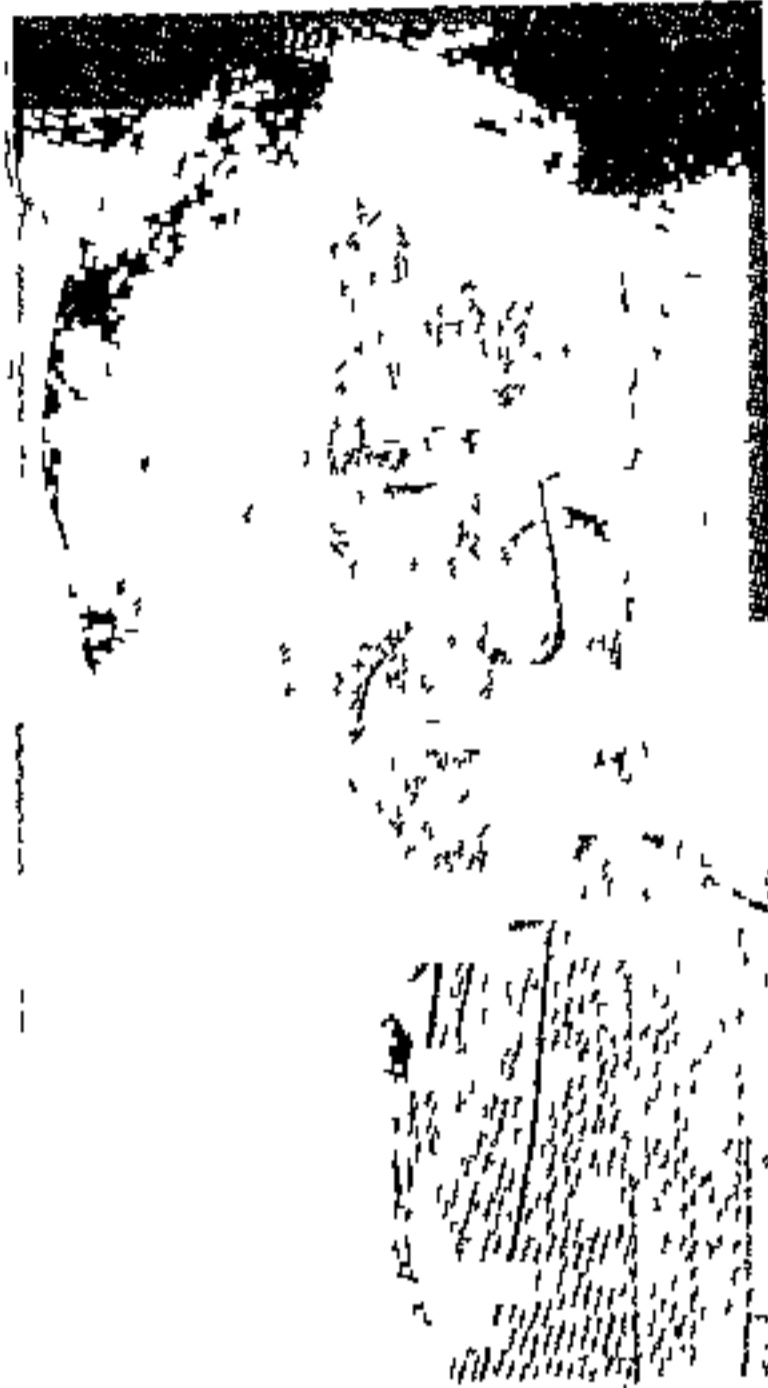
PORTNET has embarked on a programme to improve ship turnaround times, provide value-added services and make its seven seaports more cost effective.

Executive manager (commercial) Captain Jan Mors says the ports are becoming a more important link in the total logistics chain, and Portnet is no longer confined to loading and discharging ship cargoes.

"With our core mission being that of trade facilitators, we aim to further minimise the cost of handling cargoes through our ports. We have a number of projects under way or planned that will help us achieve this."

With greater emphasis on value-added functions in the entire port arena, all ports are making provision for services such as warehousing, packing and unpacking facilities, distribution and re-labelling of export products.

He says although maritime business is depressed, indications based on current local and international



JAN MORS

trends suggest an improvement in 1995.

The last financial year (ending March 31 1992) was a good one for shipping and SA ports in general, with much increased business from huge grain imports.

"But port activity is down and will not recover this year because international demand for local base minerals has eased and there has been a fall-off in grain imports since the easing of the drought in southern Africa."

Shipping in SA is in line with global developments,

where an over-tonnage of shipping compared with cargo available is common along SA's main trade routes, particularly on the Far East route.

He says this may suggest that some trading partners expect two-way trade (see pie chart) to improve, especially as more countries lift sanctions against SA.

Portnet is gearing for more breakbulk cargoes to be switched to containers, particularly at Durban, which handles about 65% of the country's container traffic.

Somewhat surprisingly, total volumes of containers in April this year are the highest on record. The reason, he says, is difficult to pinpoint.

However, exports of finished products went up and there was some general cargo that moved from breakbulk into containers.

Allied to this is the "hub" port concept, where larger ships call in only at the major ports, while smaller vessels take on the role of feeder ships that move cargoes in and out of the smaller ports.

Durban recently began to

be used as a hub port for the east African coast and should serve admirably for trade with Far East countries.

Similarly, Cape Town would be an ideal hub port for European trade, he says.

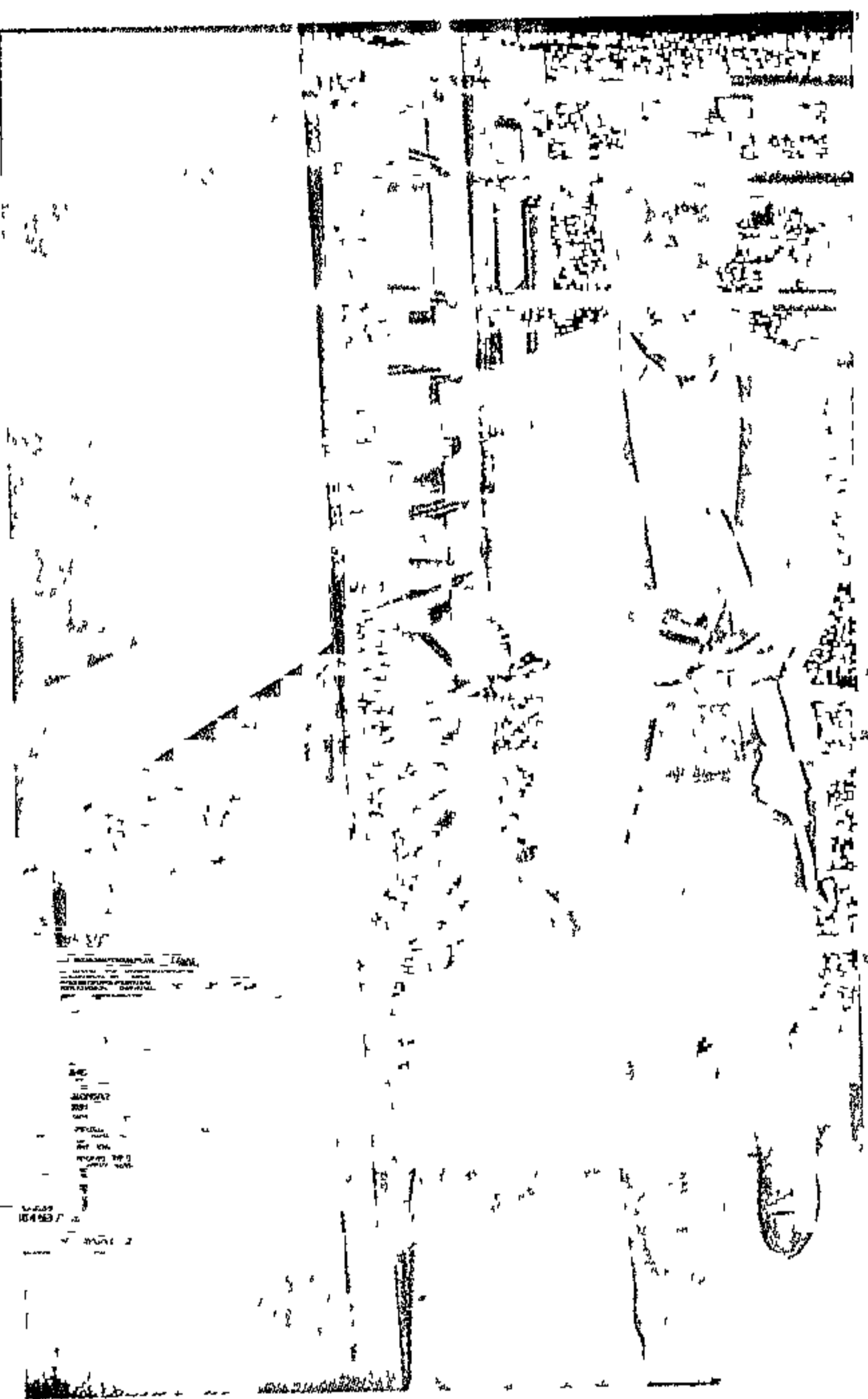
Another change that will affect Portnet is the private sector's bid to establish duty-free export processing zones (EPZ) at all main ports.

## Assessing

Although the scheme has been put on hold until government approves incentives for local and overseas investors in EPZs, Portnet has been assessing the situation and maintaining contact with interested parties, including the Regional Development Advisory Committees.

Portnet has identified tracts of land close to its port facilities that could be used for EPZ purposes.

"Because EPZs will benefit export growth, and as our ports will play a critical role in exports, we are doing everything we can to help get them off the ground," says Mors.



Picture LEON MULLER, The Argus

# Hi-tech station turnstiles to curb fare evasion

269 ARG 30/6/93

□ R1,4-m control system

**SHARKEY ISAACS, Transport Reporter**

A MODERN R1,4 million platform access and exit control system has been installed at Cape Town station in a bid by Metro train services to curtail fare evasion

More than 90 000 commuters a day are expected to pass through the new "twin-set" turnstile control system when it starts operating tomorrow

Metro spokeswoman Ms Adri Bootsma said the suburban train service in the Western Cape lost about R25 million a year in fare evasion.

Passengers on a full peak-hour train should clear the manned turnstiles in four minutes, she said

"The turnstiles operate electronically and manually and are programmed to cater for at least 25 commuters a minute each"

**STATION TURNSTILES:** Peak-hour commuters wait their turn to leave Cape Town station through new modern turnstiles during a trial run yesterday. The system cost R1,4 million and is a bid to curtail fare evasion.

Green lights will indicate operating turnstiles and red lights those not in operation

"There are also gates for emergencies, people in wheelchairs and mothers with prams," she said

When commuters were introduced to the new system during a trial yesterday, those without tickets were directed to staff on the platform.

In future they will have to pay R5 fines plus their fares

But passengers were not very impressed.

Mr Aldo Watkins of Belhar expressed the sentiments of many commuters when he said "It's really a stupid waste of money and time and is going to delay many commuters"

Mr Garth Jacobs of Kuils River said that while he agreed with Mr Watkins, he also believed it was quite an effective way of stopping fare evasion

Ms Bootsma said "It's too expensive not to have a ticket

"While there might be some teething problems, we will try to minimise chaos with a commuter education programme"

Hansen

Hansen

Contract No.	Contractor	Amount
D11/91	Newtra Holdings	R 861 186,01
D12/91	Newtra Holdings	R 1 883 788,44
D13/91	Newtra Holdings	R 425 649,87
Total		R57 717 058,62

Your attention is drawn to the fact that all the above amounts are ~~not~~ audited and are therefore possibly not the final figures. Final figures for each financial year are published in the annual report of the Department of Transport.

#### Independent Black states: RSA citizenship

349 Mr P G SOAL asked the Minister of Home Affairs:

How many Blacks from each independent Black state regained their South African citizenship in 1992 in terms of the provisions of the Restoration of South African Citizenship Act, 1986 (Act No 73 of 1986)? B789E

#### The MINISTER OF HOME AFFAIRS.

The Department of Home Affairs does not keep record of the number of persons who acquired their South African citizenship in terms of the Restoration of South African Citizenship Act, 1986 (Act No 73 of 1986).

Transnet: travel benefits for current/retired employees (270)

354. Mr W U NEEL asked the Minister for Public Enterprises

(1) Whether he will furnish information on the travel benefits, other than those utilized in the course of duty, afforded by (a) Spoornet, (b) the South African Airways and (c) Autonet to (i) current and (ii) retired employees of Transnet; if not, why not; if so, what was the total cost of the benefits so afforded during the latest specified 12-month period for which information is available, expressed in terms of the equivalent full fare cost thereof;

(2) whether he will make a statement on the matter? B835E

#### The MINISTER FOR PUBLIC ENTERPRISES.

The Managing Director of Transnet Limited furnished the following reply to the hon member's question:

(1) (a), (b) and (c). Yes Spoornet, SA Airways and Autonet do not afford travel benefits to Transnet employees and retired employees of Transnet. The divisions, business units and service centres of Transnet Limited grant travel benefits to their employees and retired employees and these units and their employees/retired employees compensate Spoornet, the SA Airways and Autonet for the accommodation or seats utilized

For the 1992-93 financial year this compensation amounted to: (270)

(i) Spoornet	R60 492 659
SA Airways	R18 421 217
Autonet	R 312 000
(ii) Spoornet	R14 079 293
SA Airways	R16 297 634
Autonet	Nil

The accounting system does not differentiate between payments received from full-fare paying passengers and payments received for the portion of certain travel benefits which the concession holder is required to pay. Consequently, only the concession value of the travel benefits can be furnished.

Hansen

Hansen

#### Own Affairs

Pupils completing 1992 school year

79 Mr R M BURROWS asked the Minister of Education and Culture:

How many pupils who, in 1992, were in (a) Grade 1/Sub A, (b) Grade 2/Sub B, (c) Std 1, (d) Std 2, (e) Std 3, (f) Std 4, (g) Std 5, (h) Std 6, (i) Std 7, (j) Std 8, (k) Std 9 and (l) Std 10 at schools falling under his Department, failed to complete the 1992 school year? B866E

#### The MINISTER OF EDUCATION AND CULTURE:

These statistics are not available.

(2) No

Furthermore, the figure for concessionary air travel does not include journeys undertaken by SA Airways employees/retired employees as the accounting system does not differentiate between service and concessionary travel in the case of employees of the SA Airways (270)

Reservation procedures for competitionary travel is so structured that mainly accommodation and seats which would otherwise go unused, are made available to concession holders. The figures furnished can thus not be seen as an expenditure or a total loss of income.



# SAA sticks to black advancement

By John Miller

South African Airways' black advancement employment policy will continue until black employees comprise a significant proportion of the airline's labour force, SAA chief executive Mike Myburgh has said.

He said SAA's policy of hiring mainly blacks was started about two years ago. Less than 20 percent of staff was black now.

"You have to balance the wish to be fully representative against reasonable quality, standards and service. Choosing a goal and a time scale to do it in is not always obtainable.

"By prohibiting employment of whites unless in exceptional circumstances, the time scale will sort itself out."

Myburgh believed most aircraft on long international routes were too big.

Passengers could soon see new planes on certain international routes.

Most of the major aircraft manufacturers were designing smaller versions of the big aircraft and with the same long range

# Airport apron staff embark on a 'go-slow'

270  
CT 25/6/93

Staff Reporter

NEARLY 150 DF Malan Airport apron staff will embark on a "go-slow" strike today

Similar action earlier in the week resulted in all domestic flights being delayed by between 20 and 30 minutes

Apron staff embarked on a total strike yesterday, but a stand-by team was called in at 5am and of the five planes affected, none was delayed for longer than 11 minutes, South African Airways senior manager Mr Bruce Lutman said yesterday

Wednesday's go-slow delayed 14 domestic flights, but international flights were kept on schedule when uniformed staff worked as baggage handlers

Mr Lutman said yesterday that he

did not expect there to be any flight delays today as the stand-by team was now fully adept at their new task.

However, he refused to speculate on the potential for conflict between stand-in workers and the returning apron staff today, other than to say "a variety of contingency plans are in place".

An SA Rail and Harbour Workers' Union (Sarhwu) spokesman Mr Daniel Taka said that some apron staff were paid R4 an hour, the wage rate for temporary workers, "even though they have worked there for up to six years"

He also said workers were unhappy about the inadequate canteen and toilet facilities at the airport.

Mr Lutman refused to respond to these claims yesterday, saying the issues were currently under discussion with Sarhwu

# 20 000 Transnet workers retire

BIDay 28.16.93

PRETORIA — More than 20 000 Transnet workers had accepted voluntary retirement packages in the past 18 months in terms of the company's manpower utilisation project, Transnet assistant GM, human resources, Vic van Vuuren said last week (270)

The total workforce has been reduced by substantially more than 100 000 since staff stripping began in late 1982, to a current total of 135 000. And by the start of 1994 further retrenchments and retirements will bring the total down to 125 000.

Initially in terms of the manpower project which started at the beginning of last year, 30 000 workers were identified as redundant and 7 000 of them are still in the redundancy pool. After last year's wage negotiations in July, management agreed to a moratorium on compulsory retrenchments. This expires at the end of the month and those of the 7 000 who do not accept voluntary retirement are likely to be retrenched.

Van Vuuren said about 10 000 workers had been rescued from the redundancy category by being "re-matched" and re-employed else-

GERALD REILLY

where in the company.

He said the company had no target bottom line as far as staff numbers were concerned and whether they would be reduced below 125 000 would depend on circumstances.

DP Finance spokesman Brian Goodall said surplus personnel had to be cut from the country's obese public service before affirmative action added to the service's swollen numbers.

Transnet's major reductions in less than a decade apparently had not disrupted services and government could do the same, saving billions of rands a year.

Goodall said one in every seven economically active persons in SA worked in the public sector — including state departments, provincial administrations and local authorities — and one in every four was white.

Goodall said where cuts had been made they were mostly in productive sectors "and we are left with an overwhelming number of pure bureaucrats". He said a new government would have to ensure affirmative action did not further load the sector with unproductive workers.

# Metro replaces strikers

Staff Reporter

**KEY** personnel were called in by Metro yesterday to replace 50% of the ticket clerks in the Western Cape who went on a wildcat strike over a dispute about their duties.

In a statement yesterday Metro said members of the SA Railway and Harbours Workers' Union (Sarwhu) and Transnet Allied Trade Union (TATU) were acting in "bad faith" and the "inconvenience" caused to thousands of

peak hour commuters was "totally unacceptable".

It said the situation evolved through TATU and Sarwhu's dissatisfaction with an agreement between management and the various unions on investigations concerning ticket clerks, and it was agreed that the situation could be adequately investigated by themselves in conjunction with management.

Negotiations were continuing for a speedy end to the strike.

(270) (5)

CT 29/6/93

# Transnet strikers halted

Supreme Court Reporter

ONE HUNDRED and eight Transnet ticket sales clerks, two trade unions and two union organisers were yesterday in the Supreme Court restrained from participating in an illegal strike

The court heard that 47 stations were affected by the strike

Mr Justice H L Berman made the order after an application by Transnet against Mr D George, Mr E Jacobs, the South African Railways and Harbours Workers' Union, Transnet Allied

Trade Union and the clerks.

Mr George van Rooyen of Metro, a Transnet division, said trains transported about 577 000 passengers a day in the Western Cape and the service was indispensable for the proper running of commercial activities.

He said the clerks had been on an illegal strike since Monday because of their dissatisfaction with the temporary employment of people whose accounting expertise was being used.

Mr A C Oosthuizen, instructed by Mr L Bignault of Silberbauers, appeared for Transnet



Shareholders asked for details  
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it a 29% shareholder was  
Minorities said they were

Sheet luxury  
00524  
and

Recognition of transport  
policy body 'breakthrough'

Bl Day 11/7/93

GOVERNMENT had finally recognised the National Transport Policy Forum (NTPF) as the sole policy formulation body charged with making recommendations on transport issues, forum chairman George Negota said in Johannesburg yesterday.

And the first task the forum had set itself was to convene a taxi indaba from whose deliberations recommendations would be made regarding violence in the industry, Negota told a news conference.

Negota said Transport Minister Piet Welgemoed's decision to recognise NTPF was a major shift from his stand last year that he would never recognise the body.

**THEO RAWANA**

He said Welgemoed wanted the NTPF, which he pledged to assist in obtaining funds from government and the private sector, to devise an acceptable scheme for issuing permits and report any alleged malpractices within government institutions to his office.

269 332  
**Committee**

Some of the sub-committees charged with looking at policy were the maritime subcommittee headed by Ray Sowman, the road freight committee with Ian Moss as chairman, and the legislation committee headed by advocate Willie

Huma.

Negota said a convening committee comprising representatives from the trade unions, the SACC and the national peace secretariat would set out areas to be covered by the taxi conference, which would be held from August 17 to 19.

ANC president Nelson Mandela was expected to open the conference and speakers from the PAC, Azapo and other political organisations would take part.

"The indaba is expected to make strong recommendations to government regarding violence in the taxi industry, the taxi permit system and law enforcement," Negota said.

# Telkom revenue short R463 m

(269)

ANC 1/7/93

□ But it still made R411 m in 18 months

PRETORIA — Telkom made a net profit of R411 million for the 18 months to March, in spite of bad debts, fewer telephone calls and revenue R463 million below budget.

Earnings a share were 10,6c and a 2,6c dividend was declared for the only shareholder — the State

Telkom chairman Mr Jack Clarke today painted a gloomy picture of Telkom's first 18 months as a commercial business.

For the first time in recent history, the total number of telephone calls dropped — down 1,5 percent in the past 12 months

Overall growth rate dropped from an average of more than 6 percent for previous financial years to 1,68 percent

"Our results were therefore below expectations and revenue was R463 million below budget," he said.

Bad debts and write-offs were at an all-time high in the aftermath of the disastrous premium-rate 087 service. Write-offs alone increased by R139,6 million

Telkom also made its final contribution of R209 million to the Post Office to finance its shortfall for the last six months of the 1991/92 fiscal year

Telkom inherited a gross interest-bearing debt of R10,2 billion from the old Department of Posts and Telecommunications, and so 19c in every rand spent by telephone users was soaked up in interest

"Telkom was forced to implement a policy to restrict capital expenditure to internally generated funds," said Mr Clarke

"No additional borrowings were made, nonetheless we spent R1,8 billion on capital programmes."

He said Telkom had positioned itself for the future, in spite of the turbulent economic and political environment

Pro-active steps were taken to curtail manageable costs in the short term and lay the foundation for a more cost-efficient company

Progress was also made in expanding and upgrading the infrastructure, and new technologies were implemented — Sapa

# 30 000 fined monthly

Staff Reporter

(269) CT 11/7/93

CAPE TOWN municipal traffic authorities are raking in an average of R1 million a month in fines.

This was disclosed yesterday by traffic chief Mr Wouter Smit, who said motorists have forked out a total of R10,9m in fines over the past 11 months — R600 000 more than the amount paid in during the same period of the previous financial year.

"We prosecute an average of 27 000 to 30 000 motorists a month. About 40% of offences are for parking."

He said an average of 6 500 motorists were ticketed monthly for "moving violations".

Mr Smit said that although income from fines had increased slightly "the department's operating costs for the first 11 months of the current financial year have shot up from R32,5m to R39,3m".



# D F Malan 'improved'

Staff Reporter

D F MALAN Airport received SA Airways' "Most Improved Airport 1992" award yesterday — but facilities "are not good", confessed senior SAA manager Mr Brian Lutman

Mr Lutman said he was "dead scared" at the thought of how they would cope in a few years in the predicted tourist boom

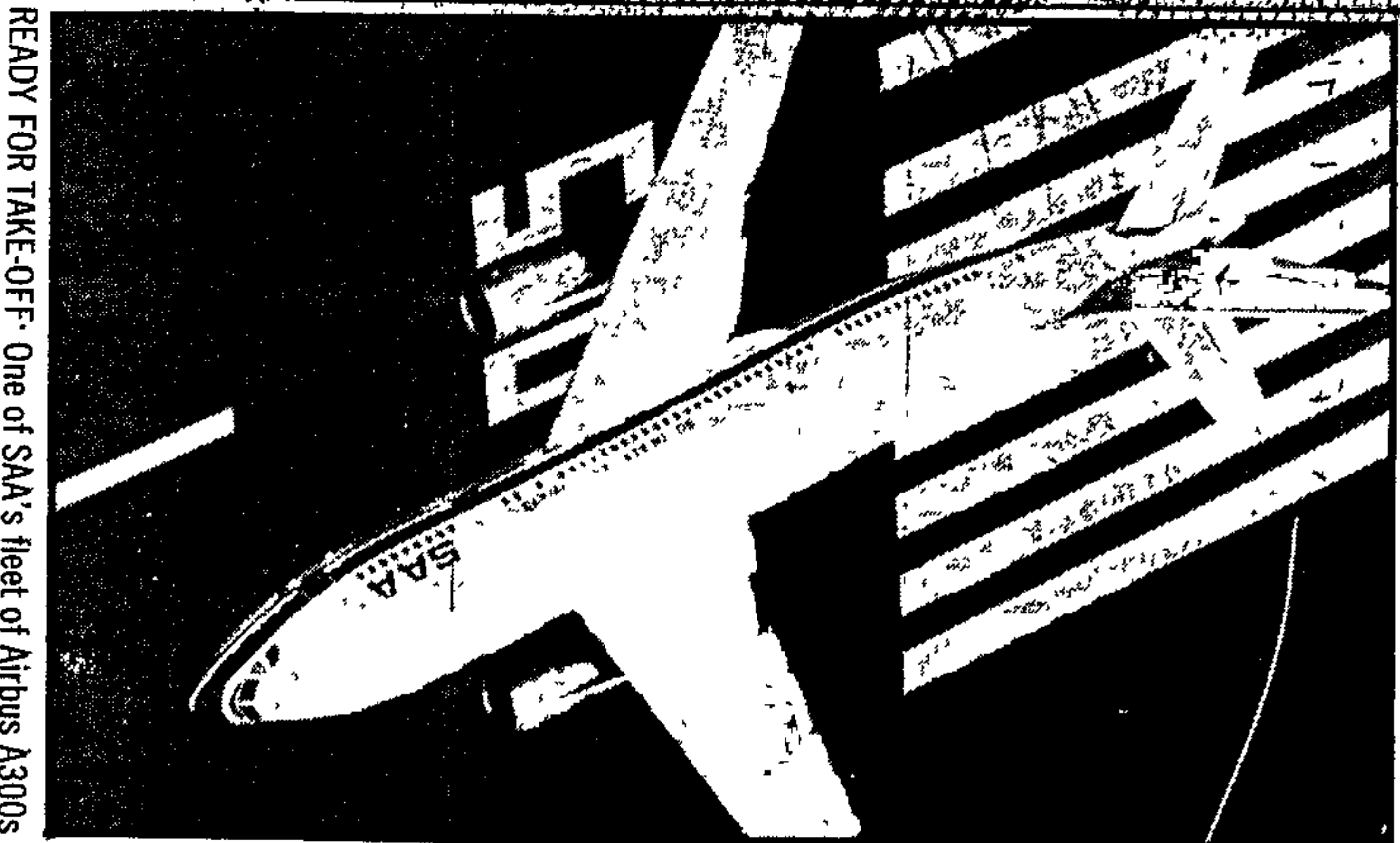
He added, however, that unacceptable delays at international customs and passport checkpoints had been overcome.

The award to D F Malan was made on the strength of a questionnaire completed by passengers

Mr Johan Kuit, SAA's customer services executive manager, said that though there had been no improvement in facilities, there had been a marked improvement in the attitude of D F Malan staff, who were becoming more customer-oriented.

Durban was named the best international airport and George won the best airport award for the third year in a row.

(269) CT 2/7/93



READY FOR TAKE-OFF. One of SAA's fleet of Airbus A300s

# SA will be Airbus launch pad

By ROGER MAKINGS

SOUTH AFRICA'S changing political situation will make it a strategically important base from which aircraft manufacturer Airbus Industrie will launch a multimillion-dollar sales drive into Africa.

The French-based European consortium says that SA's new-found political acceptability and its high level of technical ability ideally positioned it to become the focal point of aviation for most of Africa.

Vice president of sales for Airbus, Pierre Carpent, said in Paris recently that the aviation related infrastructure in SA was without doubt the strongest and most versatile in Africa, which Airbus would actively use as a marketing tool in its sales drive.

"It is no longer taboo for African countries to be seen doing business with South Africa — in point of fact it is becoming the smart thing to do. We need a really strong foothold in the

region and South Africa is our best bet. SAA does all the maintenance on its A320 and A300 fleets, which will be a boon to potential southern African customers looking for cheap, speedy and reliable maintenance for their new aircraft, rather than sending them to Europe or the US."

Mr Carpent said that Airbus had identified a possible market worth about \$700-million in southern Africa which included six long-range A340s (mostly to SAA) and up to 12 of its smaller A321s, A320s and A319s to surrounding countries.

"A big plus in our favour is the comparability between the types making it possible to maintain all types," he said. Long-range Boeings, although excellent equipment, were too big and expen-

sive for African operators — who would in any event have to lease new aircraft rather than purchase them.

"With exception of Namibia, we see the long-range role falling largely to SAA — the other operators in the region have neither the money nor the passengers to warrant flights to Europe. But they will need smaller commuter aircraft to replace ageing fleets that are becoming too expensive to maintain.

"And this is where I think we will have the edge over our competitors in that SAA has an established Airbus maintenance facility on the region's doorstep and the A320 is the sort of aircraft that suits most sub-Saharan carriers' needs," said Mr Carpent.

He said that if SAA was to expand its maintenance facility to accommodate Airbus aircraft, Airbus would consider giving logistical and financial assistance to the project.

# Cuts in tax allowance would boost economy

By SITHISO CRUSS 41-17193

A REDUCTION in tax allowances for industry and agriculture would allow the Government to drop corporate tax rates below the current 40%, providing a major shot in the arm for the economy.

A recent report by the

General Agreement on Tariffs and Trade highlights the fact that SA's tax system favours capital-intensive industries at the expense of labour-intensive industries because of generous depreciation allowances.

It says most companies paid an effective tax rate of close to 30% in 1991 when

By GIBRAN RYAN

in terms of Section 37E of the Income Tax Act have been approved Section 37E was created for a short period only to encourage capital investment in manufacturing. Manufacturing industries

pany's taxable income, the use of an asset is a legitimate business expense like any other cost," says Estian Cahitz, deputy director general at the Department of Finance.

"The depreciation allowed for tax purposes should ideally reflect the annual cost of utilising the asset over the



## Transport costs 'crucial'

B/Nay 8/7/93

EDWARD WEST

THE cost of transport would decrease once the benefits of deregulation filtered through and the economy improved to allow greater economies of scale, Spoornet finance GM Jan Joubert said yesterday.

A recent survey by the SA Foreign Trade Organisation highlighted transport as the second-biggest obstacle to export growth after uncompetitive prices. (269)

Joubert said rail transport charges in SA were high because of rising energy costs and the expense of maintaining rail infrastructure.

Road Freight Association spokesman Hugh Sutherland said road transport costs were high because hauliers' fixed overhead costs had increased sixfold since the '80s. These related to rising vehicle prices, petrol prices, tolls and the payment of bribes at some African border posts. Hauliers' costs had increased substantially, but prices on many of the most frequented transport routes in SA had dropped because of deregulation.

## OVERSEAS TRAVEL

269

**Offers they can't refuse**

*Fm 9/7/93*  
**The theory** said deregulation and discounting of international fares would allow more South Africans to travel overseas. The theory was right. Since the international airlines that serve SA began slashing fares in early 1991, the number of locals flying abroad has jumped by almost 50%. The lure fares to Europe and elsewhere that in some cases have been cut in half.

Says Nedtravel Holdings' group MD Gordon Young "This has stimulated the VFR (visiting friends and relations) market. When it cost R5 000 return to Europe, the automatic reaction of most to an invitation to a wedding there was to reject it.

"But with people being able to fly there and back for R2 500, many now adopt a what-the-heck, let's-go attitude. It also stimulated the student market, which grew significantly this year and last."

He estimates that the lower fares have led to a 44% increase in South Africans going overseas, from 408 000 in 1989 to 587 000 last year. The numbers going to the Far East have soared from 25 000 in 1990 to more than 45 000 last year.

In the case of the US, the figures have grown even more quickly, from 17 000 in 1990 to 18 000 in 1991, and then doubling to nearly 40 000 last year, just less than the 1984 level. Direct SA-US flights were stopped in 1986 and then restarted in late 1991, leading to the heavy traffic to the States last year.

Young says the numbers look good on paper but are not helping the bottom line. "The lower fares have an impact on travel agents' revenue. We have to process twice as many travellers to make as much as we were before rates were halved, but that isn't possible. A travel agent can handle only a certain number of customers a day."

Discounts are not the only reason for the upsurge in foreign travel. South Africans can fly to many new destinations now because the end of sanctions has spurred a host of airlines to begin operations in SA.

The violence and uncertain politics in SA has also boosted overseas travel by increasing the number of South Africans flying abroad merely to establish "just-in-case" bank accounts. Fearing a civil war or the

rand's collapse, they take out as much as they can in hard currency and return after the account is set up.

But most do go on holiday, says Thompson International Tour Operators' MD Anton Thompson. And it doesn't cost much for Capetonians, for example, to look way beyond Sun City, and even Mauritius, for their holidays.

"The low cost of travel, particularly in the east, has proved to be a shot in the arm. Mauritius isn't as expensive as it was, but it is losing out to competitive destinations further east, where it's going crazy. Eight days in the Belle Mare Plage, a luxury hotel on the east coast of Mauritius, costs R2 900, but a week in Bangkok, where they stay at the Inn of Sixth Happiness, costs only R2 200 to R2 300. It isn't the Carlton, but it's clean and has no bugs."

Just The Ticket MD Kevin Rawnsley says South Africans must travel abroad now if they want to capitalise on the low prices, which equal 1986 levels in real terms. "These fares cannot last indefinitely. Airlines are suffering huge losses, estimated at US\$2,6bn worldwide in 1992 alone."

*Fortune* magazine says the reason for the losses is "persistent overcapacity, which fuels suicidal price wars as airlines battle to fill seats; this has lowered the average price per mile by nearly 25%, after inflation."

Something similar may be happening in SA. Before 1991, 19 airlines shared the international passengers. Now there are 40 airlines.

There is no information yet on whether the trend of more South Africans going abroad is continuing this year because the latest statistics available are only from December. The delay results from the Department of Home Affairs' switch to a new system. Under the old system, everyone leaving SA filled in forms and presented them to the immigration officer on departure. With the new,

computerised system, the information is gathered by scanning the bar code in the traveller's passport. ■

# Rail network to be expanded

(259) CT 10/7/93

**THE Peninsula rail network is to be expanded and upgraded to link the Khayelitsha and northern areas lines — and the Atlantis goods line may be converted to carry passenger trains by 1997.**

**This follows the general upgrading at railway stations across the Peninsula which cost Metro more than R10 million and included the installation of lights, the erection of fences and shelters and providing proper access control.**

**Mrs Connie Nkosi, communications manager of the SA Rail Commuter Corporation in Johannesburg, yesterday said the improvements on the Peninsula network would cost millions of rands.**

**The aim was to enable the "masses" to have access**

**to public transport as the population growth is expected to escalate in the Cape Flats and north-east of Milnerton.**

**Extensions to Cape Town station would have to be considered to ensure it would have the capacity to cope with the expanded passenger service, she said.**

**Nearly R2m will be used to buy land for a link between a point on the Khayelitsha line and Kuils River station on the Belville-Blackheath line.**

**She said R1m would be used to buy land for a 5km extension to the Khayelitsha line and plans were being examined to determine the exact route.**

**Metro was negotiating with Transnet about electrifying the Atlantis line.**

## Ticket system back on rails

THE new barrier system which caused long queues of commuters when it was introduced at Cape Town station on Thursday was running more smoothly yesterday.

The more efficient turnstile system which was introduced to foil fare bilkers on southern suburbs-line trains has been in operation for some weeks at the third class section, Metro manager Mr Andre Harrison said.

Mr Harrison said teething problems experienced on Thursday were being smoothed out.

The turnstiles, which can be operated electronically or by inspectors using a foot pedal, are programmed to let 25 people per minute onto the platforms, Metro spokeswoman Ms Adri Bootsma said.

**SMOOTH GOING . . .** After starting hiccups with the introduction on Thursday of the new barrier system on the southern suburbs line at Cape Town station, commuters were yesterday passing through smoothly.

Picture BERNARD PEREZ

# Train Commuter Killed in fighting

LLOYD COURTS 2317/93

A TRAIN commuter was killed and two others injured in fighting, allegedly between ANC and Inkatha supporters in Johannesburg yesterday.

Police said the fighting broke out when a train stopped at Croesus station in Industria.

Meanwhile, the ANC and Inkatha yesterday gave widely differing accounts of the cause of conflict in the East Rand township of Daveyton, where at least nine people have been killed in the past two days.

The ANC blamed the violence on alleged incitement of Daveyton hostel dwellers by a senior police officer and officials of a "certain political organisation".

"According to information at our disposal there has been a build-up of forces in the Daveyton area for the past three weeks. On July 4 busloads of people were dropped off at the local hostel. The (policeman) is alleged to have incited the hostel dwellers to attack residents whom he referred to as 'dogs'."

But the Inkatha-supporting induna of Mangosuthu squatter camp on the edge of the township, Nathaniel Hlantswayo, said an attack had been launched on the camp on Tuesday night by a Mozambican who claimed to be an ANC member.

The man known as Arthur, Hlantswayo said, was attempting to wrest control of the camp from Inkatha and was demanding money.

A youth was killed near the railway station in Daveyton yesterday and police reported two deaths in Kattlehong.

Sapa reports three people were killed in Sundinbuli township in northern Natal and a man was shot dead in KwamaKakutha.

## Zimbabwe denports four

# Medicine prices 'likely to stabilise'

MEDICINE prices for private sector consumers were likely to be stabilised by the introduction of a "one-exit price" system, National Association of Pharmaceutical Wholesalers president Lex Tannenbaum said yesterday.

Between medicine prices charged the state (Comed) and the private sector, Tannenbaum said 80% of all medicines were bought by the state on tender. Because volumes were so large, manufacturers were obliged to take part.

One-exit pricing, which becomes law on August 10, will oblige manufacturers to publish a single price structure for the private sector based on a volume-driven sliding scale. Community pharmacies could in many instances be better placed to offer lower medicine prices to patients.

Once again, manufacturers had to balance their books, with the private sector subsidising the public sector.

Until now, some pharmaceutical manufacturers have courted private clinics through extra discounts not offered to pharmaceutical wholesalers.

Commenting on reports that mark-ups from manufacturer through wholesaler to pharmacy were well above 100%, Tannenbaum said a system of reference pricing meant the mark-up between manufacturer and consumer could be about 81%, but in fact the price difference was about 45% because of discounts given by wholesalers and retailers.

This has led to a two-tier pricing system in the private sector, to the disadvantage of the patient, because the wholesaler has been charged artificially high prices by manufacturers to "balance the books". The system echoed the difference between

"Prices in the private sector can begin to come down, or at least cease spiralling upward, only when the one-exit price system is introduced, and the system of subsidisation within the private sector is eliminated," Tannenbaum said. — Sapa

# Apla membership denied

FOUR alleged Apla members applied for bail yesterday in the Johannesburg Magistrate's Court.

Themba Sishange, 32, Wandile Genu, 23, Futhi Zulu, 26, and Emmanuel Tsotetsi, 20, are charged with attempted murder and robbery relating to an incident at the Irvin & Johnson factory in Kaserne, Johannesburg, on March 26.

MARIANNE MERTEN

Der Section 29 of the Internal Security Act, police promised him he would be granted bail if he co-operated and acted as an informer, Sishange said.

While in custody at John Vorster Square, police made him write a letter implicating him in the robbery at Kaserne, he said.

# 'Col Putter'

PRETORIA — A man who impersonated a police officer and dumped a small weapons cache at a Pretoria police station on Wednesday night is sought by northern Transvaal police SAP spokesman Ewan Johnson said yesterday the man entered the Elardus Park police station on Wednesday night introduced

# More flights to Europe

(Times Business)

By ROGER MAKINGS

SA AIRWAYS' biggest competitors — British Airways and Lufthansa — plan to increase their flights from Cape Town to Europe to meet rising demand for seats. 257193

From November, British Airways will introduce a second non-stop flight from Cape Town to London and Lufthansa is "seriously considering" a fourth frequency from Cape Town via Johannesburg to Frankfurt.

Lufthansa spokesman Karin Lambson says the airline plans to increase its six flights a week to seven, also from November. (269)

This will mean that of the 10 weekly flights leaving Cape Town for Europe, SAA will operate only four.

SAA spokesman, Zelda Roux says the airline has no plans to increase its four weekly flights from Cape Town to Europe.

British Airways' general manager in SA, Malcolm Freeman says the increase in tourism to the Western Cape and business opportunities have led to increased load factors.

"The first non-stop flight which we introduced last October, has been so successful that we need a second flight. Advance bookings for the next few months are excellent," he says.

Demand is especially high for first and business-class seats, says Mr Freeman.

Australian carrier Qantas will increase its once-a-week frequency to SA to two from this week and will consider a third.



STimes (RUS)  
11/8/92  
269

# SAA bid to get rid of old-style Boeing 747s

By ROGER MAKINGS

one Boeing 767 and bought a second, which it now apparently cannot afford to operate.

About 13 SAA pilots are in Seattle training for the aircraft which will be used exclusively on the new route to Dubai beginning in mid-September, Tel Aviv and Lisbon.

Another 14 pilots will be trained in SA.

The aircraft will be maintained by Aer Lingus in Mozambique.

The acquisition of the 767 will mean even less work for SAA's two Boeing 747-300s, five Boeing 747-200s, and five Boeing 747SPs, four of which are out on lease. Two of the 12 747s are already up for sale or lease.

SAA recently sold four smaller twin-jet 737-100s to SA and foreign buyers.

SAA spokesman Leon Els says "Our 747 services to Mediterranean destinations aren't economical. There is a gap in our middle-distance fleet for a smaller capacity aircraft with greater fuel efficiency to make the routes profitable."

The 200-seater wide-body aircraft, to be named the Protea and which comes off the Seattle production line in late August, has a twin-aisle

cabin, digital cockpit instrumentation and low engine noise.

Mr Els says: "This is the ideal aircraft to test the Mediterranean market. If it's a success we will probably consider extending the year-long dry lease."

Mr Els says there is no question of the cash-strapped SAA acquiring more Boeing 767s soon.

SAA has budgeted for a R192-million loss in the current year, but is said to be back in profit mode.

Mr Els says: "Although we continually review our fleet requirements, we will have to make do with what we have. Our new 747-400s, the fourth of which arrives in two months, constitute the backbone of our international services."

He concedes, however, that SAA will eventually have to consider getting rid of most of its Boeing 747s. That would leave it with a core of four new Boeing 747-400s, several wide-bodied A300s as well as its domestic fleet of new A320s, and 737s.

If SAA adds to its fleet of long-range aircraft for intercontinental routes, front-runner supplier is Airbus Industrie with its new A340 series. The aircraft have a range comparable to the Boeing 747-400, but less seating and greater fuel efficiency.

SA AIRWAYS will have to consider replacing its multi-million-dollar fleet of Boeing 747s in the next few years.

Most of the 12 jets, with a conservative value of about R900-million because of their good condition, are involved. But it will be difficult to sell or lease them in an oversupplied market.

Changing political and economic circumstances in the past three years have altered operating circumstances for which the long-range, high-capacity aircraft were designed in the 1970s and 1980s — some to SA specifications.

Recession, the lifting of African overfly restrictions and increased international competition have left SAA with fewer passengers and shorter distances to fly.

The eroded load factors and shrunken routes, combined with relatively fuel-inefficient aircraft, have stunted SAA's ability to remain profitable and compete with international mega-carriers.

In an exploratory move, SAA will use a smaller, more efficient aircraft and downgrade the size of its jets flying to the Mediterranean. It will use a new twin-engined Boeing 767-200 it has leased from Mozambique carrier LAM.

SAA acquired the aircraft under "highly favourable" terms LAM recently leased

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**NEWS Socialism a dismal****Safety assurances  
Sowetan 2/18/93  
sought by drivers**

TRAIN drivers have warned they will refuse to drive in unrest areas unless Spoornet takes drastic steps to ensure their safety. (SAP) (269)

The South African Footplate Staff Association, which represents train drivers countrywide, said in a statement yesterday one of its members was relieved of his usual duties at the weekend because he refused to drive to Kwesine station in the strife-torn East Rand.

The association's general secretary, Mr Chris de Vos, said the call for stepped-up security was even more urgent after violence in Tembisa, north of Johannesburg, claimed the lives of 30 people on Saturday night.

Spoornet's senior supervisor, Mr Johan Harmse, would meet with members of the Footplate Staff Association today to discuss their concerns, he said. — Sapa.

# Troops accused of raping squatters

Star 2/18/93

South African Defence Force soldiers went on the rampage in the Chris Hani squatter camp on the East Rand on Saturday night, damaging property and raping at least three women, a community leader has alleged.

An army spokesman said they were unaware of any allegations levied against the troops patrolling the camp.

"Such allegations are regarded in a very serious light and will be investigated," said Colonel Les Weyer.

"Anyone who has cause for complaint is urged to approach the police or the SADF and to lay charges," he added.

Community leader and Chris Hani Squatter Camp Areas Committee chairman Samuel Ramathodi said one of the routine patrols had entered the

camp by foot on Saturday and broken into shacks.

He knew of about three women who had been raped, but further claims of attacks were coming in, he said.

The soldiers were bent on intimidating inhabitants of the conflict-torn squatter camp, he claimed.

"Pictures of Nelson Mandela and other ANC leaders were torn off the walls by the soldiers and broken," he said.

Ramathodi said he would be laying charges against the soldiers.

SAP spokesman Captain Wikus Weber said he had not been notified of any complaints but would make inquiries.

Weyer said the SADF did not condone, tolerate, justify or conceal any irregularities by its members. — Sapa.

# We won't take trains to unrest areas, drivers warn

Star 2/18/93

Train drivers have warned that they will refuse to drive in unrest areas unless Spoornet takes drastic steps to ensure their safety. (269) (272)

The South African Footplate Staff Association, which represents drivers countrywide, said in a statement yesterday that one of its members had been relieved of his usual duties at the weekend because he refused to drive to Kwesini station on the violence-troubled East Rand.

Association general-secretary Chris de Vos said the call for stepped-up security was even more urgent after violence on the East Rand claimed more lives on Saturday night.

De Vos said the position had become untenable and crews were under increased stress.

Metro manager Andre Fryer denied that a driver had been relieved of his normal duties for refusing to drive to Kwesini on Friday night.

Fryer said the man had been taken from the roster for the evening and that the matter would be discussed today.

He said additional manpower had been deployed on the trains at the weekend, but no incidents had been reported.

Spoornet senior supervisor Johan Harmse will meet the association today to discuss its concerns, he added. — Sapa.

Monday, August 3, 1993 ★

# 150% hike in parking fee mooted

## Municipal Reporter

A PROPOSAL to increase central city parking meter fees by 150% to 50c for 12 minutes is to be placed before the public for comment.

The plan failed to gain the approval of the utilities and works committee yesterday. Instead, the committee resolved that comment from the affected public was needed.

The Chamber of Commerce, the Central City Partnership, and the railways in particular would be asked for their opinions.

Meanwhile, the utilities committee resolved that more than R500 000 should be spent on adapting the present parking meters to accept the new coinage. This matter will now go to the full council, with a favourable recommendation from the committee.

Tenders have been invited for the "conversion parts" for parking meters, and three offers have been re-

ceived CT 3/8/93 (269)

One was rejected because it was for four-bay meters.

R250 000 had been set aside in the budget for the conversion to new coins, but the tenders were for more than double that figure. The extra money will come from funds set aside for meter replacements.

"Conversion to the new coinage is urgent as old coinage is being withdrawn from circulation," the report said.

The council said it would "inevitably" not be possible to enforce payment into unconverted meters, and this would lead to a loss in revenue.

In the other report on charging higher meter fees, the officials said that the low price of street parking compared with what parking garages charged led to 95% of city centre parking bays being occupied for much of the working day.

*Soweto*  
**Four attacked on trains**

TWO people were killed and another two — including a policeman — were injured when a group of men attacked them on a train travelling between Soweto and Johannesburg early yesterday **3/8/93**  
Police said all the men were stabbed and three of them were thrown out of the speeding train.

An assistant constable was stabbed and thrown out of the train near Croesus Station. He was seriously injured **(269)** **(278)**

## Air deregulation a priority, says Blake

FLITESTAR MD Jan Blake yesterday called on government to manage and monitor domestic airline deregulation at the highest level, even if this meant adopting interim regulatory measures by Parliament. *618193*

Blake warned that unless government proceeded with full implementation of its Domestic Air Transport Policy, deregulation of the industry was bound to fail. *618193*

Had SAA been fully deregulated, nobody could have had grounds for complaint, he said.

"However, for as long as SAA and its holding company, Transnet, are state-owned there is a need for the process of deregulation to be managed and monitored by the state."

STEPHANE BOTHMA

Unlike SAA, private sector operators were forced to operate mainly with dollar-based costs and thus had substantial foreign exchange exposure, he said. Private airlines were subject to the disciplines of the market place and did not have any portion of their liabilities guaranteed by government. *(269)*

"SAA always had, and still has, a dominant position in terms of the scheduled domestic air transport industry and unless the business is operated on a commercially viable basis, there is no possibility for private carriers to earn a proper return on their investment," Blake said.

# Slower station turnstile is 'worth it'

269

CT 6/8/93  
Staff Reporter

THE new turnstile system at Cape Town station took passengers 30 seconds longer to clear than before but was worth it because the railway service was trying to protect the consumer, Metro spokeswoman Ms Adri Bootsma said yesterday.

Ms Bootsma said Metro had responded to inquiries and complaints and had gone to monitor

the situation and could see no problem. The turnstiles were designed to clear a platform of people in four minutes

A Cape Times survey yesterday between 7 45am and 8 15am showed that there was some congestion. It took up to five minutes for the entire train to be cleared through the turnstiles. It took individual passengers about a

minute to 90 seconds to be cleared.

Ms Bootsma said the turnstiles were installed to try to combat the large loss the railways were suffering because of ticket frauds. She said that although it was too early to assess how effective the new system was, they were confident that if the public co-operated it would benefit all commuters.

# TRAIN



First the driver thrown from a t shot at in an am burning. JAMES

SI Times 8/8/93

# RIDE TO TERROR

GREY smoke hung in pockets over the East Rand as Daniel Mofokane hurtled on to the tracks. His frail body bounced once, and then lay still, a bundle dumped across the silver lines in front of our train.

Within moments, as we watched him struggle to get up, the train from which he had been thrown flashed past in the opposite direction on its way to Germiston.

I stood in silence with our driver, Herman Schutte, looking down the line from his green-coloured cab. The stillness broke when Herman swore.

He put his hand on the brass handle of the dead-man's brake and edged the locomotive forward. "This is bad. It's getting worse," he said.

Herman has been driving trains down the line from Germiston to Kwesine station, near Katlehong on the East Rand, for five years. Not even the political violence which has claimed 160 lives since last Saturday night — the worst in three years — was going to stop him.

He halted the train next to Mr Mofokane, who was now standing, shaking and with big holes in his trousers. Grey stone chips that lay between the tracks were embedded in his knees, which had been torn open as he fell. His face was cut and his hair was full of the yellow reed grass that grows in the marshes. We helped him into the cab because he could not climb up alone.

He was too shocked to speak straight away, but I kept asking him if he was all right. Herman said he was lucky to be alive.

"We could have been travelling at 60km/h. We would have hit him. We would have killed him, sliced him to pieces," Herman kept saying.

## Provoke

Our train — the 07h00 to Katlehong from Germiston — pulled into Katlehong station late. I asked the police to call an ambulance.

Mr Mofokane, a 59-year-old man from Katlehong, was travelling to work in Wadeville on Friday morning when a gang of "young men" threw him from a carriage window.

Mr Mofokane said he had done nothing or said anything to anyone on the train to provoke the attack. "They started hitting me



AMBUSH: A guard and a railwayman run for cover. Picture: HERBERT MABUZA

## INSIDE THE WAR ZONE

SEE PAGES 10 AND 11

on the head. They would not let me pass. Then they grabbed me here (pointing to his wrists) and threw me through the window," he said. (269)

I left Mr Mofokane with the police at Katlehong station, said goodbye to Herman, and boarded the train to Kwesine.

On this shuttle service, a short three stops to the heart of South Africa's ugliest recent violence, there were two drivers — Laurens Espag and Willem Botha.

Both had volunteered to drive the route — for no extra pay — after it had been closed as too dangerous on Monday.

Laurens drove the first leg. The train rattled along past the charred remains of endless Katlehong

houses. Some were still burning, others now shells. Figures wandered in and out of the smoke.

We stopped at Eindela station, which had also been torched, its corrugated iron roof blackened and splintered. (273)

A few kilometres further down the line lay Kwesine itself. The platform was empty and littered with broken glass. The passengers waiting for the train were hiding up on the footbridge between the grey metal gangways.

When the train stopped, they flooded down the stairs and got in. They were people from Kwesine hostel, where some of them had been trapped for more than two weeks.

One man, Mr Alson

To Page 2

## TRAIN RIDE TO TERROR

From Page 1

Mbata, said there was no food in the hostel. "There are no taxis, and trains have stopped. The spaza shops are closed and empty. We couldn't get out," he said.

In Kwesine, there were neither people nor cars in sight. Just rows and rows of empty houses.

This train, No 9093 back to Katlehong, was the only means for these people to escape.

Willem walked down the platform to the rear of the train to begin the return journey to Katlehong. Slowly, the carriages began to move again, back past the ghostly shells of the burnt-out houses.

Suddenly Willem pointed up ahead. Just past Pilot station, there was some-

thing on the track.

In the 10 minutes that had passed since we were last at this spot, a great heap of stones had been laid on the line.

Willem pulled to a halt. Young men in hats and balaclavas stood high up on the embankment.

"We have to clear them away," Willem shouted. He called to the security guards in the carriages behind. "We're going to get out. Come. We've got to clear this." (269)

As Willem and his partner, Tan Napel, jumped out of the cab, the shooting began. Figures positioned above the train had laid a deadly ambush.

I heard at least two shots hit the train. The guards covering Willem were apparently firing back. Small stones were pelting into the

## TERROR

8/8/93 cutting as Willem and Tan cleared the tracks.

It seemed a short time before they leapt back into the cab. "Let's go," Willem shouted.

The train started moving again. No one spoke for a while, and then we started cursing and swearing. I asked how Willem could do this. (273)

"It's my job. I love my work. I'll never leave it," he said.

"I want to help these people get to work. I've got a job to do, just like them."

When we reached Katlehong, people waiting there said Mr Mofokane had been thrown out of the train because he had been in the wrong carriage. There were different platforms and carriages for different political parties, they said.

Mr Mofokane had lived in the centre of Katlehong. That's why he had been thrown off.

I left Willem standing in his cab. He was going back to Kwesine.

Only hours later, gunmen opened fire on Kwesine station, adds Sapa. Police returned fire. There were no arrests or injuries.

Soon afterwards, five people were killed and nine injured when gunmen ran through a train — travelling from Vereeniging to Johannesburg — and opened fire on passengers at random.

Elsewhere, seven people were killed in East Rand violence, and at least three other bodies were found early yesterday in Katlehong and Thokoza.



# Transnet returns to profit

Star 9/8/93

■ BY STEPHEN CRANSTON

Autonet, Transnet's road transport division has returned to profitability following commercialisation.

Autonet has beaten forecasts with operating profit 34,1 percent ahead of budget in the second half of the year to March.

June profits were 43,4 percent ahead of budget. It is budgeting for sales of R350 million in the present financial year.

The group is now focusing on long-term contracts and has sought to retain its strong position in certain market segments.

Labour costs are down with

the payroll reduced from 3 250 to 1 970. Just four of the 18 senior management are still with the group. (269)

Autonet has been put on an equal footing with private sector transport companies because it has no privileges on tax or import duties.

It is subject to the same interest, fuel, tyre and vehicle costs as private-sector operators.

The cargo division has cut back on ad hoc business to concentrate on core clients and reduced the number of depots from 21 to 14.

The refrigerated cargo division, in which the number of semi-trailers has been reduced

by 32 to 196, faced increased price-cutting, but improved margins through more effective use of the current fleet

It has become more market-oriented, adapting to changing needs such as storage, just-in-time deliveries and direct deliveries to stores.

The abnormal loads section was closed down due to the decline in potential growth

In the passenger services section, Translux and Transcity have been rationalised into one intercity service, Translux Express

Although fares have been reduced, profitability has improved thanks to the reduction in vehicles from 70 to 45.



National Transport Policy Forum chairman George Negota at yesterday's news conference in Johannesburg where he announced the convening of a "taxi indaba" to tackle taxi violence. Picture ROBERT BOTHA

## Taxi violence 'indaba' planned

ANC president Nelson Mandela, Inkatha president Mangosuthu Buthelezi, Archbishop Desmond Tutu and Judge Richard Goldstone will take part in an "indaba" later this month to discuss taxi violence.

Announcing this in Johannesburg yesterday, National Transport Policy Forum chairman George Negota said his organisation had drawn up a code of conduct for all stakeholders in the industry, from owners to oil companies and car makers.

The four-day meeting would be held in Johannesburg from August 23.

Negota said the guest speaker would be Transport Minister Piet Welgemoed who would address delegates on the Transport Department and the restructuring of the taxi industry.

THEO RAWANA

Negota said the forum would also use the conference to call on government to change the taxi permit system, which it saw as a major cause of friction leading to violence in the industry.

Permits were issued without regard for the size of the taxi market and this led to taxis scrambling for fewer passengers, he said. (269) (302)

Prominent speakers at the conference will include PAC leader Clarence Makwetu, national peace secretariat chairman Antonie Gildenhuys, Sanco president Moses Mayekiso, Cosatu general secretary Jay Naidoo and Nactu general secretary Cunningham Ngcukana

# SAA will have to cut international routes to survive

By G. B. S. G.

STEPHANE BOTHMA

THE bold airline deregulation policy recently introduced in SA could fail because of the lingering recession and devastating violence, SAA CEO Mike Myburgh said yesterday.

SAA would have to cut several international routes soon to survive, Myburgh told delegates at a Federated Hospitality Association of SA (Fedhasa) congress at Sun City.

He did not believe that the "most shocking violence imaginable" being experienced in the country would end soon — not even within a few years after the April 27

election. It was unrealistic, even dangerous, to base plans on the hope that a new dispensation would suddenly usher in prosperity. Myburgh envisaged limited financial assistance to the country, but not sufficient stability to attract any investment of substance.

This made it inevitable that SAA would have to withdraw from several — mainly European — international routes soon.

He said certain European routes were not viable at present despite rationalisation and cost-cutting exercises by SAA. These would be abandoned completely or

in favour of code-share arrangements with other carriers. (2169)

SAA would very soon have to depend less on its cultural heritage from the West and learn to adapt to the Orient. The Communist Party in China and the ANC had economic policies based on centralised planning while allowing and even encouraging free market activity, he said.

SA's violence was less alarming for the Chinese because of "the longer-term perspective and pragmatism of Orientals."

SAA had been successful on the Far East and Australian routes to the extent that additional flights probably would be introduced soon.

"It is my intention to increase the base of SAA's market to straddle both hemispheres equally." He wanted to reduce the risk that had led to the problems which SAA had only now been able to overcome.

The airline price war should lead to increased tourism because of lower fares, higher frequencies and greater product choice, he said. The dwindling number of tourists,

scared away by violence and political turbulence, coupled with airlines' attempts to survive while pushing down fares, "points to a limited time duration for this to persist before competition breaks down," Myburgh said.

He was concerned that the private sector and government could get impatient in the next few years and take decisions which might destroy much of the tourism infrastructure. A policy directed only at the affluent would not serve SA best during transition.

● See Page 11

airline chief

Business Report

Own Correspondent

SUN CITY. — SAA would soon have to cut several international routes to survive, SAA CE Mike Myburgh told a Federated Hospitality Association of SA (Fedhasa) congress held at Sun City yesterday.

And the bold airline deregulation policy recently introduced in SA could fail because of the lingering recession and devastating violence, Myburgh said.

He did not believe that the "most shocking violence imaginable" currently being experienced in the country would end soon — not even within a few years after the election on April 27 next year.

# SAA 'to axe several routes to Europe'

Myburgh said it was unrealistic and even dangerous to base plans on the hope that the new dispensation would suddenly usher in prosperity and said he envisaged limited financial assistance to the country, but not sufficient substance.

In the light of this, it seemed

inevitable that SAA would have to withdraw from several, mainly European, international routes in the near future.

He said certain European routes were not viable at present despite rationalisation and cost-cutting exercises by SAA and would be abandoned completely or in favour of code-share arrangements with other carriers.

However, he said SAA had been successful on the Far East and Australian routes to the extent that additional flights would probably be introduced soon. It is my intention to increase the base of SAA's market to straddle both hemispheres equally to reduce risk.

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CT 10/8/93

CT. ~~11/8/93~~ 11/8/93

## Business Report

By AUDREY D'ANGELO

SAA will provide a new direct flight between Cape Town and Amsterdam twice a week from September 2.

This is among changes to its international timetable as part of Project Success, aimed at returning the airline to profitability.

The project will involve putting on some new flights and withdrawing others, or entering into code-sharing agreements with other airlines which will provide seats on flights booked through SAA.

Changes will include an additional weekly flight from Johannesburg to Paris and Manchester.

But the weekly SA 232 daylight flight to London, and its reciprocal flight SA 233, will be withdrawn on September 4.

Brussels will no longer be included in SAA's European network from August 29. Flight SA 256 will be rerouted to fly between Johannesburg and Milan by way of Zurich on Sundays. An additional flight will be introduced on September 3.

Flight SA 250, which currently goes to Frankfurt by way of Zurich, will go directly to Frankfurt from September 3.

### Direct link

The new direct link between Cape Town and Amsterdam will be provided by extending the routes of Flights SA 254 and SA 252, which leave D F Malan Airport for Frankfurt on Thursdays and Saturdays. They will now go on from Frankfurt to Amsterdam.

"With the introduction of the new timetable SAA now provides two weekly services to all its European destinations," a spokesman said yesterday.

He said SAA currently had code sharing agreements, which were running satisfactorily, with Varig on the route between Johannesburg and Bangkok, with Austrian Airlines between Johannesburg and Vienna and with Air Afrique between Johannesburg and Abidjan.

● Our Durban Correspondent reports that SAA is expected to detail losses of R300m or more when its annual report is released on August 30. An airline spokesman would not comment yesterday, but SAA CE Mike Myburgh confirmed earlier this week that the airline would have to cut routes to survive.

**SAA**  
**rings** (269)  
**route**  
**changes**

# Two die in attack on train

Star 11/8/93


■ BY LEE-ANN ALFREDS  
and ANNA LOUW

Train terror continued today when two people died and two were seriously hurt when they were thrown off a moving train in Wadeville, Germiston.

At least 16 people have been killed in attacks on train commuters since last week after a lull of several months.

In this morning's attack, paramedics found the dead and injured after receiving a call at 7.20 am. The injured were taken to Willem Cruywagen Hospital in Germiston.

Yesterday four people were killed, three of them on the Johannesburg line and one in Germiston. (269)

Police said two men arrested in connection with Friday's train massacre, in which five people were gunned down and 15 wounded, have appeared in court. The case was postponed to August 24. 

## Assassins

This morning a reader told The Star that four men were seen tampering with the railway line near Morafe Station in Soweto and that two were arrested by the Metro Railway Guard. Police in Soweto could give no details of the incident.

ANC spokesman Carl Niehaus blamed the latest outbreak of train attacks on "third force activity" aimed at creating total instability in the country. He said the killers were "professional assassins"

SAP spokesman Lieutenant-Colonel Dave Bruce said: "It's a measure of over-spill from the East Rand violence, especially since police are starting to curb the trouble over there."

IFP spokesman Themba Khoza said it was too early to determine what had led to the renewed outbreak of violence on trains.

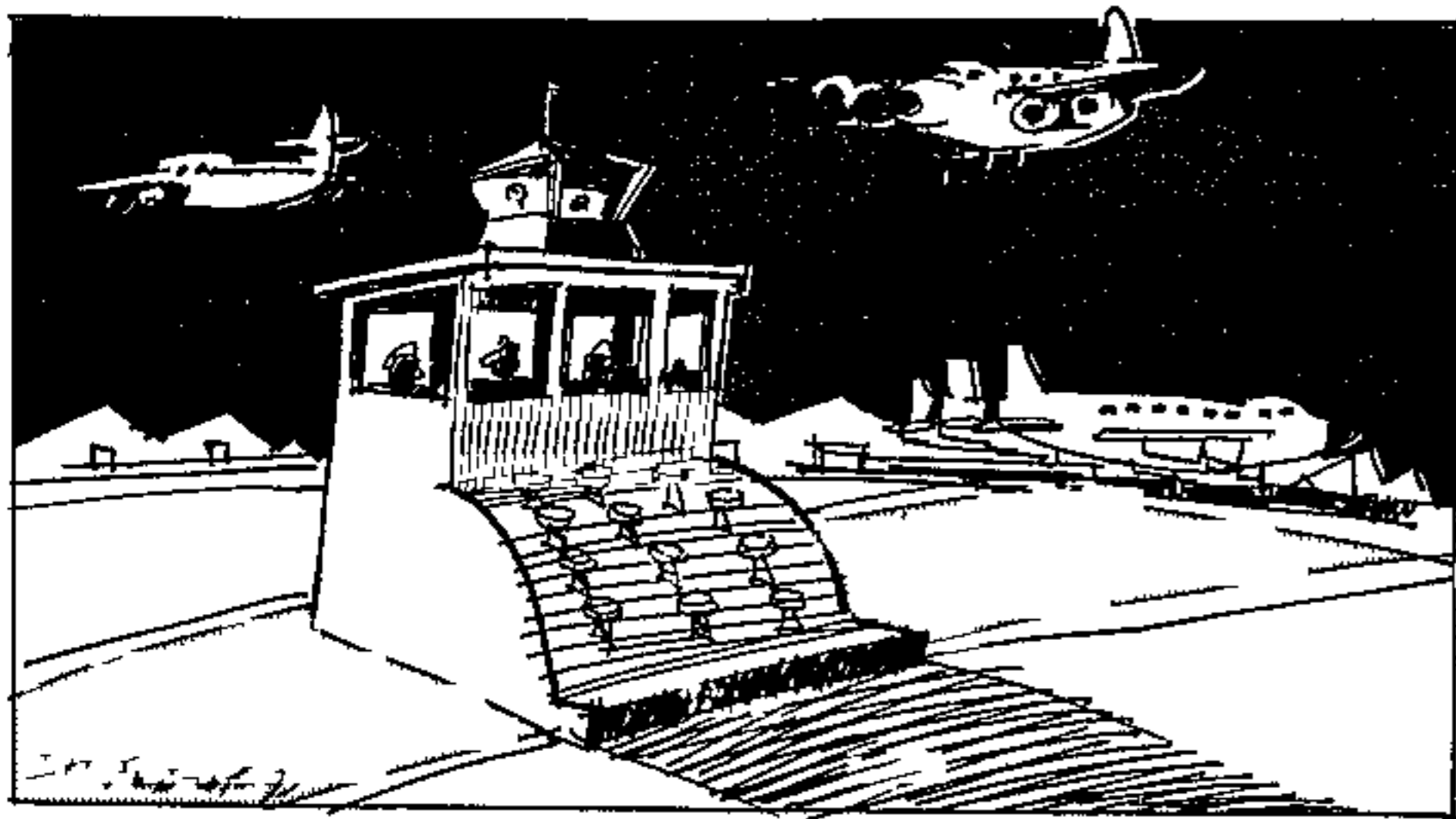
AIRPORTS

Fm 13/8/93

# Taking flight, at last

**Transport Minister** Piet Welgemoed first aimed for April 1. Then July 1 was the target. Finally, last week he got the commercialisation of the nine State airports off the ground. Still, that's less than 18 months since he announced the idea — not bad as far as government projects go.

The goal now is to keep Jan Smuts, D F Malan and the other airports as free of government red tape and ineptitude as possible. Under two newly formed companies, the Airports Co and the Air Traffic & Naviga-



tion Co, the airports plan to run like businesses, with proper accounting, user fees instead of taxpayer handouts, and professional marketing and customer service.

Last week Welgemoed named the MDs and board members of each company. With nearly all of the 13 appointees having extensive private-sector experience, the Minister showed he is serious about turning around the money-losing airports.

The main surprise is Braam Loots, who will leave his job as Safair MD and take over as the Airports Co's MD on September 1. Jerry Coetzee, a former air force general, will serve as MD of the Air Traffic & Navigation Co.

Jan van den Berg, a former Finansbank MD, will chair the board of the Airports Co, which will operate the airports' ground facilities.

The other board members are J H Isaacs chairman Leslie Weil, SA Chamber of Business deputy director-general Ron Haywood; advertising executive Moss Leoka, property developer Brian Stocks, and Foodcorp CE Dirk Jacobs.

Chubb Holdings chairman Dirk Ackerman will chair the Air Traffic & Navigation Co, which will provide and operate navigational services. Other board members are attorneys Hofmeyr & Van der Merwe partner Jan Dreyer, SA Post Office chairman Donald Masson, Bill Ward, chairman of the Aircraft Industry Training Board and the Aviation Resource Council, and National Sorghum Breweries executive Bhekuyise

Langa.

Government officials make up most of the regulatory committee that will oversee the companies' service and charges. Chaired by Judge Cecil Margo, the committee includes Civil Aviation Commissioner Japie Smit, Transport Department director-general Skippie Scheepers, and Gerhard Human, adviser of the Policy Unit for Public Enterprises. Vic Prins, a partner in transport consultancy Lexetran, comes from the private sector.

The overhaul of the airports' management is the latest in government's commercialisation programme, which has seen Transnet, including SA Airways, the Post Office, Telkom and Denel, become much more efficient and customer-driven over the past two-and-a-half years, though all still have far to go. Government

still owns these companies but it could privatise them once they reach a solid financial footing and if the ANC drops its objections. Britain's Airports Authority is the model for airport privatisation. The authority's shares are now traded on the London Stock Exchange and Heathrow airport is recording big profits.

The good news for taxpayers is that government will no longer subsidise the airports. The users will pay the full cost. Of 40 international airports surveyed, Jan Smuts had the second-lowest charges for passengers and airlines. SA was the only country that provided free navigational assistance and ground security. It costs the SA Police R52m a year to provide security and it costs an estimated R45m a year to handle air traffic navigation.

A new method to pay for security is being worked out. "There's a point where the SAP's security ends and that provided by the company must start," Van den Berg says.

The terminals have been losing an estimated R40m a year but this is still being substantiated because, with 12 State departments involved in operating the airports, the bookkeeping was haphazard.

The value of the assets being transferred to the two companies is still being determined.

Normal commercial-sector accounting will now apply and profits will be taxed. Nedbank is now the banker and Price Waterhouse Meyernel the auditor.

The companies can raise money either

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through Nedbank or by going to the market but that shouldn't be necessary at first, says Van den Berg. Government gave the two companies a R100m sendoff to help them avoid shocking their customers with steep increases in the transition.

Van den Berg believes that with the subsidy, his company should post a profit at the end of its first financial year on March 31. It will run the nine airports as a unit, but not all are profitable so there will be cross-subsidisation.

The companies raised some fees on August 1. Landing and parking fees, previously the main source of income, stayed the same, but passenger-handling fees went up from R5 to R7 a ticket for domestic passengers and from R12 to R24 a ticket for overseas passengers. A new rate of R16 was introduced for passengers on regional flights.

Price rises on April 1 are expected to be much higher.

The Airports Co is also looking at increasing the income from office and shop rentals as well as parking, which now provide only 17% of the company's income. At Heathrow, these contribute half.

"Rents at Jan Smuts are the cheapest in the PWV area for that class of accommodation," Japie Smit says.

The improvements to Jan Smuts will continue but a number of other projects will be examined afresh by the Airports Co board. "We suspect there is a backlog of things that need to be done," Van den Berg says. "We'll consider them carefully before we take any decisions."

## FOREIGN AIRLINES

### Flying down to the Cape

Three years ago, British Airways was the only foreign airline willing to cut through SA's red tape and include Cape Town as one of its southern African destinations. Now, thanks to the opening of SA's skies, BA has been joined by KLM, Lufthansa, Air France and Swissair, and they're all doing well and patting themselves on the back for their foresight. Singapore Airlines and Gulf Air also want a slice of the action.

About 20% of overseas travel originates or ends in Cape Town, but before the air policy was liberalised two years ago, it was almost impossible for foreign airlines to get permission to fly on from Johannesburg to Cape Town.

D F Malan airport didn't have gateway status, so they had to let SA Airways do that leg for them and be content with the Jan Smuts traffic.

# Killers sneak back on to trains

By THEMBA KHUMALO

THE heavy presence of security forces in the trouble-torn East Rand townships may be responsible for the resurgence in train killings, police said this week.

At least 20 commuters have died since last month after they were stabbed and hacked before being thrown off moving trains in Soweto and the East Rand.

Five suspects have been arrested so far and

police are hoping for more arrests soon.

Witwatersrand police spokesman Maj Eugene Opperman said he suspected the sudden increase in train violence had much to do with the presence of the police and army in Katlehong and Thokoza where more than 500 people have died in recent violence.

"We can only speculate that because the perpetrators of violence in these townships can no longer do as they

please due to the large number of security forces deployed there, they have resorted to trains to pursue their evil deeds," Opperman said. (269)

Train killings resurfaced for the first time this year at the Langlaagte railway station last Sunday when five people were killed and two wounded by masked gunmen. (278)

Two suspects were later apprehended and they will make their second court appear-

ance at the Johannesburg Magistrate's Court on August 24.

Soweto was still reeling from the Langlaagte attack when two days later three more people died after being thrown out of a moving train between Johannesburg and Soweto. A security guard was killed on the same day at Driehoek station near Germiston.

The victims were reportedly stabbed before they were thrown out.

The next day,

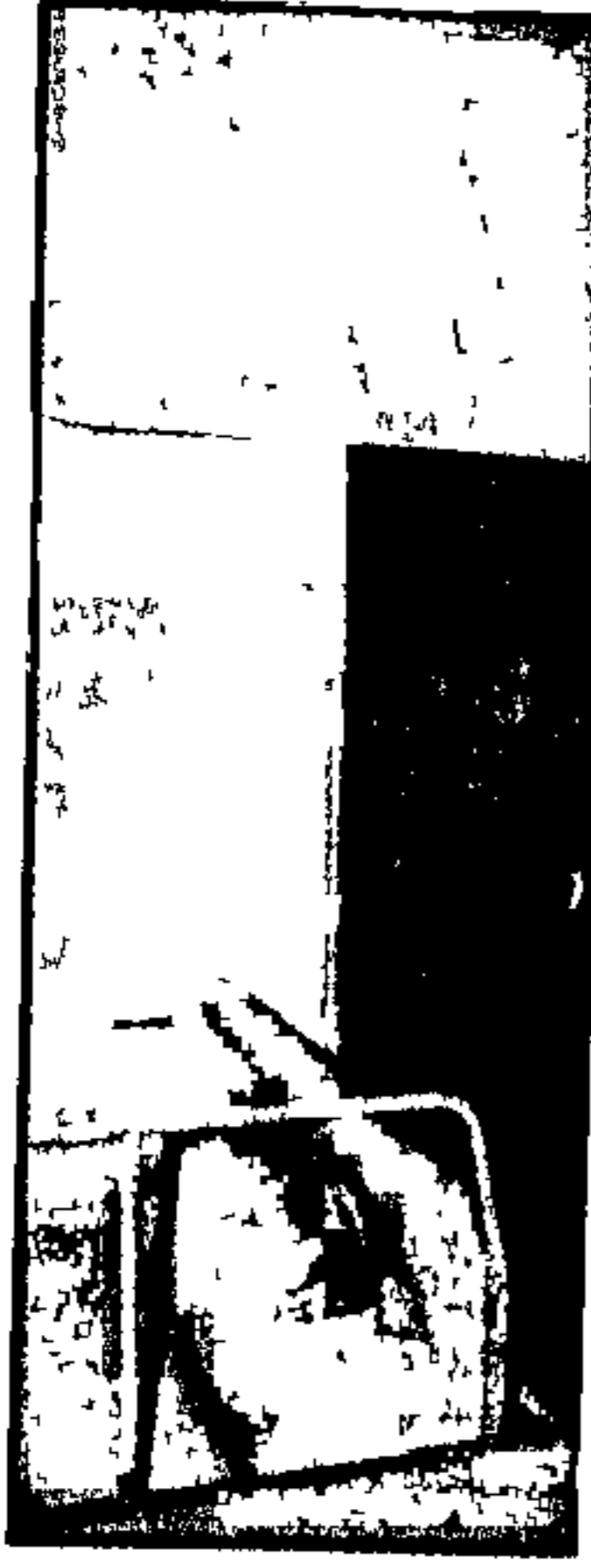
Wednesday, two commuters were killed when thrown off a moving train in Wadeville, Germiston.

The renewed train attacks follow a prolonged lull after the ANC signed a joint agreement last year with Spoornet and the SAP to increase police patrols in train coaches.

Opperman said the renewed train attacks had prompted the re-deployment of police in large numbers.



# HOW TRAIN CRACKED



**BLOODY CARNAGE ...** A train coach bears the gruesome traces of the brutal slaughter.



**SLOW COACHES ...** Police at Johannesburg's Park Station examine the train after the latest Reef massacre. **MIKE NZILENE**

# TRAIN KILLERS

**EXCLUSIVE INTERVIEW by MONWABISI NOMADOLO**  
 THE brave survivor of a Reef train massacre in which five people were gunned down has told City Press how cops were slow to arrest two of the suspected killers after he followed them to their workplace.

"I could have been killed in that attack," said Mr X, who approached City Press for protection still fearing for his life after strange vehicle patrols outside his home at night.

The courageous train commuter who survived last Friday's train carnage in which 15 people were also injured, led the police to a construction company where two suspects were arrested.

Mr X, who refused to be identified for fear of his life, followed the suspects on foot to a construction site in Johannesburg's President Street after having seen them jumping and running away from the bloodied train still carrying

C Press 15/8/93

## Survivor's brave action leads to 2 train arrests

ran for cover in the mayhem that ensued. At Croesus, he ran from the third to the first coach. The shooting continued at Langlaage.

At Croesus Mr X managed to flee from the train and took cover at a nearby cafe from where he spotted the suspects leaping into two waiting getaway cars.

Two of the murderers were left behind as the cars sped off.

He said the two immediately concealed their guns and started walking away swiftly on foot.

"I followed them to Mayfair where I called the police at 0800-11-12-13 at around 6.50 am.

"I told police that I was following the men at Main Street," said Mr X, adding that one of the men was wearing only one shoe.

He followed the suspects until

they entered a building site in President Street not far from John Vorster Square.

"I notified the security man on duty at the building site and then went to the police station. Police in the charge office gave me a telephone and asked me to phone the flying squad again at 10111. I waited and waited but nothing happened," he said.

"I could not believe it. I nearly gave up. Just on my way out, members of the flying squad arrived and I went with them to the building site.

"We entered the site and started searching the area. The men could not be found and police called off the search promising to come back at around 1 pm when everyone was knocking off," said

Mr X made his way to Park Station, where pandemonium had broken out with the arrival of the train in which the killers had struck.

"I told police who were inspecting the train that I saw the people involved and they insisted that we go back to the site.

"On arrival at the building site we found that one man had been arrested.

"Accompanied by police, we went to a bank where most of the workers had gone for their wages and I managed to point out to the police one of the men I followed who was then arrested," Mr X said.

Police later recovered two weapons and have promised Mr X a substantial reward and police protection.

The two suspects appeared in the Johannesburg Magistrate's Court on Monday and the case has been postponed to August 24.

Charges of murder and attempted murder are being investigated by police. More arrests were expected.

## MASSACRE HERO



**QUICK THINKER ...** Fearless action by commuter 'Mr X', who followed men suspected of train killings in which five people died and 15 were injured, resulted in two arrests.

Business Report

Slide in income for Messina

JOHANNESBURG. - Reduced investment income and a drop in the contribution of a mining supplies subsidiary resulted in Messina's attributable income falling to R2,2m in the year to end June 1993 compared to R5,3m a year earlier.

Messina's planned platinum operations have remained mothballed due to the still depressed platinum group metal prices.

Chairman Michael McMahon said it was unlikely the project would be revitalised in the current year.

Take-off in air cargo volumes leaving city

21893 (219)

BY AUDREY D'ANGELO AIR cargo leaving DF Malan Airport has risen by 23% so far this year, with huge growth in volumes going to the US and Spain in particular.

the non-stop flights to London, Frankfurt, Rio de Janeiro and Miami alone, and did not take other cargo going by way of Johannesburg into account.

She said one reason for SAA's increased cargo was that routes were shorter now that the airline had regained the right to overfly other African countries and no longer had to go round the bulge.

Others were the introduction of two non-stop flights a week between Cape Town and Frankfurt, and "the utilisation of brand new, fuel efficient Boeing 747-400 aircraft with increased cargo capacity on some routes".

Janie said SAA's share of the increased air cargoes leaving DF Malan airport had also been

boosted by an improvement in productivity at it Cape Town cargo centre.

Productivity, measured in terms of kilograms of cargo handled per man hour, rose by 32% compared with the previous year.

SAA's Cape Town cargo manager Henne Lubbe said the effect of further increases in the two weekly non-stop flights to Frankfurt are extended to go on to Amsterdam from September 2

Nathan Pillay, Western Cape manager of Perishable Cargo Agents, said that a new export market for fresh fish from SA and Namibia had opened up in Spain. "We are moving between 100 tons and 150 tons of fresh fish a week.

Table with columns for numbers: 3615, 3614, 1, 67, 92, 35, 29, AKU, 40, 3, 70



UNILEVER SA's Vandenberg Foods (VDBF) and NCD have announced a merger of their Ola and Clover ice cream divisions. Unilever will hold the majority shareholding in the new company, to be called Ola SA (Pty) Ltd. The new company is to invest strongly over a period of 10 years into the local market. Unilever will bring to the new venture its international brands and technology which, combined with NCD's Clover ice cream brands, manufacturing facilities and distribution network, will result in the new company becoming a dominant player in the local ice cream market. Extensive research showed the SA market to have enormous growth potential.

## Unilever, NCD to merge ice cream divs

UNILEVER SA's Vandenberg Foods (VDBF) and NCD have announced a merger of their Ola and Clover ice cream divisions. Unilever will hold the majority shareholding in the new company, to be called Ola SA (Pty) Ltd. The new company is to invest strongly over a period of 10 years into the local market. Unilever will bring to the new venture its international brands and technology which, combined with NCD's Clover ice cream brands, manufacturing facilities and distribution network, will result in the new company becoming a dominant player in the local ice cream market. Extensive research showed the SA market to have enormous growth potential.

## Transnet sets 11,5% coupon

JOHANNESBURG — Transnet said its planned new medium-dated capital market loan stock, the T016, would be issued at a coupon rate of 11,5%. The bond, which will be launched on August 17, matures on February 15, 1999 and is expected to raise about R7,5bn. Interest is payable every February 15 and August 15. Transnet's deputy treasurer Hercu Bloem said applications for the bond could be made to First-corp Merchant Bank before noon today — Sapa

Exchange Rates

# Unifruco, Sikisa in new company link-up

THE international marketing company of the deciduous fruit industry in South Africa, Unifruco Ltd and a Johannesburg-based company, Sikisa Trading Corporation, are to cooperate in the procurement, shipping and overseas distribution of subtropical products to a joint statement by the two companies, Sikisa approached Unifruco some time ago as they wished to expand their port and over-

### JSE acturaries indices

	INDEX	PREV	MOVE	EARN YLD	DIV YLD
OVERALL	3990	3961	29	6,5	2,9
MINING PROD	3241	3172	69	6,0	3,2
COAL	2732	2732	0	18,1	5,4
DIAMONDS	16175	16130	45	6,4	2,7
ALL GOLD	1747	1667	80	5,2	3,4
RAND&OTHERS	619	581	38	8,6	4,2
EVANDER	1383	1353	30	7,9	3,2
KLERKSDORP	4880	4708	172	3,9	3,6
OFS	974	939	35	4,4	3,9
WEST WITS	2611	2482	149	5,7	2,9
METALS&MIN	1971	1975	4-	5,1	3,4
COPPER	756	762	6-	8,8	9,6
MANGANESE	2813	2813	0	6,3	3,5
PLATINUM	4825	4839	14-	4,1	2,4
TIN	23	23	0	0,0	0,0
OTHER METALS	25	23	2	12,0	2,5
MINING FIN	4671	4602	69	6,5	2,8
MIN HOUSES	4856	4799	57	7,5	2,8
MIN HOLDING	1408	1377	31	4,2	2,8
FIN&INSTR	5345	5352	7-	6,6	2,8

### Moves

	DECOVO	VLAKS	PROGRES	FRIEDEV	BENONI	URGHART	POHD	DOORNS	LYDEX	VILLAGE	SOUTHGO	DAILY TOP 10 UP	DAILY TOP 10 DOWN
	40	25+	166,7	10	2+	25,0	100	20+	25,0	100	20+	25,0	25,0
	10	2+	25,0	425	75+	21,4	60	10+	20,0	120	20+	20,0	23,1
	100	20+	25,0	60	10+	20,0	120	20+	20,0	70	10+	18,9	18,9
	100	20+	25,0	375	60+	18,9	120	20+	20,0	185	25+	16,7	10,0
	100	20+	25,0	110	13+	13,4	185	25+	16,7	110	13+	15,6	10,0
	100	20+	25,0	110	13+	13,4	185	25+	16,7	110	13+	15,6	10,0
	100	20+	25,0	110	13+	13,4	185	25+	16,7	110	13+	15,6	10,0
	100	20+	25,0	110	13+	13,4	185	25+	16,7	110	13+	15,6	10,0
	100	20+	25,0	110	13+	13,4	185	25+	16,7	110	13+	15,6	10,0
	100	20+	25,0	110	13+	13,4	185	25+	16,7	110	13+	15,6	10,0
	100	20+	25,0	110	13+	13,4	185	25+	16,7	110	13+	15,6	10,0



Star 19/8/93

## Two more bodies found on tracks

### ■ CRIME REPORTER

Train violence on the Reef has claimed the lives of two more people.

Police said one body was found along the railway line at Braamfontein station early today and the other along the

tracks at Longdale station, between New Canada and Langlaagte stations. (269)

Witwatersrand SAP mobile unit operations officer Colonel Frank Sneygans said initial information indicated the man killed in Braamfontein was a security guard who had been

robbed, but police were still investigating. (269)

He said it seemed the body found at Longdale had been thrown off a moving train.

More than 16 people have died in train violence since it restarted about three weeks ago.

# Airlines jostle for customers

Star 2/18/93

**AIR FARE** wars are set to hot up again as more than 30 international airlines serving South Africa struggle to fill the million new seats added to the market this year.

According to Piet van Hoven, chairman of the SA Tourism Board (SATOUB), airlines are barely maintaining historical figures with regard to existing seats, let alone filling new ones, but this has not prevented major international airlines from introducing additional flights to and from the country.

Even though recent foreign arrival statistics between January and March this year were up by 10,5 percent compared with the same period last year, the flood of foreign visitors has not matched expectations.

"Regrettably, with the violence in the country, most international tourists are nervous about travelling here," Van Hoven explains, "and as a result, capacity is down a lot."

Van Hoven says he believes that airlines are investing in SA as a market with a long-term view of a political settlement in April. "These airlines want to be established and operating in the market when that time comes," he says.

Lufthansa spokesman Karin Lambson agrees. "We are looking ahead,

**AMID stiff competition, SAA aims to put the fun back into flying by introducing prizes for passengers on all its flights, NATALIE ABRATT reports.**

(269)  
building up roots," she says of the airline's increased flights to Cape Town and the introduction of a daily flight to SA from Germany starting in November.

"Lufthansa is riding a strong SA promotion in Germany in conjunction with SATOUR," she says, "and we can definitely see a considerable increase in the number of German tourists to the country."

## Promotion

SAA, battered by the recession and feeling the effects of domestic and international competition, this week introduced its biggest ever promotion.

According to SAA marketing manager Ian Bromley, the Flights of Fun promotion will run during low season from mid-September to mid-October. One passenger on every SAA international and domestic flight will win a prize. He says the promotion was arranged to show the public that SAA is a fun airline to fly with.

"We want to put the excitement back into flying," he says. "Many people think flying is

about as interesting as riding a bus and we want to change this perception. By way of this promotion we are offering passengers tangible benefits, substantiating the claim that flying SAA is more fun. Putting people in the seats is merely a spin-off," he maintains.

British Airways SA manager Malcolm Freeman disagrees that things are looking bleak. "Our loads are very good at the moment, in fact they are up on previous years. We are doing exceptionally well, especially on our Johannesburg routes," he says.

BA's seat-filler for the October/November period offers "a bit on the side" — the BA passenger receives a R500 redeemable bonus to be used in conjunction with the airline's Randsaver programme.

KLM Royal Dutch Airlines' general manager for southern Africa, Peter Janssen, also disagrees that things are looking bleak in the incoming tourist market. The airline will introduce a fourth flight from November.

"We feel that incoming tourists are merely postponing, not cancelling their trips here," he says, "and KLM has a good occupancy, otherwise we would never have introduced an extra flight. Yes, there are certain segments of the market that are suffering, but on the other hand, sectors such as sport and business are booming."

## SAA hits back at Flitestar

JOHANNESBURG. — South African Airways had always supported deregulation of the domestic market and had improved as an airline through competition, SAA chief executive Mr Mike Myburgh said yesterday. *23/8/93*

He was reacting to media reports that Flitestar attributed its financial problems to trading conditions which were not fully competitive and tilted unfairly in SAA's favour. *(269)*

"These claims are based on the incorrect assumptions that SAA is operating at a large loss and that it has unfair government support. The facts are very different," said Mr Myburgh.

He said SAA's domestic services had operated at a profit since November, 1992. — Sapa

# Unions

set to

merge

BY PAUL BELL  
LABOUR CORRESPONDENT

After eight years of on-off talks, the Transport and General Workers' Union (TGWU) and the South African Railways and Harbours Workers' Union (Sarhwu) hope to complete their merger preparations by the year-end.

This will create a transport union of some 80 000 members, and is likely to take its place in the 500 000-member public sector super-union to be launched in May next year.

TGWU president Alfred Ndlovu told his union's congress last week that it was important to set aside differences (269). Sarhwu assistant general-secretary Tsidiso Moshao agreed, and said his union was now discussing the draft constitution which the two unions have drawn up. The unions plan to adopt the constitution jointly once remaining obstacles to the merger have been resolved.

Merger talks have been on the go since the formation of the Congress of South African Trade Unions in 1985, when Cosatu adopted the policy "one industry, one union".

Plans have been frustrated, however, by Sarhwu's opposition to the fact that the TGWU's 38 021 members include 10 710 workers from the cleaning and security sectors.

Sarhwu, with about 41 000 members, agreed to the merger in March and is awaiting an indication from the TGWU's congress on how the anomaly will be resolved.

Cosatu hopes to see the unified transport union absorbed into the super-union.

*BiDay*  
**Union supports alliance**  
*24/8/93*

THE Transport and General Workers' Union (TGWU) believed the ANC/SACP/Cosatu alliance should remain intact because the unions had an important role to play in the transition to democracy and consolidation, newly elected general secretary Randall Howard said yesterday.

The union would assess this stand at "an appropriate time", he said.

Howard's predecessor, Nathie Nhleho, was proposed for Cosatu's list of election candidates and the TGWU unanimously resolved to support the ANC in the elections. *(269)*

Speaking after the union's national congress, Howard said the congress endorsed Cosatu's reconstruction and development programme. However, it had called for the restructuring of public transport,

**ERICA JANKOWITZ**

with major services, especially bus transport, being nationalised.

It also called for the urgent statutory reorganisation and restructuring of the taxi industry, with an emphasis on subsidisation.

Howard said the TGWU should be a major player in resolving the conflict in the taxi industry. The union would develop policies to propose to the ANC *(SACP)*

The union reaffirmed its desire to merge with the SA Railways and Harbours Workers' Union "as speedily as possible" and was investigating options for its security and cleaning staff members. The integration

of the SA Taxi Drivers' Union — representing about 12 000 drivers — would be finalised soon.

The TGWU's university and technikon workers would join the National Education, Health and Allied Workers' Union by the end of October.

"The demarcation debate within Cosatu will continue as we have stuck to the original structure we adopted at our inception eight years ago. Everything else is changing and so must we," he said.

Howard also said the union resolved to change its subscription fee from R8 a month to 1% of basic wage with a minimum of R8 and a R20 ceiling.



## NEWS IN BRIEF

### *BIDay* Manufacturing up

MANUFACTURING production rose a seasonally adjusted 1,6% in June against year-earlier figures, the Central Statistical Service reported yesterday. *24/8/93*

Manufacturing production was also 0,05% higher than in the first half of last year. The increase could be attributed to improved production of textiles (up 4,8%), plastic products (6,4%), motor vehicles (3,5%) and in "other manufacturing" industries (14,5%), the CSS said. Electrical machinery and transport equipment industries registered the largest decreases for the period. *(182)*

### *BIDay 24/8/93* Decrease in strikes

MID-year strike statistics were markedly lower than last year's, the Manpower Department said in its August Labour Focus. *(182)*

Between January 1 and June 30 there were 160 strikes, compared with 219 for the same period in 1992. Altogether 19 534 workers went on strike, costing the economy 125 477 mandays and causing a R6,657 084m loss in wages.

### *BIDay* Protea Chemicals

ABOUT 100 members of the Chemical Workers' Industrial Union (CWIU) embarked on an illegal work stoppage yesterday over wages and disciplinary action on demonstrations against Protea Chemicals' joining the Chemical Industry National Provident Fund, CWIU official Susan Tilley said. *24/8/93*

Executive director of the Germiston factory, Tony Wetton, said management was trying to resolve the dispute. *(182)*

REPORTS Business Day Reporters, Sapa

# R1bn needed or farmers go bust

*BIDay 24/8/93*

DIRK VAN EEDEN

PRETORIA — Unless the livestock farming industry received an immediate injection of about R1bn in state aid, 70% of livestock farmers would go bust, Red Meat Producers' Organisation manager Gerhard Schutte said yesterday. *(269)*

The organisation's economist Fritz de Jager said more than 70% of all livestock farmers owed more than 15% of their capital employed. Under current conditions it was impossible for these farmers to service their loans through farming.

Earlier this month Agriculture Minister Kraai van Niekerk announced an R81m government aid package for livestock farmers in extensive grazing areas to maintain core breeding herds. A further R50m was granted as low interest production loans.

This fell far short of the more than R1bn requested, but the meat organisation understood these subsidies had to come from an already strained national budget, Schutte said.

No statistics were available on livestock farming rentability, but

farmers probably earned less than 2,5% profit on capital employed, making it far more profitable to leave capital in an ordinary savings account than to farm, De Jager said.

In real terms, gross income for cattle farmers in 1991 was about the same as in 1975 and had fallen since. However, production inputs had increased dramatically.

US and European livestock farmers received huge subsidies from their governments, making it cheaper for SA to import meat in the short and medium term. But, if current GATT negotiations were implemented, it would not be economically viable for these governments to continue subsidising meat production on the current scale. This would lead to substantially higher meat prices on the international market, making importation a less attractive proposition for SA.

Meat imports would not only have a negative impact on SA's balance of payments, but would also lead to the destabilisation of rural areas, De Jager said.

## Airlink announces 10% fare increase

*BIDay 24/8/93*

STEPHANE BOTHMA

AIRLINK Airline will increase fares on its Johannesburg-Richards Bay route by 10% to R660 from September 1. *(269)*

Escalating operational costs, including a rise in the fuel price, higher passenger levies at state airports and an increase in air navigational services charges forced the increase, Airlink sales and marketing manager Karin Egly said.

In January, Airlink gave an undertaking to absorb any operational costs on the route for a period of at least six months.

Egly said that now, almost nine months later, the airline faced a situation where it had no option but to pass some of the rising costs on to passengers.

## Cut-rate domestic airline on the cards

*BIDay 24/8/93*

STEPHANE BOTHMA

Robertson said he was in the process of putting investor groups together to raise R50m capital to buy five 164-seater Boeing 727-200 aircraft from the US at R10m each.

Despite the existing excess capacity in the domestic market, with SAA, Flitestar and Comair already serving the two routes, Robertson said he was confident Lionair would be a success. *(269)*

"Figures we have run — only on a passenger service without any cargo

— have showed us that we will have an annual turnover of R300m, of which R200m will be running costs and R100m profit," he said.

He said he intended to keep overheads low by leasing the aircraft to Lionair and by running a "no frills" all-economy seat service.

Robertson, who yesterday officially applied to the Directorate of Civil Aviation for a licence to operate the service, said he could start flying on November 1 if other airlines did not oppose his application to the Licensing Board.

A CAPE Town businessman has set out to raise R50m from local investors to start a new domestic airline targeted at black and lower income white travellers.

Lionair would offer return fares between Johannesburg and Cape Town at R600, and at R300 between Durban and Johannesburg to compete directly with buses, trains and minibuses, MD Neil Robertson said yesterday.

Advance booking rates on the routes could be as low as R200 return to Cape Town and R100 to Durban.

SAA <sup>(269)</sup>  
27/8/93  
upgrades  
Tel Aviv  
service

By AUDREY D'ANGELO

SAA — which takes delivery of its new Boeing 767-200 plane on Saturday — will use it to improve its services to Tel Aviv and Lisbon. It will fly to both destinations twice a week from next month.

It will also use the plane to introduce a new twice weekly service to Dubai in October, to meet growing business and tourist demand.

Janie van Vuuren, SAA public relations officer in the Western Cape, said the new flights were part of a restructuring of the airline's routes. All European destinations would now be served twice a week.

"Market research showed there was a demand for more frequent flights. We are able to offer these using smaller, fuel-efficient aircraft."

The new daylight service to Tel Aviv, by way of Larnaca, will be on Sundays and Tuesdays. It will start on Sunday, September 5. The aircraft will leave Johannesburg at 10am and arrive in Tel Aviv at 8pm.

The return flight will be at night, leaving Tel Aviv at 9.45pm and arriving in Johannesburg at 8am.

The new non-stop service to Lisbon will leave Johannesburg at 10am on Wednesdays and 11.55pm on Fridays. It will start on Wednesday, September 8.

The new service to Dubai will start on October 21, with daylight flights leaving Johannesburg at 10.30am on Mondays and Thursdays. The return will be at night, leaving Dubai at 11.40pm.

Janie said SAA had become more competitive on the Cape Town to Johannesburg route by using smaller planes.

For purely domestic flights between the two cities it was now using the fuel-efficient A 320 Airbus. It had bought the first of seven in November 1991. The seventh was due to arrive next month.

Airlines are also competing on packages. SAA is now combining with Protea Hotels to offer a package holiday in Mauritius which includes a free flight from D. F. Malan airport to Johannesburg.

The package price of R2 905 per person sharing includes flights and seven nights accommodation on a dinner, bed and breakfast basis at a choice of five Protea hotels in Mauritius.

The package is available until the end of November. But it must be booked and paid for by September 11.

## Commercial airports 'months away'

THE long-awaited commercialisation of SA's nine airports is still months away.

Two companies — the Airports Company and the Air Traffic & Navigation Services Company — were formed at the beginning of this month to take over the airports. *By Day 30/8/93*

The Airports Company was placed under the guardianship of the Transport Department, the SAP and the Public Works Department, which would manage the terminals for about six months to give the company time to set up management structures, MD Braam Loots said. *(269)*

He said a board of directors had been appointed and that the company had to be operational by March next year.

Air Traffic and Navigation Services had made a start, with a management meeting arranged for next month, but CE Jerry

ROBYN CHALMERS

Coetzee said it was "still early days".

The privatisation plan has been in the pipeline for more than 18 months, since Transport Minister Piet Welgemoed first announced it, and finally got going at the beginning of the month.

Taxpayers have footed the bill for airports, which lost money for years. Sources say the terminals drained the state of up to R40m a year.

This is mainly because several departments have been involved in operating the airports with little control over costs.

Government has given the two companies a once-off subsidy of R100m. When this is depleted, their income will be derived from landing, parking, air traffic and passenger service charges.

# R155m deficit wipes out SAA domestic profit

STEPHANE BOTHMA

SAA operated at an overall loss of R78m in the past financial year despite a profit of R77m on the airline's domestic service, SAA CE Mike Myburgh said yesterday.

Announcing Transnet's results for the year to March, Myburgh said SAA's bottom-line loss was due to a R155m deficit on the international service. **B/Day**

"This overall performance level ranks as one of the better (performances) in the world," Myburgh said, adding that a recent survey had shown SAA to be the world's eighth most profitable airline. **2/18/93**

The implementation of "Project Success" — a restructuring of routes and cost and staff levels — during the second half had reduced an estimated loss of about R1m a day to a loss of R78m for the year.

SAA had an annual turnover of R3,009bn with an operating profit of R129m. However, finance costs of R207m had left the airline with a loss of R78m.

On the international side, Myburgh said, SAA had not been immune to the worldwide economic recession which had affected the entire aviation industry. **(269)**

Not only did the expected influx of foreign tourists not materialise as a result of domestic political turbulence, but the number of carriers flying to SA had increased substantially, he said.

Although the number of passengers carried by SAA on international routes rose 20% compared with the previous year, due to new routes, increased competition from other international airlines — with resultant pressure on air fares — contributed to the reduction of SAA's bottom-line return on international business.

Domestically, SAA bashing had become very popular, Myburgh said.

"This probably results from the hysterical claims of SAA's major domestic competitor," he said, referring to Flitestar's allegations that SAA was government subsidised, was non-profitable on its domestic service and had not made room for domestic competitors.

SAA was grateful for domestic competition which had substantially improved service and cost structures.

SAA does not receive government as-

To Page 2

**SAA**

**B/Day 2/18/93**

From Page 1

sistance in any form. SAA is not subsidised by Transnet. This has been subjected to three separate and independent audits and the Minister, in discussion with the Transnet board, has indicated that he is satisfied in this regard."

Referring to domestic capacity, Myburgh said SAA operated within Competition Board directives. **(269)**

"From comments made recently it would seem that competitors expected SAA to withdraw from the domestic market in their favour. This expectation ig-

nores the responsibility to continue providing a quality, cost-effective passenger and freight service to the SA market."

Finally, Myburgh said, it seemed anomalous that at the same time that SAA and Comair were reporting and achieving highly satisfactory results in the domestic market, and Lionair was applying to enter the market, Flitestar was reportedly incurring substantial losses.

"If they wish to win the game they should stop scoring own goals," he said.

# Transnet's loss up sharply to R1,74bn

B/Day 31/8/93

EDWARD WEST

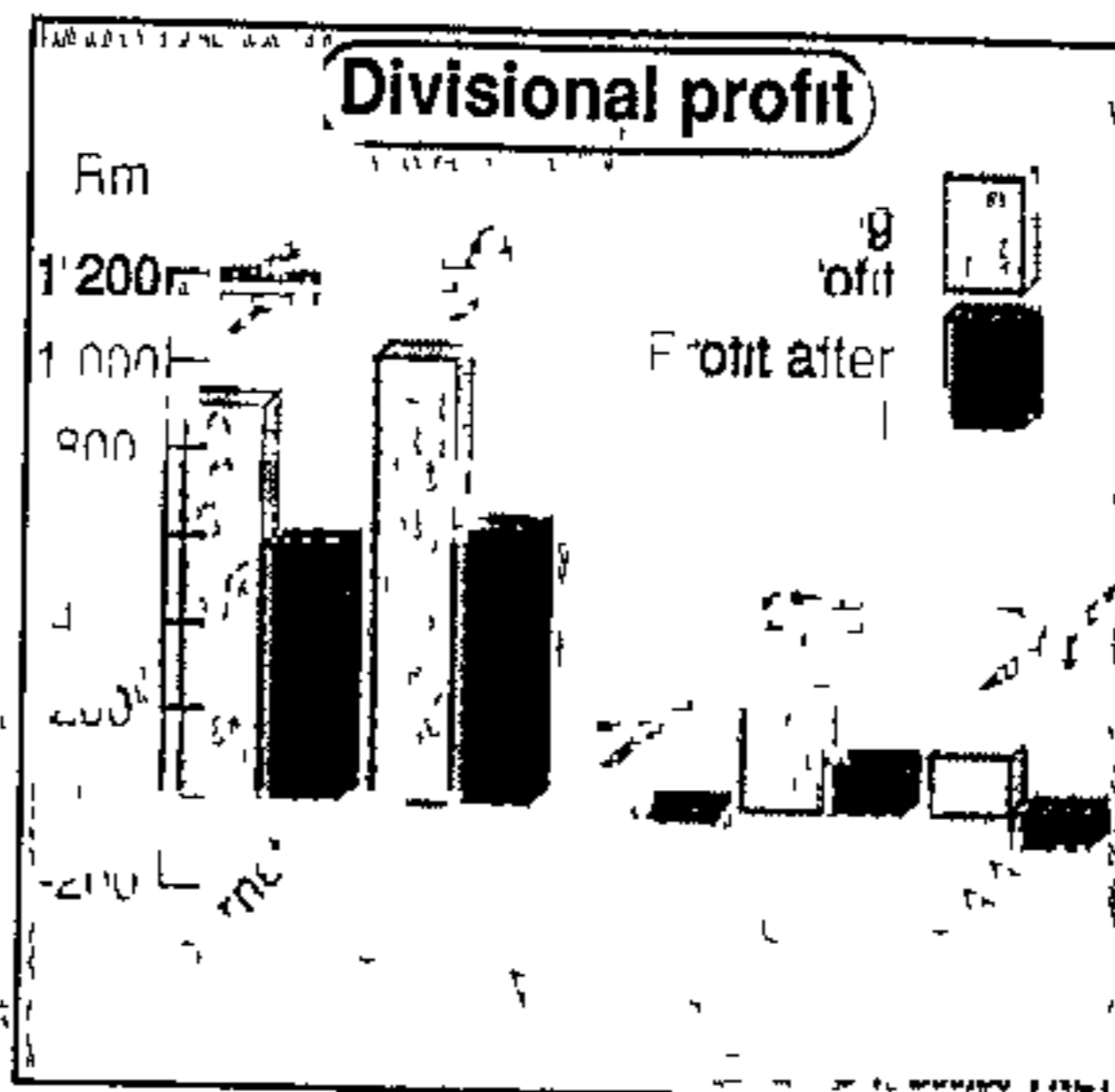
TRANSNET posted a sharply increased loss to R1,74bn (R90m) in the year to end-March after pensions and severance pay wiped out a near doubling of net income derived from its air, road, rail and pipeline transport and harbour services.

The state-owned enterprise lifted turnover 10% to R13,52bn (R12,31bn) in its third year of commercialisation. Profit generated at operating level climbed nearly a third to R2,38bn (R1,82bn).

Net income after finance costs amounted to R1,12bn (R644m). The group paid a non-recurring cost of R831m for more than 27 000 voluntary severance packages and the re-deployment of 15 000 employees, which cut profit to R285m (R644m).

However the major burden to group profitability was a commitment to strengthen the pension fund deficit. Funds paid to reduce the deficit amounted to R2,03bn over the past year which pushed the group into a loss-making situation. (269)

MD Anton Moolman said while the deficit appeared daunting, the underlying performance had improved despite the recession and slack demand for transport. The



group budgeted to break even this year.

Divisional performance was disclosed for the first time and harbour operator Portnet proved to be the group's top performer with an operating profit after finance costs of R623m. The road freight business Autonet and airline SAA reported losses after finance costs of R31m and R78m respectively. Rail freight business Spoornet reported a profit of R586m, while the fuel pipeline operation Petronet

□ To Page 2

## Transnet

B/Day 31/8/93

□ From Page 1

achieved a profit of R112m. Portnet's profit was attributed to a record 120-million tons of cargo handled, mainly because of increased coal, iron ore, wood chips and steel exports, and maize imports.

Of the R2,03bn pension fund liability, R640m went to Transnet's pension fund, while R1,39bn was allocated for pensioners of the previously state-run SA Transport Services (Sats). Moolman said Transnet believed that the Sats allocation should be viewed as a government responsibility the same way that the Telkom and Post Office pension funds were. The issue was being reviewed by government. (269)

A year ago Transnet faced a deficit of R10,47bn (1990: R17,18bn) on pension funds, but benefit formulas were scaled down

reducing the deficit to R6,5bn. Moolman said the deficit was the result of government control over the funds on a fixed investment basis, which failed to generate sufficient income before the group's commercialisation.

Transnet's return on assets climbed to 6% (4,4%) over the past year, which was below inflation, but the group was confident of further improvement this year.

Reasons for confidence included higher transport income, reduced salaries and labour costs, income from the sale of some of its 44 000 properties, productivity improvements, reduced financial and pension fund benefits and a more selective approach to capital expenditure.

● Picture: Page 3

Star 3/18/93

# SAA cancels contract with Ukrainian pilots

■ BY BRENDAN TEMPLETON

About 50 Ukrainian pilots, whose employment by South African Airways caused an outcry over safety in the industry, are to fly home soon.

SAA said yesterday it had decided not to renew its contract with the Air Navigational and Transport Agency of Ukraine (Antau). (2/19)

The decision followed resistance by SA pilots to the use of the Ukrainians as several near-accidents had occurred due to language difficulties.

SAA cargo senior general manager John Hare said he was sorry to see the operation ending because SAA had been able to expand its routes and improve its cargo services while working with Antau.

"It seems, however, that Antau is not covering its costs and is unable to continue its operations," he said.

South African pilots said earlier that their jobs had been

threatened by the Ukrainians who, they claimed, undercut local operators by ignoring restrictions on flying hours.

SAA, the biggest local employer of pilots, is heavily oversupplied with air crew and planes because of increased competition and the downturn in the economy.

Local pilots said earlier that language differences had resulted in communication problems.

SAA spokesman Leon Els admitted earlier this year that 24 Ukrainian pilots had been allowed to fly in South Africa for six months before being given a language test — which they failed. The men were then sent back home.

Antau was also able to acquire an exemption to a rule which normally requires South African operators to use aircraft which are registered locally. It was thus able to fly its Antonov-32 and Ilyushin-76 freighters with their licences validated in South Africa.

*Operating profit nearly doubled*

# Transnet shedding weight

**TRANSPORT** giant Transnet still languishes in the red. But it's doing a lot better if extraordinary items are excluded and it expects to do better still in its current financial year.

■ BY JOHN SPIRA

Transnet, disrobing fully before the public for the first time, reveals a still bulging midriff, with, however, distinct signs of improving definition.

In its all-out bid to grow leaner and trimmer, the state-owned enterprise nearly doubled operating profit to R1,1 billion in the year to March.

But special provisions of R2,8 billion — principally for retrenchment and pensions — resulted in a bottom-line deficit of R1,7 billion.

For the current financial year, MD Anton Moolman reveals that Transnet has bud-



**Anton Moolman . . . market-driven and customer-focused**

geted for an operating profit of R2,05 billion — a figure which would more than offset the R2,03 billion allocated to strengthen the pension fund for Transnet and Sats pensioners.

Moolman notes that in the first three months of the 1993-94 financial year the group

had performed in line with the budgeted figure.

It is currently "slightly behind" budget, but he is confident the ambitious target will be achieved.

An analysis of divisional contributions shows that of Transnet's turnover of R13,5 billion, more than half

(R7,3 billion) came from Spoornet, R3 billion from SAA, R2,1 billion from Portnet, R412 million from Petronet and R340 million from Autonet.

Further down the line the respective contributions change dramatically.

Group profit after financing costs totalled R1,1 billion, with Portnet chipping in the bulk (R623 million), followed by Spoornet (R586 million) and Petronet (R112 million).

SAA incurred a R78 million loss, and Autohet was in the red to the tune of R31 million.

In terms of profit as a percentage of turnover, Portnet comes out tops with 30 per cent, slightly ahead of Petronet's 27 per cent.

The profit figures are derived without allocating the pension fund liability among divisions — an exercise which Moolman says isn't feasible.

He believes Transnet has reached the turning point of its commercialisation process, pointing out that while the huge deficit appears daunting, there is a considerable underlying improvement in the group's performance, despite the recession and slack

31/8/93

demand for transport. "Turnover, value-added and operating income all showed impressive growth of which most companies would be proud of in these times, and is a reflection of being market-driven and customer-focused."

Downsizing Transnet has been a major factor in the commercialisation process. In the past year Transnet redeployed in excess of 15 000 employees and more than 27 000 accepted voluntary severance packages.

Employees now number 125 500 versus 156 060 in mid-1992 and 279 000 in June 1982.

Operating profit translates into a return on assets of 6 percent (4,4 percent the previous year).

Transnet contends that the R1,4 billion it has had to allocate to account for pensioners of its predecessor, Sats, should be viewed as a government responsibility and treated in the same way as the Telkom and Post Office funds were.

Moolman says the issue is under review by a government committee.

2109

# SAA beefs up regional airfreight capacity

269

CT 19/93

JOHANNESBURG — SAA has completed the conversion of one of its Airbus A300 aircraft to an all-freight configuration to meet demands in the air cargo industry.

SAA said this was only the second aircraft of its kind in the world. The Airbus A300-F4 started its dedicated freight schedules on Thursday last week with its first flight from Johannesburg to Kinshasha.

The aircraft, with a capacity for 40 tons of cargo, will be used mainly on SAA's regional routes and when necessary, on charter flights to domestic or international destinations. Regular scheduled charter flights to Luanda, Lusaka, Brazzaville and Kinshasha would be resumed immediately.

In addition to the newly converted Airbus A300-F4, SAA would also charter two Douglas DC-6 aircraft for the airline's domestic routes for freight from a Namibian cargo company. — Sapa-AP.



# Air transport to be investigated

Business 21/9/93

STEPHANE BOTHMA

GOVERNMENT has appointed a committee to investigate the current state of SA's deregulated domestic air transport market.

The committee's brief included recommendations on the possible restructuring of government's deregulation policy if required, committee chairman and Civil Aviation commissioner Japie Smit said yesterday.

The appointment of the committee follows close on the heels of a series of discussions between Flitestar and authorities about SAA's domination of domestic aviation. (269)

Flitestar had made several calls for the urgent levelling of the playing field, and said it might have to withdraw from the market if SAA did not decrease domestic capacity and increase fares.

SAA also had to run an economically viable operation, Flitestar said.

However, Smit said he did not view the appointment of the committee as an indication of a crisis in domestic commercial aviation.

The earlier Competition Board investigation into anti-competitive practices in the market would not be duplicated, he said.

But the board's findings would be considered, he added.

"The market has been deregulated for the past two years and government decided that the time was right to look at exactly what had happened

in this period"

The committee would look also at deregulated aviation markets in other countries, he said.

Flitestar director Joggie Vermooten welcomed the appointment of the committee, but would not confirm industry speculation that pressure on government by the airline had prompted the move.

"But, since February last year, we have been questioning certain aspects of the handling of the deregulation policy," Vermooten said, adding that several other players had echoed Flitestar's grievances.

Smit said the committee would consult a wide range of interested parties, including foreign airlines.

Findings would be reported to government as soon as possible.

Smit said current applications by new airlines to enter the domestic market and those by existing operators to extend services would not be affected by the investigation.

The process of granting licences would continue as usual and the only requirement by Civil Aviation for a new entrant to launch a domestic airline was a safe and reliable service, he said.

Smit said members of the committee would all be officials of the Transport Department.

Star 2/9/93

## Four men shot dead in train attacks on Reef

■ BY BRONWYN WILKINSON

Police shot dead a man and wounded three others when they were attacked on a train at Grosvenor station in Johannesburg yesterday.

And on the East Rand, the bodies of three men were found in a railway coach between Kwe-sim and Germiston.

Police said commuters heard shots fired in the carriage near Wadeville station. (269)

In the Grosvenor station attack, plainclothes policemen were attacked by a gang.

One of the policemen tried to fire at an attacker, but his gun jammed and the attacker grabbed it. Shots were exchanged and the attackers ran through the train. Three people, including the man who took the gun, were arrested.

The body of the man shot by police lay in the second carriage. Police put the body in a waiting room on the platform. A trail of blood led to the platform.

# Fuelling up on red ink

(269)

It takes a brave man to claim that SA Airways' R78m loss for fiscal 1993 will be turned into profit in 18 months, as CE Mike Myburgh did this week when parent company Transnet released its annual results

Few of the world's airlines operate profitably. Together, they lost US\$11,6bn in the past three years — more than their combined profit in the preceding 50 years

How depressed is the industry? Though SAA lost R155m on its international service, partly offset by a R77m profit on its domestic services, Myburgh claims that it was recently rated the eighth most profitable airline in the world (eighth least unprofitable is probably more accurate). That's perhaps what makes him confident that he can turn its fortunes around in less than two years

When Myburgh became CE in April, SAA hadn't shown a profit on its domestic services for five years, even though it had enjoyed a monopoly on the main routes for most of that time (*Business & Technology* August 27). Any profit came from the high, regulated fares on the international routes

Then the poles were reversed. SA's skies were opened up in 1991 just as foreign countries began to lift sanctions

Since then, the number of airlines flying in has increased from 26 to 43. At the start of financial 1993, SAA was losing more than R1m a day

Myburgh accepts that SAA's adaptation from operating in a totally regulated environment to operating in a deregulated environment was too slow, but claims there were mitigating factors. SA returned from isolation, which "should have brought us a lot of tourists, but didn't; instead it brought us a lot of competition"

Though SA didn't get the 20% increase in foreign tourism predicted by Satour and SAA, the number has been growing over the past few years. Satour statistics show a 10,1% jump in overseas tourists from March 1992 to last March, and there was a 10,9% increase in the first four months of this year, compared with the same period last year

SAA's problem is that it has to share these tourists with all the airlines now flying in. It

once handled all the Far East traffic, but now has only 27%, with China Airlines, Singapore Airlines, Cathay Pacific, Qantas and Air Malaysia taking the rest.

But Myburgh has a plan. Costs have been slashed, largely because of the huge voluntary retrenchment programme recently completed. The domestic operation, after operating unprofitably until last October, is in the black. Five aircraft have been sold, more might be sold this year, and three modern, fuel-efficient aircraft will be acquired this year. One will be leased, two bought

There is plenty of work for Myburgh on the international side. He is gradually doing away with former CE Gert van der Veer's goal of showing SAA's orange tail at as many international airports as possible and is concentrating on flying only to profitable destinations. He has concluded code-sharing agreements with other airlines on marginal routes — for instance, with Varig, the Brazilian carrier, to Bangkok and with Austrian Airlines to Vienna. These agreements allow SAA and a partner to sell seats on aircraft operated by either.

More code-sharing agreements are being negotiated, but he won't name them until after the lucrative Christmas season

Flights to more profitable destinations — Lisbon, Tel Aviv, Hong Kong and Australia — will be increased and Dubai will be added. "We will also attack the market

aggressively. Our flights of fun, where everyone on a flight can win a prize, will start soon and we will improve our frequent-flyer benefits"

It may have taken three years but Transnet, which was commercialised on April 1 1990, has learnt that in the private sector, where it now operates, transparency is the best way to soften criticism

Though most large companies release results three months after year-end, Transnet's five-month delay is a one-month improvement over last year. And this year's results have more information than last year's.

When releasing last year's report, MD Anton Moolman said a benefit of being in the private sector was that there was no need to divulge subsidiaries' earnings. Time has proved him wrong. Divulging SAA's losses has stilled speculation that pegged them as high as R400m for the year.

This year, the group's soul-baring was

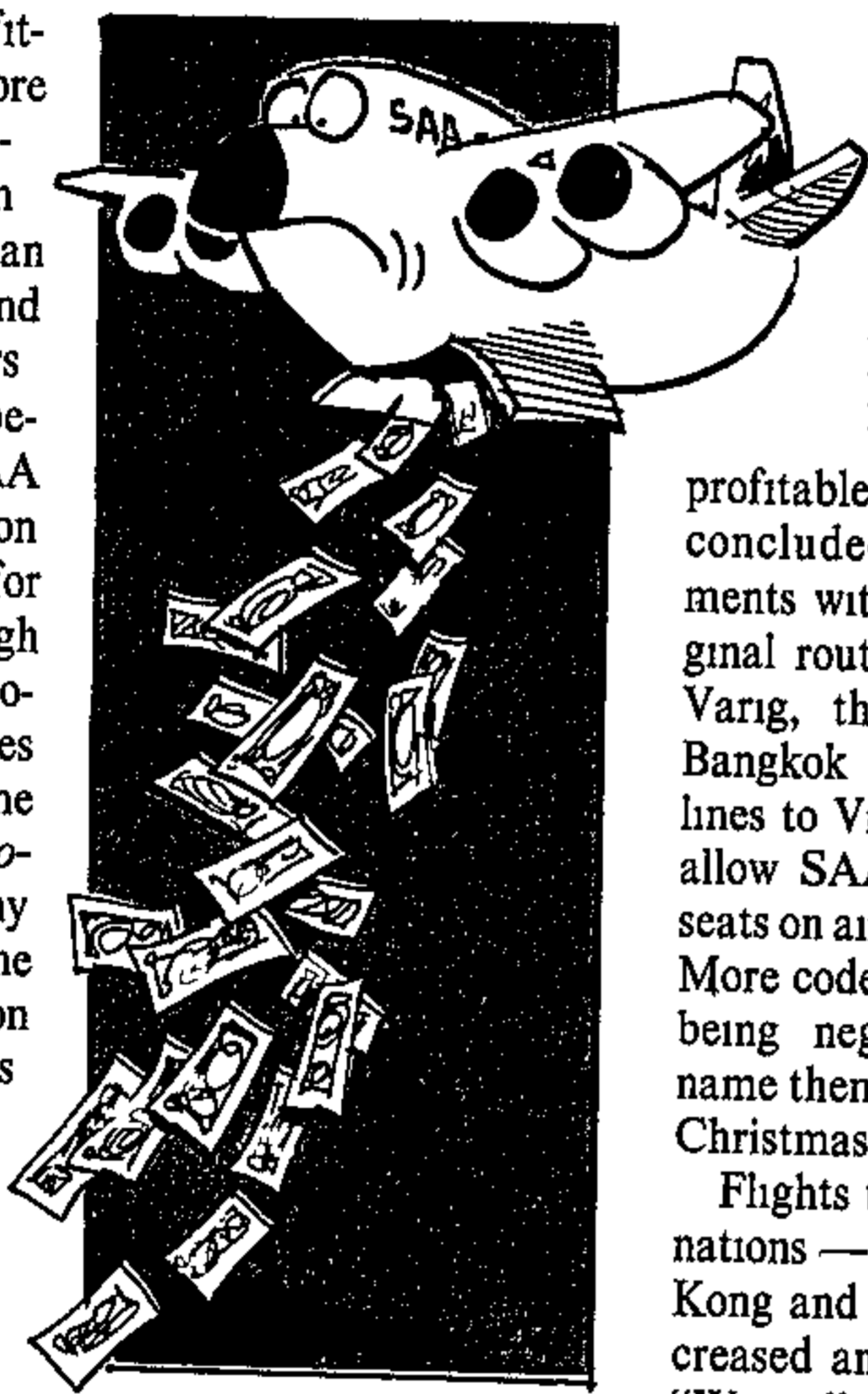
comprehensive. It lost R90m in financial 1992 and R1,7bn in 1993. But the report did not detail the subsidiaries' activities as completely as Transnet's predecessor, SA Transport Services (Sats), did in its annual reports, which itemised each passenger and ton of goods conveyed by rail, road and air.

The subsidiaries' results for the year under review were all there but little or no mention was made of past performances. The exception was Spoornet. Its results go back to 1991, Transnet's first financial year

The group turned over R13,5bn (R12,3bn the previous year) and showed an operating profit of R2,4bn (R1,8bn), which dropped to R1,116bn (R644m) after a deduction for finance costs of R1,26bn (R1,17bn).

"Rightsizing," or pruning the workforce by 27 000 during the year, cost a one-off R831m in severance pay and brought the profit down to R285m (R644m). The bugbear was picking up the R1,3bn tab for Sats' pension fund, making a total R2bn charge this year (R734m). That wiped out whatever profit was left and resulted in the R1,7bn loss.

Chairman Marius de Waal said being forced to "pay for the shortfall in the pension fund for the pensioners of the former Sats and for their medical expenses is debilitating and weakens our balance sheet". He said government had been asked to grant Transnet the same concession it made during the commercialisation of the SA Post Office and Telkom — to "carry the pension burden of pensioners prior to founding." ■



# COPS FIRE ON COPS



COMING TO SA ... Eddie Murphy has promised he will join the Michael Jackson tour.

## Jacko visit in jeopardy

A SURPRISE element of the Michael Jackson concerts take place in South Africa is that megastar Eddie Murphy will join the entourage

However, yesterday the SA promoter of the two concerts scheduled for the end of September announced that Jacko's visit was in jeopardy because of the star's poor health but that he would know by tomorrow if the tour would go ahead

The two shows scheduled for South Africa were sold

out within hours this week and some City Press readers who had stood in ticket queues for hours said they had spent almost a week's wages on tickets

Anant Singh, who flew to Singapore to confirm Jackson's tour said on his return that the star's management had advised all promoters around the world that the tour dates could be affected by the star's health

## White officers released train killers - Popcru

By MOSES MAMAILA

PLAINCLOTHES cops this week shot at a Jo'burg-bound train filled with commuters and later shot at cops who tried to arrest them. The rogue cops surrendered shouting that they were cops, but were later set free by four white senior officers

This was the shocking allegation made to City Press by the Police and Prison Warders' Civil Rights Union (Popcru). Popcru Transvaal secretary Kenneth Nthombeni said a member of their organisation had witnessed the incident

"Police killed one commuter and injured two others in the shootout"

The witness - a constable - told City Press that after the shootout four white police officers - a Captain Kloppers, a Colonel Snyman, a Captain Dawson and a Lieutenant Theron - ordered the release of the three plainclothes men

This was after the plainclothes cops had produced their police ID cards

However, police spokesman Major Eugene Opperman vehemently denied the allegations. He said that plainclothes policemen on the train had been attacked by commuters

He said the policemen had returned the fire and killed one man and wounded two others

Opperman challenged the Popcru member to make a sworn statement "to the police" for investigation or to make a statement to the Goldstone Commission

The eyewitness told City Press he boarded the train at Kiptown Station with a colleague. They were wearing their uniforms but were not armed

"Just after arriving at Grosvenor Station, some commuters who saw me standing at the door shouted that Inkatha was attacking them and appealed for help," he said

"Fortunately there were uniformed policemen based at New Canada who were patrolling the train. As I was not armed I rushed after them and alerted them about the attack in the coach where the comrades had been chanting their slogans

"Within a very short period we were at the coach where the attack on commuters was occurring. The terrified commuters appealed to us to arrest the three gunmen who were shooting at them

"As we advanced on the three attackers they opened fire on us and the armed uniformed policemen returned fire. Suddenly the attackers produced police ID"

3 1993

## SAA launches second weekly flight to Oz

Business Editor (269)

SAA will introduce a second weekly direct flight to Australia from October 31.

It will leave Johannesburg every Sunday at 11 am, arriving in Perth at 2.25 pm and in Sydney at 10.35 pm.

CT8/9/93

The return flight will leave Sydney on Sunday night at 11.15pm and Perth at 1.15am, arriving in Johannesburg at 6.05am.

A spokesman for SAA said: "Since the reintroduction of SAA's flights to Australia in January 1992 this route has grown rapidly in popularity."

# Safren holds fall in earnings to 12,3 percent

Star 9/9/93  
(269)

**Company: Safren**  
**Sector: Industrial Holding**

**SHARE PRICE: R77**      **MARKET VALUE: R4,2 billion**  
**YEAR HIGH: R100**      **PER RATIO: 14,2**  
**YEAR LOW: R71**      **Dividend yield: 3,3%**  
**Net asset value: R31,66**

Year to	Turnover Rm	Operating Profit Rm	Attributable earnings per share (c)	Dividend per share (c)
1991	4 369	680	565	237,5
1992	4 283	710	617	255
1993	4 478	666	541	255
% Change	4	-10	-12	-

BY STEPHEN CRANSTON

A turnaround at Safmarine and a lower tax rate caused Safren to report a 12,3 per cent fall in earnings to 541c a share in the year to June.

This was ahead of management predictions of an 18 per cent fall.

The dividend has been maintained at 255c.

CE Buddy Hawton says the group has been affected by the weak international and local economies, with both cargo volumes and freight rates being down on last year.

Its listed subsidiary Kersaf was also affected by violence and by competition from unregulated casinos. Its contribution to Safren fell by 10 per cent to R124,5 million.

Wholly owned Safmarine remained the largest contributor, with its earnings down 12 per cent to R130,2 million.

Hawton says changes in the corporate tax rate and a release of a proportion of the deferred tax provision gave a R48 million boost to Safmarine's earnings.

There were further benefits from the disposal of two handy-sized vessels.

Safair was hit by a change in accounting policy to account for revenues from Angola on a cash-received basis rather than an accrual on invoice.

Associate Flitestar made a larger loss than in the previous year, partly because SAA is over-providing capacity on the main domestic routes.

On a positive note, Safmarine's liner traffic has picked up since the start of the current financial year.

Rennies saw its contribu-



tion fall by six percent to R42,8 million. It was helped by the maize import programme in the first half, but this did not entirely offset depressed cargo volumes.

Significant capital expenditure in Sun International and Safmarine led to an increase in depreciation from R210,4 million to R286,6 million, but both groups continued to be strong cash generators, with cash holdings up from R390 million to R611 million.

The effective tax rate fell from 26,5 percent to 15,5 percent, helped by the favourable allowances granted to Sun International on its hotel and resort developments.

Hawton says Safren is not considering changing its structure or unbundling.

Safren looks quite cheap at R77, which gives a P/E ratio of 14,2 and a 3,3 percent dividend yield.

27 9/9/93  
**Vodacom nets  
Telkom car (269)  
phone network**

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

The sale was not put out to public tender.

# SAA adds new Boeing to fleet

THE latest addition to SAA's fleet — a new Boeing 767/200 — now being used on services between Johannesburg and the Mediterranean — touched down at D F Malan airport last night.

It is being used on domestic flights on some weekdays until it is needed for a new service to Dubai starting on October 21.

SAA's public relations officer in the Western Cape, Jamie van

Vuuren, said that the 200-seater plane, which left the Boeing factory in Seattle on August 24, has been leased from LAM Mozambique Airlines for a year.

The lease can be extended. Leasing the plane is part of SAA's programme to rationalise equipment and routes and cut operating costs.

"It is more profitable and cost effective for us to use a 200-seater plane for twice-weekly ser-

vices to destinations like Lisbon, Tel Aviv and Dubai than a 300-seater plane once a week," he said. (269) 970/9/93

"This aircraft is very safe and fuel-efficient," said Brian Wallace, one of two flight captains.

It is one of the first to be fitted with a Collision Avoidance System — a new electronic device which shows when another plane is approaching and advises on evasive action to take.



# Toll fee increase next month

TOLL fees are to increase at the beginning of next month by about 6%, hard on the heels of next week's 7c/ petrol price hike.

However, the good news for motorists is that toll fees will be less for cars towing trailers and caravans.

Motorcyclists will still have to pay the same toll fees as cars, despite the weight difference.

Transport Minister Dr Piet Welgemoed said yesterday the average

6,1% increase was needed to cover inflation and April's VAT increase.

The Automobile Association welcomed the lower fees for trailers and caravans but said it was concerned that the opportunity had not been taken to consider the plight of motorcyclists, who were still required to pay the same tariffs as car drivers.

At the Huguenot Tunnel outside Paarl, the toll for all light vehicles

(269) CT 11/9/93  
will be R8,00, as opposed to the current fees of R7,20, R10,80 and R14,40, the toll for heavy vehicles with two axles will be R20 (R19), for heavy vehicles with three or four axles R31 (R28,50 and R38) and for heavy vehicles with five or more axles R51 (R47,50).

However a motorist with a trailer would in future only pay R8,00 as opposed to up to R14,40 before the adjustment. — Political Staff, Own Correspondent

# Farmers up in arms over terrible road conditions

The Argus Correspondent

MARITZBURG — Some country roads were so bad that people drove next to them instead of on them, Hlobane farmer Andries van der Westhuizen said during an angry Natal Agricultural Union debate on roads

The union's congress reaffirmed its call for the government to rededicate the fuel levy for the immediate funding and maintenance of Natal's road infrastructure.

Mr Van der Westhuizen said some tar roads were so potholed that people had to drive slowly on them

Another Northern Natal farmer, Mr Koos Erasmus of Swartmfolozi, said some Natal rural roads were hole upon hole "een gat op die ander" and were worse than those in Kwa-Zulu, Free State or the Transvaal

Dr Carl Seele, of the SA Timber Growers' Association, said a dedicated fuel levy was the fairest, easiest way to finance road building and maintenance. In this system, the user paid.

Mr Warwick Barnsley, of Lions River, said a dedicated road levy was needed to allow second and third tiers of government to identify where the infrastructure was "falling to piece" and to repair it.

Mr Sathie Naidoo, MEC for Roads, said the problem was not that the Natal Roads Department was getting a smaller slice of the cake, but that the cake was getting smaller, largely because of the recession.

Another source of anger was the unreliable country telephone system. Mr J de Villiers of Pongola said that some farmers who ran big businesses and needed up-to-the-minute information to make big decisions lost money because of the unreliable telephones.

Zululand pineapple farmer Mr A Bisschoff said that, while huge advances in telecommunication technology had taken place South African farmers had to make do with a primitive, unreliable system. Telkom's monopoly should be broken so that more efficient systems could be introduced.

(169) ARG 13/9/93

Blood on the tracks (above) a victim of train violence and (right) home can be dangerous as well.

# Avoiding the death queue is a tricky business

*Sowetan 14/9/93*

**By Musa Zondi**

**B**LACK COMMUTERS in this country are faced with a very difficult choice every morning they leave home for work or travel from work to home.

The choice is which death queue they pin their hopes on. Will it be safe to be on a train or will it be safe in a taxi today?

Will Putco be the better choice or the bicycle or the motorbike? What about walking or maybe hitching a lift in a private car?

These are the life-and-death questions. A colleague who stays on the East Rand says every morning the question of safety crosses his mind.

"But you can die anywhere. It does not really matter where you are or what mode of transport you are using," he said.

As he enters the taxi he uses every day, he thinks: "This could be your last ride" If you are in a taxi, you can die under a hail of gunfire from faceless attackers who are never caught by the police

This is what happened in Wadeville on Wednesday last week

This might sound like a sick idea, but *Sowetan* went to areas where people take transport to work. Looking at the faces of those people, bright and beautiful in the spring morning, we couldn't help but think that they might not make it home.

## ■ SAD TIMES *No matter which way*

*we turn, death is never far away:*

**You can die anywhere. It really does not matter where you are or what mode of transport you are using.**

The crispy clean and expensive clothes might be drenched in blood later in the day as these people bleed for crimes they know nothing about.

Little packets of Smarties and other goodies that these people will bring home might be strewn all over the road after the taxi, or whatever form of transport, has been ambushed.

The waiting husband or wife might have to wait forever. The children might have to wait forever. It is an unending, waiting game.

It does not really matter what form of transport you use or what class of society you fall into. What matters is the colour of your skin

You can die anywhere. You can

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also die under a hail of machine gunfire as taxi owners fight it out. You can die while alighting from a Putco bus. You can be shot while waiting for transport to take you home'

If you are lucky enough to get home, a car might just drive up as you walk to the door of your home and its occupants, faceless thugs, pump you full of lead.

### Lucky enough

But if you were lucky enough to get into your house and have supper with your family, try and enjoy it while you can, because you and your family might not wake up in the morning

If your idea of drowning your sorrow is visiting a shebeen, then people in Sebokeng will tell you that this is not safe either. A lot of people have died while playing parley-parley with holy water. You can die in a night vigil while going to pay your last respects to those who died in a hail of bullets.

These days, you can die practically anywhere. It is just a matter of timing.

Be at the right place at the right time and you will survive. Be at the wrong place at the wrong time and you are dead meat—literally and figuratively

But you will never know what the right place or the right time is—unless the gods are on your side.

# Transport audit yields accounting irregularities

State interests were 'not safeguarded'

ARL 14/9/93

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**CHRIS WHITFIELD**  
Political Staff

THE Auditor-General has found widespread and serious "deficiencies and shortcomings" in accounts of the Department of Transport.

In the summary of his special report on "specific issues" in the department, signed on July 27 and tabled in parliament yesterday, Auditor-General Henri Kluever said: "The risk of irregularities and the possibility that the department was in fact exploited by bus operators is unacceptably high."

"The interests of the State were also not safeguarded" he said.

Mr Kluever also reported "several shortcomings and deficiencies" in internal checking and controls at Jan Smuts Airport. The report said outstanding landing and passenger service fees at the end of last year amounted to R10,7 million and R3,8 million respectively.

Press reports on corruption of waste running into hundreds of mil-

lions appeared, however, exaggerated. He said the report had been issued after media allegations.

In findings on the payment of bus commuter subsidies, the report found "serious shortcomings in the procedures and control measures", including.

● Deficient external audit certificates and a failure to submit them on time. "Of the 32 certificates examined only a small percentage were of any value."

● Deficiencies in the procedures for determination of tariffs. In one case it was found that subsidy tariffs differed by 91,4 percent for two separate bus operators on the same route.

● Deficiencies in the internal checking of subsidy claims. It pointed to two claims from operators for assistance with cash-flow problems where both were found to have cash surpluses, and,

● Shortcomings in accounting. This placed "serious restrictions" on audits on, for example, double payments and "the completeness of payment transactions."

The report also raised concerns over directorships given to political office-bearers, officers of the department and "a certain bus company."

A former Deputy Director-General of the department had been a director of "a certain transport company" while holding office. The report said this "led to a situation definitely not regarded as desirable."

Turning to Jan Smuts Airport, the report found security was not obtained for all leases and concession contracts and renewal procedures and conditions of payment were not always strictly adhered to.

It said checking and control over landing and passenger service fees "in general seem to be good, but the recording of collectable amounts and collection delayed."

In his "summary and conclusion" Mr Kluever said "According to the audit evidence available, it would appear that the allegations at the time and the reports in the media, were exaggerated. However, irregularities and exploitation by bus operators was unacceptably high."

# 'Going off the rails'

## Auditor-General slams Transport Department

### POLITICAL STAFF

The Auditor-General has found widespread and serious "deficiencies and shortcomings" in accounts of the Department of Transport.

He has also slated the bus commuter subsidy system and the administration of Jan Smuts Airport.

These were all issues raised in exclusive articles which appeared in The Star during February and March.

The allegations at that time were described by Transport Minister Dr Piet Welgemoed as unjustified. He threatened legal action and filed a

complaint against The Star with The Press Council of South Africa. The complaint was subsequently withdrawn.

On March 15 police raided The Star building in Johannesburg to search for documents relating to alleged corruption in the Department of Transport. Police found no documents falling within the categories referred to in the warrant and left.

In the summary of his special report on "specific issues" in the department, tabled in Parliament yesterday,

**REPORTS in The Star of shortcomings in the Department of Transport have been confirmed by the Auditor-General**

Auditor-General Henri Kluever added "The risk of irregularities and the possibility that the department was in fact exploited by bus operators is unacceptably high (and) the interests of the State were also not properly safeguarded throughout."

He conceded that the report had been issued as a result of allegations in the media, including a report in The Star on February 12.

Kluever also reported "several shortcomings and deficiencies" in internal checking and controls at Jan Smuts Airport. The report said outstanding landing and passenger service fees at the end of last year had amounted to

R10,7 million and R3,8 million respectively. In his findings on the payment of bus commuter subsidies, the report found "serious shortcomings in the procedures and control measures", including:

- Deficient external audit certificates and a failure to submit them on time.
- The 32 external audit certificates examined only a small percentage were of such a standard that they could be of any value in the verifying of subsidy claims.

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## 'Going off rails'

### From Page 1

1991/92 financial year. On March 16, The Star reported that the Government had over the past three years paid more than R35 million in compensation to a private bus company despite the fact its buses were not running because of a 10-month boycott.

The company was Bophuthatwana Transport Holdings (BTH), a subsidiary of Bophuthatwana Transport Investments

### To Page 3

(BTH). The Star had revealed that Dr Welgemoed and prominent civil servants had either served on or were still on the boards of the BTH group.

Kluever's report also raised concerns over directorships given to political office-bearers, officers of the department and "a certain bus company" and said "there could be some merit to the further consideration of the principles involved here".

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## Two dead after attack

TRAIN attacks claimed two more lives on the Reef on Monday, police said yesterday. *Sowetan*  
Police spokesman Major Joseph Ngobeni said the body of a 30-year-old man and two seriously injured men were found near Mzimhlophe in Soweto at about 6 25pm. One of the seriously injured men later died in hospital. The other, Mr Joseph Ngubane (23), is still in a serious condition. — *Sowetan Reporter and Sapa*

15/9/93 (269)

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# Transport 'to address deficiencies'

By Day 15/1/93

TIM COHEN

CAPE TOWN — The Transport Department yesterday defended itself against irregularities identified in a special auditor-general's report, saying Cabinet had recently condoned past impropriety and given it more flexibility in the phasing out of bus subsidies.

Transport Minister Piet Welgemoed and director-general C.F. Scheepers highlighted Auditor-General Henri Kluever's finding that reports of large scale corruption in the department were "exaggerated".

Procedural deficiencies highlighted in the report which had not been attended to would be addressed as a matter of urgency in conjunction with the auditor-general's office, they said.

But they also took a swipe at the office, saying: "It is heartening that the auditor-general has now found that his own official was mistaken in his assumptions."

The comment refers to Press reports quoting a former member of the auditor-general's office who alleged large scale corruption.

The report noted that bus companies received differing subsidies for identical routes and that subsidies had been increased in contravention of Cabinet directives.

According to the Transport Department, it recently submitted a report on instances over the past two years where circumstances necessitated deviation from the Cabinet's guidelines.

A committee under the chairmanship of the Transport Department's director-general, appointed 12 months ago,

was attending to problems regarding public transport and the subsidisation of public transport passengers.

The aim was to develop a better system than the existing one, the statement said.

Welgemoed said he had publicly committed himself to take action against any official who had committed fraud. No such evidence was presented in the report.

Sapa reports that the CP called for Welgemoed's resignation yesterday.

CP transport spokesman Joseph Chiole stated him for not exercising sufficient control over bus subsidies and questioned the wisdom of his decision to have airports managed by two companies instead of one.

DP transport spokesman Wessel Nel said the report showed "astounding incompetence even by the appalling standards of the current government".

Expenditure on bus commuter services for 1992/93 alone was about R600m. "This is not petty cash and it is unbelievable that a department can run such a scheme without bothering to institute proper controls," he said.

# Powerful councils mooted

By Day 15/1/93

GAVIN DU VENAGE

THE CP-dominated Transvaal Municipal Association has proposed that executive councils be created with authority over all municipalities within their jurisdiction 15/1/93

Chairman Koos le Roux said the plan was an alternative to the Local Government Negotiating Forum's call for interim appointed structures. The forum wants all councils to be dissolved and replaced with non-racial appointed councils jointly controlled by civic associations and elected councillors.

Le Roux said the executive councils would consist of representatives from existing local authorities of all races, including repre-

sentatives from the civics. The proposal was part of a package handed to Local Government Minister Frans Delpont on Friday.

Le Roux said the executive councils would remain in place during the interim phase. These would be replaced by new structures that would emerge from a new dispensation, he said.

Yesterday government put its proposals for transitional local authorities to the local government negotiating forum. One suggestion was to set up executive councils if no agreement was reached, or if opposition prevented the implementation of structures.

**WICKS**  
 Mike Street Limited

DRADS ON VS 91QUEUE PRINUM 1004 00-1004

THE TRANSVAAL MOUNTAIN COAST (S.A.)

# Fears over upsurge in train violence

Friday 15/9/93

STEPHANE BOTHMA

FORTY-seven commuters have been killed since July and scores injured in a surge in train violence on the Reef.

In May and June eight people were killed

The majority of deaths occurred on East Rand trains, but last night's attack on a Soweto train, which left two commuters dead and 10 injured, sparked fears that train violence was spreading to Soweto.

The Inkatha Freedom Party said yesterday that the victims of the attack, which took place between New Canada and Mzimhlophe stations, were all residents of the Marafe hostel in Soweto and Inkatha supporters

West Rand Inkatha regional secretary Humphrey Ndlovu warned that Inkatha would not accept responsibility for the "holocaust" that would ensue when hostel dwellers lost patience with being denied access to trains.

Witwatersrand police yesterday admitted there had been a recent upsurge in train violence which almost

come to a complete halt earlier this year when railway authorities stepped up security at stations and in coaches with police assistance.

"It is difficult to determine the cause of recent attacks, but it seems that criminality played some part," a spokesman said.

Ndlovu said the ANC, in line with the organisation's campaign to marginalise hostel residents, was stepping up its "horns of the bull" strategy to isolate hostel communities.

However, ANC spokesman Carl Niehaus last night denied the Inkatha claims, stressing that his organisation did not have a policy of taking part in train violence.

He said many ANC supporters had also lost their lives on trains and the organisation had repeatedly expressed its outrage and concern about train killings.

Last year, 277 people were killed and 532 were injured in 438 incidents

of train violence in the PWV area. The previous year, 92 incidents left 57 commuters dead and 218 injured.

From January this year to yesterday, 76 commuters had been killed and 78 injured in 89 train attacks.

Forty-six of the deaths occurred in the past two and a half months.

Police also reported yesterday that they had found the bodies of four victims of East Rand violence in Katlehong and Thokoza, Sapa reports.

Two men were shot dead with AK-47 rifles in two incidents, and a third was found with a neck wound in Mandela Park, Katlehong. The fourth victim was found with burn wounds next to a railway line in Katlehong.

The East Rand Council of Churches said yesterday it would bury and give a memorial service today for 32 unidentified people who had died in East Rand violence. The service would start at 10am at Thokoza's Methodist Church.

Those to be buried have been lying at Germiston mortuary since May.

## State fails to prove case against Soweto man

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for advisors





# SA airport bar to US firm

CT 16/9/93  
Own Correspondent

JOHANNESBURG. — America's largest aviation company is being prevented from making a multi-million rand investment in South Africa because of a Transport Department regulation which, the industry claims, is designed to protect SAA.

AMR Holdings has so far failed to obtain a licence to pro-

vide ground handling services at South African airports despite direct appeals to Transport Minister Dr Piet Welgemoed, an AMR spokesman said

AMR is prepared to invest about R330 million in equipment, and terminal and cargo storage buildings if it is granted permission to provide airport services to the newly formed-

Airports Company, he said.

However, the Airports Company, formed recently by the government, operates under a policy that only SA domestic airlines with a domestic air service licence can provide ground handling services

Civil Aviation chief director Mr Stewart Huckwell strongly denied the policy was aimed at protecting SAA.

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## Only three train strife convictions

Star 16/9/93

■ BY CHRIS WHITFIELD  
POLITICAL CORRESPONDENT

Cape Town — Only three people have to date been successfully prosecuted following police investigations into 580 incidents of train violence over nearly two years. The figures were made available by Law and Order Minister Hennis Kriel in written response to a question tabled in Parliament by Durban Suburbs Labour Party MP Luwellyn Landers. (269) (21)

He revealed that 580 incidents of train-related violence had been reported to police and investigated during the period from July 1991 to May 28 this year. However, there had been only three successful prosecutions. "Two persons were convicted for murder and one for attempted murder," said Kriel.

■ More than 3 250 ANC or Umkhonto we Sizwe members were arrested for "crimes of violence" during a 12-month period, Kriel said yesterday. He was responding to a question tabled by independent Overvaal MP Koos van der Merwe.

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# African airlines are 'exploited by industry'

31 Day 17/9/93  
(269)

STEPHANE BOTHMA

GABORONE — African airlines have to pay more for equipment and services because of a general bias against them by aircraft manufacturers, financiers and insurers, African Airline Association secretary-general Ahmed Mohammed said yesterday.

Mohammed told the annual Air Finance for Africa conference the unreasonable business terms forced on African airlines (with the exception of a few, including SAA) had contributed to making these airlines' operating costs higher than the global industry average.

Insurers claimed the reasons for higher insurance premiums to African airlines were higher risks related to training and maintenance standards, he said.

Most African airlines were constantly placed in a no-win situation and were being unfairly exploited, Mohammed said.

Steve Anderson, director of Sedgewick Aviation — the UK-based specialist aviation division of insurance broking house Sedgewick Group — partially backed Mohammed's claims.

He said Africa still had a "Third World" tag in the minds of underwriters although the majority of African carriers were now operating new generation aircraft. "If we

review the past 10 years of total (aircraft) losses for Africa against Europe, the tag is certainly not justified."

He said a study had shown that European carriers were a far greater drain on underwriters' financial resources.

Mohammed said aircraft manufacturers sought higher purchase prices from African airlines and financing sources — if they were available at all — demanded higher interest rates.

Political risk insurance had become an increasingly vital component of all financial deals for African airlines.

Mohammed said financing institutions appeared to be creating double standards for African airlines. "Through repossession insurance, deficiency guarantees, and maintenance reserves, banks generally take no business risks when it comes to lending in the continent."

When negotiating operating leases African airlines were required to put up funds for maintenance reserve, maintain special deposits equivalent to three to six months' rent and absorb considerable ferry costs.

A similar situation was encountered in the insurance market, he said.

# 'Secret stopover' is still unexplained

MIKE LITTLEJOHN

Weekend Argus Correspondent

NEW YORK. — What was the secret of SAA Flight 201 and why was the aircraft diverted far from its normal Johannesburg-New York route to pick up 50 passengers at dead of night in Jamaica, where the airline does not have normal landing rights?

The odd events occurred last week and are still unexplained by tightlipped officials. But angry passengers, who were unable to leave the plane at either Montego Bay or Miami, are still seething over their unexpected 22-hour journey.

A South African UN official says people boarding the aircraft at Jan Smuts on September 9 were handed a letter. This stated that the flight

ARG 18/9/93 (269)  
would not follow the normal route through Ilha do Sal, "due to SAA having some 50 passengers on board, bound for a mystery destination."

This destination would be the interim stop and "during the course of the flight your captain, Dave Hoidge, will keep you informed," the letter said.

The document included this strange sentence: "We assure you that the safety and well-being of our passengers are of paramount importance to us and cannot and never will be jeopardised."

The UN official on board rejected as false the statement that the 50 bound for a "mystery destination" explained at Jan Smuts. He claimed that they were a shadowy group that entered the aircraft at 4 am in Montego Bay.

## Seas policy ideas ready

(269)  
RECOMENDATIONS for a national maritime policy for South Africa are being studied by the Department of Transport and will go to the cabinet

This was announced yesterday by Transport Minister Piet Welgemoed, who said the committee of inquiry appointed last year had completed its report. — Environment Reporter

ARG 22/9/93



Seven different access control systems have been installed by the SA Rail Commuter Corporation at the Johannesburg station and Dube station in Soweto, above, to study their effectiveness in countering train violence. The turnstiles and metal detectors are designed to prevent people carrying weapons from boarding trains. Picture: GARTH LUMLEY

## SA train security measures pay off with fewer deaths

SECURITY measures implemented by the SA Rail Commuter Corp at a cost of R140m over the past year have decreased the number of deaths on Reef trains by 35% and the number of injuries by 45%

The increased police presence on trains and railway stations and the establishment of close links with community organisations had also contributed to the drop in violence, the corporation's MD Wynand Burger said yesterday

Addressing a seminar on security in Johannesburg, Burger said before the start of the carnage on the East Rand in August, the number of deaths and injuries on trains had been 60% lower than for the same six-month period last year.

The corporation had also immediately implemented the recommendations of the Goldstone commission submitted to Transport Minister Piet Welgemoed in July last year, by:

- Deploying a newly formed "rail guard" — a specially trained armed security force whose role it was to protect commuters;
- Fencing off all railway stations in the Johannesburg metropolitan area, and
- Developing a new hi-tech, high-security train

The corporation yesterday introduced seminar delegates to a variety of access security systems — designed to prevent a person carrying any weapons from enter-

ing a station platform — currently being tested

The systems had been installed at Johannesburg station and Dube station in Soweto earlier this year, and research was being done into which of the systems was the most effective.

Once one of the systems was selected, it would be installed in phases at all high-risk stations, Burger told the seminar.

Concerning the high-security train, Burger said extremely expensive features had been built into the carriages. The corporation planned to have 40 of these train sets in service on the Reef during the course of this year.

The trains would have new "hopper" windows, with the lower half fixed and the top half hinging inwards to an angle of 30 degrees, which would prevent commuters from being pushed out by perpetrators of violence

By the end of this month, 40 full trains would have the new windows at a cost of R12m

At the same time, 53 full trains would be fitted with new security end and side doors at a cost of more than R9m

Trains would also be fitted with integrated communication systems and closed-circuit television systems.

## Anxious pup

BLACK matric pupils court anxiously awaiting tomorrow's announcement of a final date for their exams, the Department of Education (DET) said yesterday. The department said that pupils from various sectors had been

After a year of teacher strikes and class disruptions, a range of organisations have asked that the originally scheduled for October be postponed for two weeks. The department said that pupils have a chance to make up for

DET deputy director-general said consultations about arrangements had intensified, but it was no easy task to co-ordinate the many players involved.

He said more than 360 000 registered to write their final exams, a high proportion of these had written with their teachers and were writing their final exams on

## Bomb scare del

AN unidentified caller last night delayed the first public address in SA by an official PLO representative by issuing a bomb threat.

PLO ambassador to Zimbabwe Ali Halimeh was due to address a gathering of the SA Institute of International Affairs at Jan Smuts House on the Wits University campus. No sooner had guests taken their seats

## Fewer overseas visitors in July

THE number of foreign visitors to SA in July this year dropped by 0,4% compared with the same month last year, according to data released yesterday by Central Statistical Services (CSS).

In July this year, 51 236 foreigners visited the country against 52 156 people in July 1992, a 0,4% decrease.

The figures covered overseas visitors who entered the country through its three main airports, Jan Smuts, Louis Botha and DF Malan

According to the CSS, about 80% of foreign visitors entered and departed from SA through these three airports

JOHN DLUDLU

However, between January and July this year the total number of overseas visitors increased by 12,5% compared with the same period in 1992.

Unlike in the past, tourist data also included the visitor's country of origin. All those who did not state their country of origin had been excluded from the calculations.

CSS official Alida Castleign said yesterday she believed the drop was seasonal and normal.

"Traditionally, in July very few visitors come here because of the weather conditions which are usually

very cold. But the figures pick up in subsequent months as the weather improves."

She did not discount the continuing violence as a cause for the drop in the number of foreign tourists but said the extent of violence as a contributory factor to the drop would only be reflected in the August figures.

The data showed a decrease in the number of visitors from European, African and Oceanic countries. However, there was an increase in visitors from North America and Asia in July this year, compared with the same period last year.

## Cellular pho

frightened speculative trading. Commenting on losing the star chairman Jack Saulez, Telecom Finland, were very disappointed. Our part very disappointed. Our part Telecom Finland, were very cause our solution was a g

He was surprised there was operation between govern ANC. "This is an enormous lots of room for many play black participation is possi

Vodacom CEO Alan Kr the competing companies better prices and services Telkom's services would be

"Government will also will make lots of money ou

## East Rand

"All the shops surroundi have been burned, the railr

# 3 die in Soweto train attack

AT LEAST three people, including a woman, were killed and nine others injured when gunmen opened fire on train commuters at Soweto's Ikwezi Station last night (26/9/93).

Five suspects, including one in possession of a 7.65 pistol, were arrested at the station, Major Johan Steyn of the Soweto Unrest Unit said.

Many spent cartridges from 9mm, Tokarev and 7.65 pistols were found on the platform. Police said the train from Johannesburg stopped at the station about 6 20pm. About five gunmen who were also on the train opened fire with pistols.

A Soweto ANC peace desk official who helped to rush the injured to Baragwanath Hospital, said according to survivors, the attackers waited at the station for the train. Some of them managed to escape in the chaos that ensued.

Star 1/10/93

## More die at Soweto stations

One person was killed and another three were injured when gunmen opened fire on commuters at Soweto's Phefeni and Dube stations last night.

Ndoela Sikhakane (35) died instantly.

Bongani Dlamini (27) and a man known only as Beki are in a serious condition in Baragwanath Hospital, according to a hospital spokesman.

The spokesman said the third man had been discharged yesterday, but another man, who had allegedly been injured in the same attack, had been admitted this morning. (2/69)

Police said the gunmen opened fire on people on the platform at Phefeni Station at about 9.30 pm, injuring two people, then got on a train to Dube Station where they shot dead one person. (2/69)

On Wednesday evening four people were killed and 16 injured when gunmen opened fire on train commuters at Soweto's Khwezi station.

Police said yesterday they expected to make arrests in connection with the Khwezi attack — Crime Staff.



## BRIEFS

### Shootings on Soweto trains

SIX people were killed in train shootouts in Soweto this week in what appears to be a resurgence of the dreaded train massacres of last year.

Some observers fear the renewed attacks may bring back violence to the otherwise relatively peaceful Soweto. *CIPASSO 3/10/93*

In the first attack, three people were killed and 16 others wounded when gunmen sprayed train commuters with bullets at Ikwezi Station on Wednesday evening.

In another attack on commuters, two people died after being shot at Dube station on Thursday.

The first victim died on the scene while the second died later at the hospital. *(269)*

Police spokeswoman Karla Tredoux confirmed both attacks and added that five suspects have been arrested in connection with the first attack.

The alleged train killers are expected to appear in the Protea Magistrate's Court tomorrow. *(278)*

Condemning what he termed "a well calculated" attack on Inkatha members, Inkatha leader Humphrey Ndlovu said the attackers knew their targets.

He said the two men attacked at Dube station were card-carrying members of Inkatha.

Spoornet  
Rolling stock  
3/10/93  
Buss

**By DON ROBERTSON**

A MAJOR rationalisation programme at Spoornet will see millions of rands worth of rolling stock mothballed, sold or hired

3/10/93  
The rolling stock, considered a "treasure for the future of SA" with a replacement value of R34-billion has been built up over many years, but a considerable surplus has developed because of the economic downturn (269)

Spoornet will also review its electricity and diesel usage, running at about R1-billion a day each and reduce its spare part inventory by 25% over the next two years

Assistant GM (rolling stock) Frank Nicholson says wagons, long-distance passenger coaches and locomotives are valued at R8-billion. About R900-million is spent on maintenance a year.

The latest moves are expected to reduce the increase in maintenance costs to 6% a year over the next three years, compared with between 13% and 14%.

Mr Nicholson says rail traffic, of which about 85% is related to freight, including the Richards Bay coal line, has tailed off sharply. In 1982, the rail line moved 205-billion tons per kilometre travelled. It has fallen to 160-billion tons.

The division is responsible for 151 000 wagons, of which 17 000 will be mothballed. The wagons will be stored in yards and on lines not in use and will require 300km of rail line.

The rolling stock division has about 2 200 electric locomotives in use. The plan is to mothball 300. About 200 will either be stored, sold or hired to neighbouring countries. Spoornet has had enquiries from Swaziland, Botswana, Zambia, Zimbabwe and Malawi, as well as from Kenya, Sudan and Ivory Coast.

The first group of countries operate on the same rail gauge as SA, but alterations would be needed if the locomotives were sold to countries north of Zare.

# New levies may fund transport

CT 7/10/93 (269)  
Municipal Reporter

FOUR possible new taxes at metropolitan level have been suggested as solutions to the lack of funds from the state for transport improvements.

The proposed taxes — which need not all be put into effect — were mentioned as possible solutions in a Metropolitan Transport Advisory Board report before the town planning committee yesterday. They are:

- A surcharge on vehicle licences, starting at 20% and rising to 50%.
- A levy on fuel, starting at 2c a litre and rising to 5c.
- A tax on parking establishments, of R20 a bay per month.
- A rates-type tax on new business and industry, amounting to 1% of the municipal valuation of new non-residential buildings.

These suggestions will be put to all local authorities in greater Cape Town for comment. Without their approval, the proposed taxes will be far less likely to be implemented.

Administrator, Mr. Kobus Meiring, however, has indicated he would support vehicle licence, fuel and parking levies.

# Three held after four train commuters shot dead

■ BY LEE-ANN ALFREDS

Four people were killed and three injured when gunmen opened fire on commuters on a Soweto-bound train at Grosvenor Station, Mayfair, Johannesburg, yesterday.

Within minutes of the 6 pm attack, three men were arrested at nearby Langlaagte station after being pointed out by witnesses. Two women, who had firearms concealed in

their clothing, were also arrested.

Two homemade guns, an automatic pistol magazine with three rounds of hollow-point bullets and other weapons were confiscated, Witwatersrand police spokesman Colonel Dave Bruce said.

Bruce said a Metro Rail guard was stabbed and thrown off the same train at Braamfontein station shortly before

the attack.

Several people who survived the attack said the killers were "Xhosas who had come from the next coach".

While police searched for clues, a tense stand-off developed between IFP members and commuters in the neighbouring coach.

The stand-off was defused when a large contingent of police accompanied the "Xhosa"

commuters to another train. The IFP members occupied a coach at the other end of the same train.

■ In another incident, a man was stabbed and thrown off a train at Longdale station yesterday.

A source told The Star that a suspect, who had an illegal firearm in his possession, was arrested on the scene shortly after the attack.

Star 15/10/93

# New company hopes to cut airport losses

■ OWN CORRESPONDENT

With losses spiralling, South Africa's six major airports are to be placed under the control of Airports Company, a newly formed State company, by March 31 next year.

Company chairman Jan van den Berg said at a news conference at Louis Botha Airport that the airports were running at a loss of about R60 million a year.

Only Jan Smuts and the Durban and Cape Town airports were in the black. Those at Bloemfontein, East London, George, Kimberley, Port Elizabeth and Upington were running

at a loss

269  
The company was established six weeks ago to manage, run and develop airports on a commercial basis.

Managing director Braam Loots said the new approach would mean drastic cuts in red tape. "Our top priority is to get management in position, and to get all airport personnel transferred to the new company, as well as airport security," he said.

An important change was in the area of security, responsibility for which would transfer from the SAP to a force to be established and run by the company.

# Portnet to investigate 'high' shipping tariffs

RICHARDS BAY — Transnet harbour arm Portnet said this week it would launch an investigation into the allegedly high shipping tariffs structure.

JOHN DLUDLU

Mineral Terminal manager Chris King said the concern would be investigated.

Portnet officials told an annual clients' conference held this week that it had been trying to devise a system to introduce competitive tariffs. The results of the investigation would be announced soon.

Portnet was considering building two general cargo berths at Richards Bay. This would cost R225m.

Portnet Richards Bay MD Glen Martin said there were also queries about delays during cargo delivery at the ports.

An application for this expansion plan had already been submitted to senior Transnet management for consideration. "It's not a question of whether we'll build but when."

To deal with clients' problems, a Client Action Network programme that would serve as a hotline had been introduced.

In response to a question about the privatisation of some cargo berths, Martin said, "We don't think it's a good business decision to privatise some of our berths at the moment."

During the conference, some of the main players in the shipping industry raised concern at the shortage of general cargo berths. Bulk

To improve client service and streamline bureaucratic layers, Portnet had divided the management team into autonomous business units.

# SAA has a new frequent flyer in the bag

10.11  
GROWING demand for express freight space on SA Airways jets has encouraged the airline to come up with a novel way to fill seats **24/10/93**

Following a recommendation from the Competition Board that it cut surplus passenger capacity in favour of troubled Flitestar, SAA is strapping mailbags into the empty seats of late-night and early-morning flights from Johannesburg to the coast.

Executive manager of cargo Charles Fairweather says SAA sees South Africa as the hub for cargo movement by air into and out of Africa. With the lifting of sanctions, it expects more trade with the US, Africa, Europe and the Far East

*S. Times (BUS)*  
**By ROGER MAKINGS**

In preparation, SAA has leased a Boeing 707 and crews from a Texas-based company to supplement its cargo-dedicated Airbus A300. It may hire another twin-engined Boeing 737 as well as a Boeing 707.

The switch to jets is in response to the failure of piston-engined aircraft from the Ukraine and Namibia to carry freight satisfactorily in and outside SA.

Mr Fairweather says: "We are considering a venture with Air Zaire from Johannesburg via Kinshasa to Brazzaville. Also expected is more freight be-

tween Johannesburg and New York."

Another route under consideration is Johannesburg-Mauritius-Colombo.

Mr Fairweather says freight forecasts for this year put international trade up 9% from 92 339 to 100 000 tons, regional loads up 6% from 13 000 to 14 000 tons and a domestic increase of 6% from 45 000 to 49 000 tons.

"SA imports more than it exports by air — about 57% of our freight is imports" **(269)**

Mainly perishables are exported and high value-goods like electronics from Europe and the US are imported. Trade with Africa is picking up, mainly mining equipment, meat and some high-value items being flown out.

# Spoornet aims to bag bigger cement share

S. Times 24/10/93

(BUS)

SPOORNET's cement-carrying division, one of seven dedicated transport operations, has developed a customised rail wagon for bags. It hopes the wagons will restore its share of the market.

Since the deregulation of road haulage, Spoornet has lost business to road hauliers. Its 75% share of the long-distance cement transport market has fallen to 45%.

Cement division business manager John O'Neil asked Spoornet's engineering arm to develop a larger and more adaptable wagon to carry "palletised" cement bags from factories to buyers, but which would be suitable for a fully laden return trip with, for instance, coal.

Building has begun of 450 wagons costing R7,5-million. The work is being done in conjunction with the three

By DON ROBERTSON

major cement producers — Blue Circle, Pretoria Portland Cement and Anglo-Alpha.

The producers have invested R50-million at their plants to "palletise" and pack the bags.

The suspension system of the wagons was upgraded from original specifications and they carry 50 tons, or 880 bags of 50kg each. To prevent the bags from moving while in transit, a movable back plate has been installed. It holds the bags in place and prevents their being damaged.

The order would have cost R135-million if completely new wagons had to be built.

Spoornet's cement division carried about 2-million tons last year in equal amounts of bags and bulk. The transport

of bagged cement is expected to increase to 60% of the total with the new wagons.

The secret of the development is the special packing of the bags, done by the cement companies. By reducing the number of bags on the bottom level, an effective "pallet" is formed and fork-lift trucks can be used for loading and offloading. This does away with labour-intensive handling of individual bags. (269)

It also obviates the need to return empty pallets and reduces the high incidence of theft.

Mr O'Neil says the decision to develop the wagons was taken without any clear indication from the cement cartel that it would use them.

It is expected that the new system will reduce costs and make rail more competitive with road transport.



# SAA hopes for 'merger of all Southern African national airlines'



CF 26/10/93 (269)

SOUTH African Airways (SAA) CE Mike Myburgh hopes for the day when all the national airlines in Southern Africa will be amalgamated in one independent, listed company flying from "a carefully chosen hub" and

not under the flag of any one country

This, he points out, would make economic sense and help them to stand up to competition from the major European airlines currently forming alliances and partnerships

Asked if SAA would take over Air Transkei and Air Ciskei if the independent homelands are re-incorporated in SA, Myburgh said bluntly that he had given no thought to them.

"If they can't stand on their own feet in economic terms it would be better if they disappear

"The whole of Southern Africa has this problem. When a country became independent, then all of a sudden it needed its own airline. There is really no need in economic terms for them all to fly

"Service is fragmented and everybody suffers from overcapacity. Governments have to pitch in to keep their national airline afloat

"It would be so much nicer if Southern Africa could reach the level of maturity Europe seems to be striving for. European countries look on the aviation market as an economic interest and put things together on a natural economic basis."

His vision for the future Southern African airline is of one flying to the rest of the world as "an independent

## ON A DIFFERENT PLANE



by

AUDREY  
D'ANGELO

airline in which everybody has a share and which is tailored to the economic needs of the market.

"We would be able to structure the whole airline industry better, from a carefully chosen hub

"This would help us to deal with the onslaught from Europe. They make a lot of money from Africa"

Myburgh said he did not think this would result in the major European airlines withdrawing from the market in Southern Africa — although they might reduce their frequencies.

● British Airways (BA) opened its new R1,3m international departures lounge at Jan Smuts Airport this month. With fares discounted by every major airline, and accompanying packages growing more and more competitive, the emphasis has switched now to service.

BA aims at the business market and the new facilities at Jan Smuts, beyond passport control, include telephones, fax machines and photocopiers. The airline's GM in SA, Malcolm Freeman, says the showers in particular "have proved to be very popular among those passengers who leave straight from their offices for the airport and would like to freshen up and change before boarding"

# Aliwal tops the speeding bill

WMB-14/10/93  
Mduduzi ka Harvey (269)

IF you're driving through the north-eastern Cape on your holiday, take care! A *Mail & Guardian* survey shows that Aliwal North may be tougher on speeding motorists than any other South African town.

Most lenient is the Eastern Transvaal town of Barberton which, for the same offence, charges R500 less.

The survey, which asked 14 towns: "What fine do you levy on motorists travelling 100kph in a 60kph zone?", revealed bafflingly wide variations in the penalties imposed.

Fines are decided by the chief magistrate in each area.

For the speeding offence in Aliwal North, you'll pay a whacking R600. Carolina is not far behind, with a fine of R500.

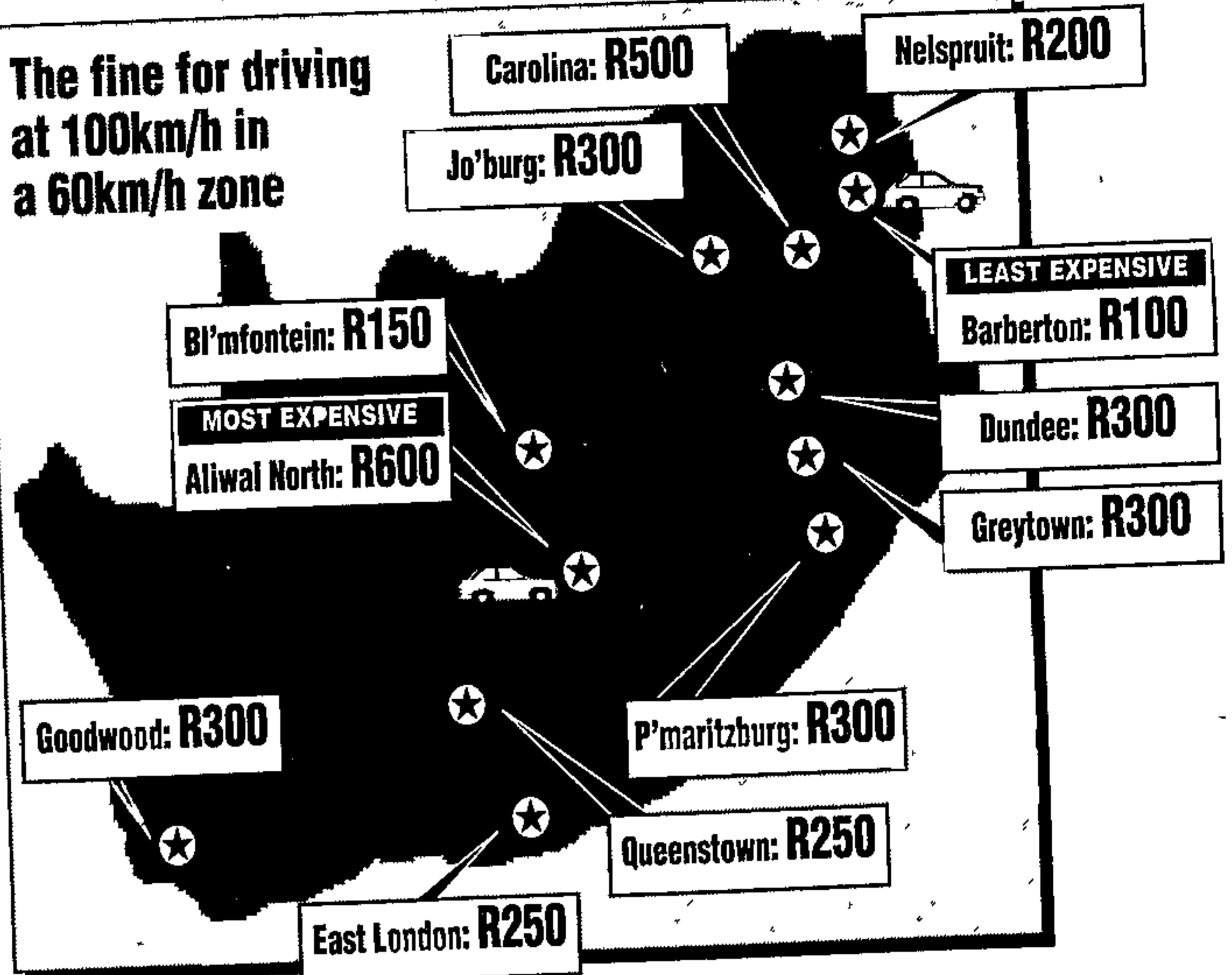
A number of contenders levy fines of R300. They include Goodwood in the Cape, where a R300 fine is imposed for travelling between 100 and 104kmph. The same scale is used in Greytown in Natal. Towns which imposed a fine of R300 for travelling at exactly 100kmph were Parow in the Cape, Pietermaritzburg and Dundee in Natal, and Johannesburg.

East London and Queenstown had to settle for joint fourth position with a fine of R250. Nelspruit was way behind fellow Eastern Transvaal town Carolina, with R200.

The Free State takes a more indulgent view of speedsters. The fine in Bloemfontein was R150. In Ellisras in the Northern Transvaal it was between R100 and R150.

Lowest on the list was sleepy Barberton, with a fine of R100.

## The fine for driving at 100km/h in a 60km/h zone



If you must break the speed limit, do it in Barberton

## Jo'burg brings in the big bucks

TRAFFIC departments are raking in a fortune from fines. Johannesburg tops the list, with an annual income of R30-million.

A *Mail & Guardian* survey on income generated from traffic fines in 10 South African towns shows that their annual income totalled about R71-million in the last financial year.

Second on the list was Durban, which netted R20,5-million between August 1992 and last month. It was followed by Cape Town with an

annual income from fines of R11,9-million between June 1992 and July 1993, Pietermaritzburg, with R4,6-million, and East London, with R1,9-million.

Of the small towns, the biggest money-maker was Parow, which extracted R886 000 in fines in 1992.

Bottom of the list were Queenstown and Greytown in Natal, which earned an annual income of R140 000 and R120 000 respectively.

# Coal terminal blacklists ships

BIDay 4/11/93

MATTHEW CURTIN

RICHARDS Bay Coal Terminal regularly blacklists ships which do not meet its loading regulations, part of a worldwide trend among harbour authorities anxious to maintain standards as competition in the freight business intensifies.

Terminal spokesman Chris Crampton said yesterday the terminal had between 40 and 60 vessels on its blacklist every month, but it was company policy to release the names of the offending ships only to the terminal's shareholders, SA's leading coal producers. ~~SA's~~ (269)

The terminal preferred to deal with ship owners or agents on a confidential one-to-one basis.

He said vessels which docked to take coal but were unable to meet the terminal's loading requirements were automatically put on a temporary blacklist. If the same vessel repeated its mistake, it was placed on a permanent blacklist.

The blacklist represented newly marked vessels as well as past offenders which had not notified the terminal authorities that problems had been rectified or had simply not returned to Richards Bay.

The principal standard which a ship wishing to load coal from the 50-million ton a year Richards Bay facility had to meet was its ability to

"deballast" water in line with the terminal's published loading rates. Ships which failed this test usually suffered from pumping problems.

The terminal, which handled 50-million tons a year, guaranteed loading rates "per weather working day" for cargoes of a minimum of 25 000 tons of coal. The terminal loaded an average of 180 000 tons a day.

Crampton said the terminal could not afford to have ships taking berths without loading coal and "jamming up the works". Other factors might lead to vessels being blacklisted: dirty hatches (exporters had to be sure their cargo would not be contaminated) or a blocked sounding pipe, making it impossible to gauge the size of the cargo.

Once a ship owner notified the terminal that a problem had been solved and certified, the ship would be removed from the blacklist.

He added the terminal was not responsible for policing general safety and other standards which were the preserve of the harbour authorities.

Australian port authorities, after a recent New South Wales commission, and the US Coast Guard were taking a harder line on ensuring vessels met safety and maintenance standards because cut-throat pricing threatened to erode shipping standards.

FLITESTAR vs SA AIRWAYS

# Upset in the making

SA is not following the script when it comes to airline deregulation. When other countries open up the industry and let competition reign, it's usually the government-owned or heavily cosseted private airlines that rapidly lose altitude. Having grown fat on protection, they're no match for more imaginative and aggressive rivals. The now defunct Pan-Am and Eastern in the US, and the money-losing Lufthansa and other State-owned European airlines are prime examples.

Just the opposite has happened locally since deregulation. The privately owned Flitestar was expected to make a quick meal out of SA Airways. Instead the upstart is bleeding red ink while the government-owned airline has trimmed its fat and learnt to adapt to competition. SAA turned a R70m loss in fiscal 1992 into a R78m profit in fiscal 1993, while the much smaller Flitestar has dropped R70m in the two years since it started.

Instead of the stodgy veteran asking for government help, it's the brash newcomer that's calling for a lifeline. Last month, for the second time in a year, Flitestar convinced the Competition Board to investigate whether SAA is competing fairly.

The first investigation ended in January with a recommendation that SAA should reduce its capacity and increase its fares on domestic flights, which it did. The second investigation, expected to be completed in two months, could result in much more stringent recommendations.

But if the result doesn't go Flitestar's way, the airline might not be able to survive for long. It has captured a respectable 22,5% of the market on the domestic routes it shares with SAA, but there's no end in sight to the losses. The three owners — Rentmeester Beleggings, which holds 46%; Safren Rennies Holdings, 37,5%; and Pretoria's De Meuelenaar family, which holds the balance — are not willing to pump more capital into the operation. Money is so tight that advertising has been cut.

Critics point to Comair, which is making money by offering cut-rate flights from Johannesburg to Cape Town and Durban, and conclude that Flitestar's losses must be caused by mismanagement. But Flitestar denies this, quoting a study of Flitestar by international airline consultants SHE that "found that for our size, our cost structures and distances covered compare favourably with other airlines."

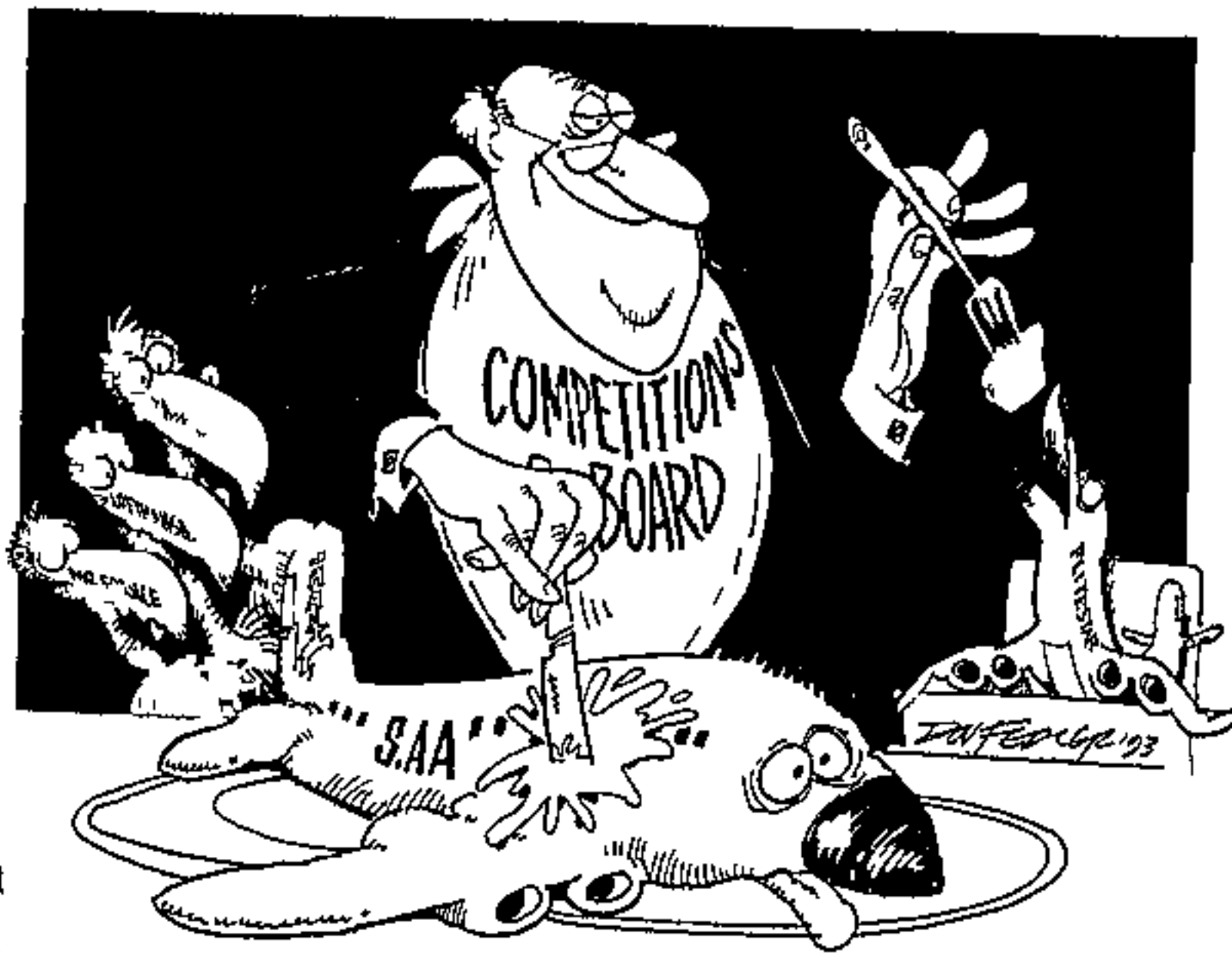
Flitestar claims that it entered the market after undertakings by government that SAA

Fun 5/11/93

would be run as a commercial enterprise and that its capacity would be constrained, at least during a transitional period. If Flitestar can establish that these promises were specific enough to show that a breach has occurred, it may have a case for some accommodation. (269) (275) (282)

If Flitestar folds, the shareholders will lose their entire R500m investment because the airline has no assets to sell. Its aircraft are leased, its offices rented. SAA maintains its aircraft and Safair does ground handling.

But if Flitestar can hold on for another year, it may get help from an unexpected source, the ANC. An ANC government might reverse the NP policy of commercialisation that has made SAA and other State-



owned companies leaner and more competitive than ever. If it uses SAA and the other companies as job-creation programmes and patronage pools as the Nats once did, Flitestar would get a second lease on life.

The Competition Board probe is looking at possible malpractices by SAA "resulting from its dominant position in the domestic air transport market." These possible malpractices could stem from how it handles its frequent-flier programme, corporate discount arrangements, payment of sometimes more than minimum commissions to travel agents, and its computer-reservation system.

Board chairman Pierre Brooks says this investigation will be more formal than the last one. If the finding goes against SAA, Public Enterprises Minister Dawie de Villiers, "may have to declare certain SAA conduct unlawful."

SAA CE Mike Myburgh's feeling is that Flitestar is using its position as the underdog to "get the board to carve pieces off of SAA. I agree that government's attitude should be to help the weaker airline stand on its own two feet, but not at the expense of the stronger one. Flitestar hasn't benefited from the help it was given by our reduction in capacity and increases in fares."

He says Flitestar's complaints about how SAA operates amount to objections against normal business practices. "Flitestar also operates a frequent-flier programme. Corporate discounts can be equated with volume discounts, and paying higher commissions to travel agents is probably the oldest way of doing business."

He denies that SAA's use of its computer reservation system puts Flitestar at a disadvantage. The airlines and local travel agents are linked by a computer system devised by SAA, but there are no specific allegations that SAA has manipulated this system to the other airlines' detriment.

Flitestar says it objects to SAA's frequent-flier programme because SAA has a much larger domestic route system, allowing customers to earn bonus miles on more flights and cash them in to more destinations. This puts Flitestar at a disadvantage, so it wants bonus miles earned on either airline to be good for flights on the other airline. But Myburgh says this would defeat the purpose of the programme, which is to reward customer loyalty.

Flitestar's complaint about corporate discounts is based on its fear that SAA is sewing up all the big corporate customers, such as Anglo American and Barlows. Finally, Flitestar's objection to higher commissions appears to be a red herring, for it gives a 9% commission on all tickets sold, one point more than the minimum, while SAA grants the higher commission only in certain cases.

SAA must be given time to show an adequate return on capital. But Flitestar's own capital inadequacy is not an argument against SAA's practice. Where Flitestar may have an argument is if government is in breach of specific undertakings, especially if it has welched on bringing SAA to full and final privatisation. ■

# Man killed, 16 injured in train attacks

A commuter was killed and 16 others were wounded when they were thrown off moving trains in Johannesburg and Soweto yesterday, police said.

A man died after he and two others were

thrown off a Soweto-bound train at Langlaagte station yesterday.

Another passenger was injured when he was thrown out of a train at Braamfontein station at about 6 pm, police said.

In a third incident, 13

people, including a policeman, were injured when they were thrown off a moving train in Soweto. (269)

These included seven unnamed passengers who were thrown off the train between New Cana-

da and Longdale stations. Six others — Joel Hlogluane (30), Jacob Sefata (35), Thomo Subisiso, Robert Zondo, the policeman and an unnamed man — were later thrown off the same train. — Crime Staff.

# Watchdog body for airports

STEPHANE BOTHMA

A REGULATING committee for airports and air traffic navigation services has been established to set maximum limits on charges levied to passengers and airlines using state airports.

Airport charges will rise when government subsidies are withdrawn next year after the newly formed Airports Company and Air Traffic Navigations Services Company becomes fully commercialised.

In the absence of tempering market mechanisms, the regulating committee was created to protect the public's interest against potential abuse of their monopoly powers by the Airports and ATNS companies, Civil Aviation director Japie Smit said yesterday. (269)

Establishment of the committee, under the chairmanship of Judge Cecil Margo, was a "ground breaking exercise" in SA, Smit said.

"Whereas in the past the state acted as both shareholder and regulator of commercialised enterprises, the committee is the first SA application of the principle of avoiding the conflicting interest of the regulatory and shareholding functions."

The move placed SA in the same league as countries like the UK, where similar offices for the regulation of telecommunications, gas and water affairs existed. *BIDAY 10/11/93*

In addition to periodically establishing maximum limits on charges, the committee would establish and enforce minimum service standards, Smit said. The committee would be responsible for monitoring compliance to its injunctions, conduct investigations into the actions or negligence of the two companies, and hear and act on complaints by members of the public and other interested parties.

Smit said that although charges would rise initially when government subsidies were withdrawn, it was envisaged that the standard of services rendered by the two companies would improve substantially once they were managed as profitable enterprises.

"This will enable the general public and the flying public in particular, to reap the benefits of commercialisation."

# Preparing for the battle of the ports

For years, SA's eight State-owned ports had to mind their own business. They each had to stick to a fixed hinterland and could not compete for cargo. But over the past three years Portnet has gradually devolved control from the headquarters in Johannesburg to the ports themselves. The ports may now operate semi-autonomously and grab as much business as they can from the other ports. It's not clear which ports will end up as losers under the new policy, but one winner is already clearly emerging — Richards Bay.

The port, the country's newest, is in an extremely strong position. Opened as a bulk-handling facility in 1976, it is now the busiest bulk export and import port in Africa, handling nearly 63 Mt of cargo a year. More than half of SA's exports, by weight, are channelled through Richards Bay. Linked by rail to the eastern Transvaal coalfields, it exports more than 50 Mt of coal a year.

But being allowed to compete for cargo is rapidly changing Richards Bay's role as merely a coal terminal. In fiscal 1993, the port handled 972 containers, compared with just 11 in 1990. And breakbulk shipments — such as boxes, steel, granite, logs, paper pulp and products shipped on pallets — have risen from 1,65 Mt in fiscal 1991 to 3,5 Mt in fiscal 1993, which ended March 31.

Richards Bay has its sights set on Durban, just 185 km to the south. Port manager Glen Martin makes no secret about "Durban being our arch competitor."

Durban, the busiest breakbulk and container port on the African coastline, dwarfs Richards Bay in the value and types of cargo that passes through. Durban handled 569 730 containers in fiscal 1993, up from 518 474 in 1991. And it handled 18,4 Mt of breakbulk cargo in fiscal 1993, up from 17,5 Mt in 1991. In all it handled 27,2 Mt of cargo in fiscal 1993.

But Durban is running out of capacity. So unless it embarks on a costly expansion and modernisation project in the next several years, its cargo may become an inviting target for Richards Bay. (269)

Durban, however, is not worried about Richards Bay, at least not yet. Durban's port manager, Rudi Basson, says that if Durban runs out of capacity, "there is adequate space for substantial growth, but at this stage we're not even thinking of a big capital expenditure to protect the breakbulk cargo we have from being pirated away by Richards Bay."

He adds, "Our container terminal, however, will be too small by the end of the century and we'll have to spend more than R100m, at today's values, to upgrade and enlarge it. That will happen anyway. We don't believe we're competing with Richards Bay for container traffic."

Richards Bay argues that it would be more cost-effective for Portnet to upgrade the newer port to handle the increased tonnage, rather than pour more money into Durban. Richards Bay certainly has the space to accommodate more ships. It's bigger than all seven of the other ports put together; East London could fit into its entrance and still

leave room for small vessels to sail into the harbour on either side.

Furthermore, Richards Bay, at 664 km, is closer to Johannesburg than is Durban. It has direct rail links with the PWV through Vryheid and a line linking it to the eastern Transvaal through Swaziland is under construction.

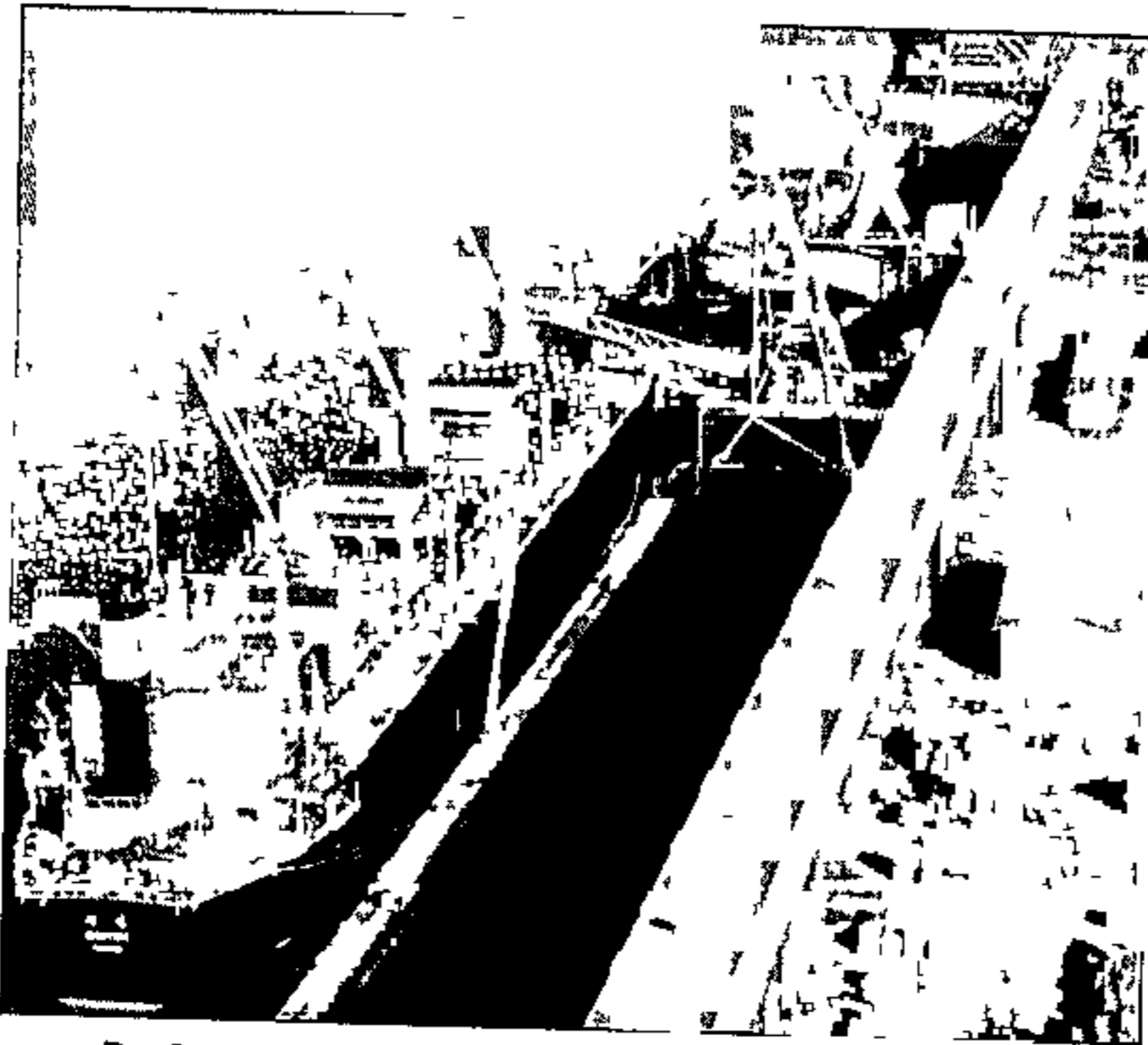
So management has developed an ambitious master plan for the port that envisions a container terminal equipped to handle vessels much larger than the 150 000 t vessels that can call now. It would also become a hub port for unloading cargo and then re-loading it on to ships bound for east African ports.

More immediately, the port is badgering Transnet, Portnet's parent, to release R200m to build another two breakbulk berths, which management regards as its most urgent need even though three berths were completed just three years ago.

The container terminal is a lesser priority because Richards Bay still doesn't generate enough containers to make it worthwhile for container lines to call regularly. But, Martin says, the port is negotiating with some of the lines to begin a regular shipping service to Richards Bay, which should boost its container business.

Alan Cowell, executive director of the SA Association of Freight Forwarders, says allowing the ports to square off against each other should be good for business, just as it is in Britain, the US and other countries where ports compete. "They should tell businessmen what they can offer. For example, a container discharged in Cape Town, which is where most ships coming in from the Western world dock first, can be in Johannesburg three days later — that's six days before it can be landed in Johannesburg if it's discharged in Durban.

"Railage between Cape Town and Johannesburg may cost more, but if a container is stuffed with goods worth R150 000, which is not uncommon, the six days saved will help turn over the goods faster and reduce the interest on the money used to buy them."



Docking at Richards Bay ... Durban beware?

# Maritime report proposes limited govt intervention

B10 Day 15/11/93

JOHN DLUDLU

THE Transport Department has released its long-awaited maritime policy report, providing for conditional government intervention in the industry.

In a section dealing with subsidies, the 134-page report proposes that tax incentives and government subsidies should be made available to shipbuilders because of "comparative cost disadvantages".

However, this assistance must be granted only to projects that have net foreign exchange benefits for SA.

The same applies to subsidies for the commercial shipping industry. The report adds that government protectionism should be allowed only when it enhances the industry's international competitiveness.

The report was drafted by a five-member committee of inquiry appointed by Transport Minister Piet Welgemoed in January last year. The committee issued an interim report in June last year.

The final report suggests that port users should be granted the right to appeal against an increase in tariffs and the imposition of additional charges if they are considered uncompetitive. The document cautions that care should be exercised not to establish a government bureaucracy to control port charges.

"Instead each appeal must be dealt with on the merits of the circumstances by an ad hoc body."

The report proposes new statutes to regulate

the maritime industry. These include Acts on maritime zones, port authority, coastal patrol services, salvage and piracy.

The document also proposes amendments to existing legislation dealing with merchant shipping, territorial waters, defence, marine traffic and national monuments.

Among the report's significant proposals is that the fragmentation of maritime education and training be reduced by establishing a technical college — the Southern African Maritime College.

"The college should not only offer formal education, but should also provide bridging courses to enable those without requisite entrance qualifications to gain admission," it adds.

A national statutory Port Authority should be constituted to administer the ports. This body should have subsidiary port authorities for each of the 13 fishing harbours.

The report also deals extensively with shipping tariffs, shipping policy and maritime training, recruitment and employment.

Industry sources could not comment at the weekend as they were still studying the document. However, most said the report would address the problem of "ad-hocery" in the industry.

A source said that until now, the industry had been regulated by directives and inadequate legislation.



SAFREN

Fun 19/11/93

# How much of a gamble is it?

New chairman Buddy Hawton is confident an expansionary phase lies ahead



For years, the market regarded Safren as a blue chip, largely impervious to recession, thanks to Safmarine's dollar earnings and Kersaf's tourist and gambling activities. Yet, in 1993, turnover barely increased, operating profit rose a mere 3% — and that only because of a R58m profit on disposal of fixed assets — and EPS fell 12,3%

This disappointing performance, the questionable decision to buy into Belgian shipping company CMB Transport (CMBT) and the dubious investment in loss-making Flitestar have dented the share's image. Since 1991, more than R100m has been lost in these two areas alone. Another area of uncertainty is the security of earnings from Kersaf's casino operations

As the graph shows, some of the blue has rubbed off this chip. Should the market change its historically bullish rating because of the setbacks?

There is fresh excitement in at least one division. Kersaf is involved in a R450m international transaction. Through an intermediate company, it has negotiated to invest in a playground in the Bahamas. Though the project has been considered for some time, it is the first major step by new Safren executive chairman Buddy Hawton

Hawton's vision is exciting. He intends "to expand the group considerably." He sees opportunity to acquire more ships, possibly in alliances with major international partners. He sees Sun International expanding resort operations, especially in the Indian Ocean islands, the Caribbean and central and South America — Mexico for example. After three years as CE, Hawton assumed

the chair three weeks ago. He is optimistic Safren will generate higher earnings in financial 1994 from frail improvements in the local and international economies, provided conditions don't worsen again.

This view contrasts with the stance apparently being adopted by investors. The chart suggests the short-term price will continue to drift. Evidently some investors are not yet convinced earnings will strengthen. However, Hawton's positive outlook is founded on firm fundamental observations of trends developing in Safren's widespread activities.

While Safmarine, with assets at book value of R2,6bn, has always been the biggest earnings contributor, its performance has been mundane compared with high-profile Kersaf (market capitalisation R2,7bn), which has continued to invest heavily in projects like the Lost City and Carousel.

With large fixed costs, Safmarine's 1993 results were hit by the international and local recessions, the marked slowdown in world shipping volumes and losses by air associates Safair and Flitestar.

### Highly centralised

Partly in response to tough trading conditions, Safmarine MD Tony Farr rationalised and restructured this highly centralised organisation at the beginning of the year. He cut staff by 14% and split the company into three autonomous operations: Safliner, Safmarine International (Safinternat) and Safair Freighters.

Hawton says that, since the changes, the individual businesses are performing better. There is greater clarity of objectives, a more focused approach, faster decision-making and better *esprit de corps*. Responsibility is now commensurate with autonomy. Farr adds that managerial development has accelerated and productivity has improved. It's all beginning to show in the bottom line.

Apart from management efficiencies, says Farr, "An upturn in liner business in the past three months is holding up." Import volumes are higher than expected. Hawton is confident this indicates the local economy has bottomed and points to SA's high propensity to import when this happens.

Farr says export volumes are holding at expected levels, slightly above 1993's. In the European trade, and to a lesser degree in the US, he says, rates have edged up. Consequently, Safliner's business is improving. Safinternat's market is up slightly, though the reefer market remains in the doldrums.

Fortunately, Safliner is the dominant business. "It is a volume-sensitive operation which, when it improves, will overshadow the rest in turnover and profit contribution," says Farr. "Much stronger earnings are com-

## Financial profile

### Safren

#### ACTIVITIES

Ship owner and operator; air transport, travel and freight, hotel and casino operations, TV and film production, food chains, liquor wholesaling

#### CONTROL

Old Mutual holds 38%. Chairman: DA Hawton  
Capital structure: 55m ord.  
Market capitalisation: R3,8bn

#### SHARE MARKET

Price: 7 450c Yields: 3,4% on dividend, 7,3% on earnings; PE ratio, 13,8, cover, 2,1, 12-month high 10 000c, low, 6 700c. Trading volume last quarter 1m shares.

Year to June 30	'91*	'92	'93
ST debt (Rm)	8	59	75
LT debt (Rm)	822	1 167	1 613
Debt/equity ratio	0,06	0,15	0,34
Shareholders' interest	0,45	0,47	0,47
Int & leasing cover	n/a	18,2	17,4
Return on cap (%)	14,4	13,0	9,8
Turnover (Rm)	4 369	4 284	4 478
Pre-int profit (Rm)	683	698	576
Pre-int margin (Rm)	15,6	17,3	5,7
Earnings (c)	566	617	541
Dividends (c)	237,5	255	255
Tangible NAV (c)	128	2 504	3 166

\* After change in accounting policy for associate companies

ing through now."

For investors, it is a relief to hear these assurances. A number of recent investments have so far been fruitless and costly. In July 1991, Safmarine bought 49% of CMBT, a major European shipping operation, for what Hawton calls "a relatively low investment of US\$25m (R78m)." He knew it was grossly mismanaged, but its condition was worse than thought. Last year, Safren wrote off this investment to a nominal R1. The write-off was charged as an extraordinary item; shareholders' funds suffered accordingly.

Hawton says CMBT is beginning to make operating profits, but its debt, though down by more than a third in the past two years, is still creating pre-tax losses. He hopes for a pre-tax profit (in dollars) in 1995.

He's less sanguine about 37,5%-held Flitestar, which started up in October 1991 and has made losses ever since. Safmarine's share of the 1993 loss was R14,9m. This investment has also been written off. "If the airline continues to make large losses, we will

## Profit sources

### Safren

Division contribution (Rm)	Operating profit	
	Total	Attributable
Operating profit	53,8	100,2
Other	127	132,4
Safren	2,7	42,8
Other	(2,4)	(1,9)
Safren	4,1	295,6

## THE TRANSITION

**Fears and freedoms**

**Spare a thought** for the negotiators at the World Trade Centre. They are neither particularly perspicacious nor prescient, but they certainly have persistence. There is no glamour to the job and, for the most part, the public is bored to distraction by the flow of momentous decisions they have handed down with Mosaic deliberation if not wisdom.

As a result, we have the parameters of a constitution that offers personal freedoms and the chance of individual justice that have been missing for about 40 years. We have a plethora of official languages to ensure we misunderstand one another. And there are intimations that the constitution-making parliament may be able to fashion federal diversity that could foster more equitable government.

Of course, the proposed constitutional court has about it the odour of the kangaroo, about which the negotiators appear to be (or wish to be) oblivious. It is, of course, a serious flaw that will be difficult to eradicate later. The politicians will be able to choose their own jury from that profession whose singularity is that it sells its advocacy to whoever can pay its fees.

We should not have misgivings about a democratic constitution, even one that is flawed. Its purpose is to atomise mob rule into representative government that in turn brings orderly and equitable social intercourse. Of course, a democratic constitution is a necessary condition for democracy but is no guarantee. That depends on the desire of the majority to share common values and foster social homogeneity.

As these negotiations end and a new government comes into being, there is going to be only one certainty — and that is perpetual uncertainty. In our society neither whites nor blacks, privileged nor disadvantaged, have known anything but certainty for 40 years. The vagaries of democracy will offer to most ordinary folk as much fear of the unknown as it does the exhilaration of freedom. Both undiluted can be destructive.

**Rough justice**

Education and a cultivated mind (and they are not necessarily synonymous) are supposed to encourage the *savoir faire* which is the antidote to the superstitious inclinations that fear of the unknown usually engenders. Both attributes are spread in all our communities with a thin brush.

The police and the military are anticipating the continuation of violence for some time after next April's election (see *Leaders* and *Currents*). They are preparing for a society in which violence is a way of life — but a condition that can be localised and contained. We will all, from whatever political viewpoint, have to accept in this regard that their presence is prophylactic and their reaction salutary, even if their justice appears to be rough.

We are all fortunate, as we move into the new and uncertain SA, that the economy is well placed to recover and that indeed the conditions for a sustained recovery exist.

What is important as business moves into the third quarter of quickening activity — which suggests that a return to prosperity has begun (see *Economy*) — is that the fiscal and monetary disciplines of the past few years persist. But there must also be adequate wage restraints until productivity rises and priority must be given to job creation before all other socially desirable objectives.

Constitutional progress may be hard-won and tedious to reflect on. But the economic news is encouraging and exciting. As we predicted, when the *FM's* view was seen as particularly fanciful, once inflation began to recede, the process would gain substantial momentum and confound the sceptics. That is happening now.

**Restraining influence**

Interest rates are declining rapidly without endangering the balance of payments or price stability; agricultural production is sharply higher; and manufacturing production is rising. Those factors alone have pushed the growth in GDP in the last quarter to above 5%. If demand from the industrialised nations for our raw materials increases only slightly, the gearing effect on our growth rate will be substantial.

And, as we report elsewhere in this edition, US retail sales have risen now for seven consecutive months. The major European economies, with the exception of Britain, may be faltering, but the massive US consumer market remains the most important international motor of growth.

The restraining influence of high unemployment, socially undesirable though it may be, is keeping wage settlements at reasonable levels. Provided the savings that stable prices are encouraging are invested soon in new plant and equipment, productivity levels will begin to rise. That, along with stable prices, will begin to restore our international competitiveness and enhance our recovery.

Whether Gatt's rejection of the SA tariff reduction proposals is an advantage or otherwise is clearly going to be a matter of sharp debate. But, regardless of that, SA needs a deal with the major trading blocs if our return to prosperity is to be sustained.

The best tactic in Geneva is probably not to plead the impoverishment of Third-World status but to agree to a reduction in the controversial or sensitive tariffs to the required 30% and negotiate instead the most favourable terms of compliance. With some skill and much luck, that could be negotiated some way into the next century, especially if play can be made of the time needed to restructure after the idiocies of apartheid economics.

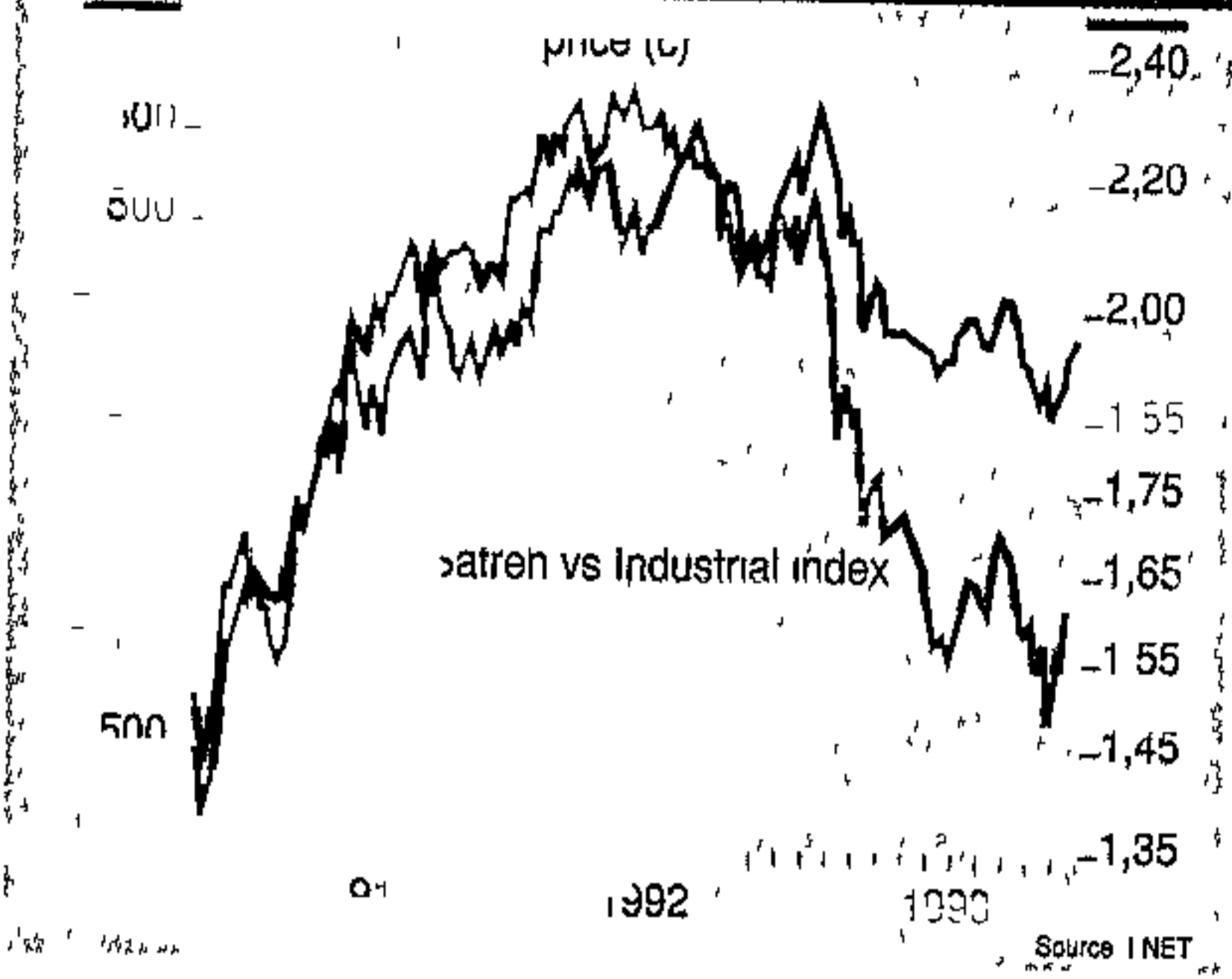
The debate on the constitution is going to drag on long after the World Trade Centre is vacated. It will be tedious — but it is important. Those who want relief from that tedium will find more than enough to excite their ambition and slake their avarice in the halls of commerce and industry.

To succeed in business perspicacity and prescience may be of help but persistence is what matters most. ■

Feb 19 1993

# The market rating

## Safren



have to close it," says Hawton. But, he adds, the situation is improving.

Payloads have increased considerably, though they (and revenue) are still only 72% of capacity. The market share of the Cape Town-Johannesburg route is about 27%, Durban-Johannesburg 23% and overall just below 20%. Farr hopes financial 1994 will produce cash breakeven which, he says, will give the airline a good chance of survival. This seems attainable.

Customers are learning that Flitestar offers competitively priced seating which is more spacious than its competitor's; food and service, especially in business class, are markedly superior.

The third area of significant loss in 1993 was Safair. Revenues were difficult to collect throughout Africa but especially in Angola. A R45m provision dented 1993 earnings. Hawton contends these funds should be recovered over time.

Meanwhile, Safair's basis of accounting has been changed. Revenue will be accounted for only when received, payment is now requested in advance.

Farr says Safair's long-term strategy is to reduce dependence on the Hercules aircraft. Since sanctions were lifted, inquiries from outside Africa have increased. Some are turning into contractual commitments.

In summary, Hawton reckons the quality of Safmarine's earnings will be much better in 1994. While the significant 1993 tax benefit — the write-back of R48m deferred tax (representing R80m in operating profit) — will not recur, he is optimistic operating profit will increase by at least this amount. To do so, it will have to rise by at least 48%.

Because Safmarine will not have to pay cash tax, cash flow will be substantial, Farr predicts. No major capital expendi-



Farr.

involving about \$100m (R330m) on a first phase (269) (269) (269)

Intermediate holding company Sun International Investments has contracted to buy 60% of Paradise Island Resort & Casino for \$75m SII, with the minorities, are to invest a further \$25m. This and a \$75m long-term loan will finance refurbishment of existing resort facilities and the first phase of another ambitious park development (*à la* Lost City) with a Caribbean theme.

Resort activities already occupy much of the island but there is 80 ha undeveloped land. There is a 3 300 m<sup>2</sup> casino. The golf course will be upgraded to international standard.

Approval for the deal is in the hands of the US courts, which are examining the financial restructuring package. It's expected the offer will be accepted in February/March. It could provide a substantial rand hedge investment to complement the currency hedge element in Safmarine.

Closer to home, Kersaf is grappling with effects of the recession on hotel room occupancy and competition from new casinos. In 1993, its pre-interest profit rose 1,6% but attributable earnings fell by 9,3%.

Hawton admits that "across the board, occupancy rates are still a little soft," a situation he ascribes to the economy and a lack of tourists. "But our gaming revenues are up because of intensified marketing and promotions." In Kersaf's main subsidiary, 80%-held Sun International, the first quarter's results are better.

Business remains difficult for other subsidiaries Interleisure (37%) and Douglas Green Bel-

ture is planned, but, in line with his vision, Hawton hints that depressed international shipping conditions could lead to unplanned purchases of ships at competitive prices.

That is the good news on the shipping front but the strobe lights are again fixed on Kersaf. For years, it has sought international investment opportunities beyond those in France, Marrakesh and Mauritius. Now one has been found in Paradise Island in the Bahamas, close to the US mainland and often visited by large cruise ships.

Kersaf's leisure subsidiary Sun International, Sol Kerzner's World Leisure and Caledonia Plc have contracted to buy a portion of the island,

lingham Interleisure's 1993 turnover rose by 6% but attributable earnings fell 8%. Douglas Green's revenues fell 3% and operating profit 17% as it fought to retain market share. Hawton expects better results from both this year.

So Kersaf's earnings will improve — with two caveats: that socio-political instability doesn't worsen between now and the April election, and there is no resurgence of unregulated or illegal gambling.

He is also optimistic about Rennies. The freight division had a bad 1993, despite additional revenues generated by drought relief cargoes. This year it should recover. The terminals are doing well, freight activities have quickened and the travel division, especially on the foreign exchange side, is prospering. Hawton predicts Rennies' earnings will be 5%-7% better.

When Hawton's conservative estimates are aggregated, Safren's 1994 outlook appears distinctly positive. Why is the JSE not reflecting this?

The stock market is usually no slouch in anticipating earnings trends, but, bearing in mind the economic downturn began in 1989,

it saw the difficulties confronting Safren and its subsidiaries later than it should have. Perhaps Safmarine's US dollar earnings capacity helped shore up the share price. Despite considerable negative evidence, the price continued to rise strongly.

In mid-1988 Safren traded at R17,25. It rose to R46 in February 1990 and then began a seven-month reaction which ended at R33,75 that October before resuming a further 21-month ascent to R101 in June last year. Only then — at the financial year-end — did investors appreciate the group was struggling to maintain earnings

growth.

That point coincided with intensified social and political unrest, which inhibited holiday and leisure (gaming) travel, as well as the appearance of scores of competitive casinos, which took market share from the gambling oligopoly controlled by Kersaf. Only then did the market begin to mark the share down. Last month it fell to R67.

Analysts are almost unanimous the share, around R74, is at least a hold; many recommend it as a buy. On the technical side, with the four-and-a-half-year long-term upward trend line broken, there is little support until about R50. But for a group of Safren's stature and earnings record, it seems unlikely the price will fall that far unless the whole market declines.

If you believe SA has a future, shipping, travel, tourism and leisure facilities will remain in demand.

If Hawton's predictions are sound, the market should soon restore a deeper blue to the share and the present price could prove cheap.

Gerald Hirshon

# Tourism Minister lashes out at SAA

By PETER MALHERBE  
London

THE South African Minister of Tourism, Dr Bhadra Ranchod, has criticised South African Airways for the "very poor" service he received as a first-class passenger on an international flight.

In an unprecedented attack by a cabinet minister on the national carrier, Dr Ranchod said he was "most unhappy" about the treatment he received on a flight from Johannesburg to Zurich on November 12.

Dr Ranchod and his secretary went without dinner during the overnight flight after the airline

failed to provide their pre-booked vegetarian meals.

The minister, whose return ticket cost R12 952, said the crew did not even show him to his seat when he boarded the plane and were reluctant to help him stow his hand-luggage.

"If we want to compete in the international market we will have to pull up our socks," he said.

"No businessman or first-class traveller can be expected to accept this level of service."

The minister, who stopped over in Switzerland en route to an international travel fair in London, was not encouraged by the response he received when he voiced his criti-

cism to SAA's UK marketing manager, Mr John Smith.

"He indicated that he felt I was exaggerating and referred to the number of international awards SAA had won," Dr Ranchod said.

A connecting flight with Swissair had been "a pleasure" in contrast to SAA, and Swiss airport officials had done everything possible to ensure his comfort.

Dr Ranchod said the poor service had begun at Jan Smuts airport, where first-class passengers had to follow economy passengers in a long walk to the aircraft. On entering the plane his secretary informed the crew that he was the Minister of Tourism, but was told:

"You can show him to his seat."

Dr Ranchod said he, and his secretary had booked vegetarian meals, but the crew told them the meals had not been provided and that no additional vegetarian meals were available on the flight.

The minister, who was appointed to the cabinet in April, said it was not the first time he had received shoddy service from SAA.

SAA spokesman Leon Els confirmed that the special vegetarian meal that had been ordered by Dr Ranchod had not been available on the flight.

"SAA apologises for this problem. It should not have happened," Mr Els said.

# Rails sabotaged after shootings

Star 23 11/93

■ BY HAPPY NKHOMA

Katlehong residents sabotaged the remaining railway line between Pilot and Kwesine stations on the East Rand after gunmen on a train from Germiston shot at people near the line on Saturday afternoon.

A 23-year-old man, Mack Mazibuko, was shot in the leg when the gunmen fired on an SADF patrol near the line.

"I heard shots from the passing train and ran behind the military vehicle, but I was too slow and got hit in the leg," Mazibuko said from his Natal-spruit Hospital bed yesterday.

Residents, who had taken cover during the shooting, removed the rails from their setting with pick-axes and hammers before the train,

which was at Kwesine station at the time, could start its return journey to Germiston.

The train was still stuck at Kwesine station by late yesterday afternoon. (269) (33)

The other railway line servicing the station has been out of action for about two weeks after residents removed the rails and threw them in the veld.

The rail used by the train on Saturday had not been badly damaged in the previous attack and was repaired on Friday. However, it was sabotaged about 24 hours later.

SADF spokesman Captain Sonja Nel confirmed the shooting and said soldiers arrested four people and found two AK-47s and magazines in Katlehong.

# Call on MPs' interests

By BARRY STREEK,  
Political Staff

(269)

MPs should declare their interests in subjects under consideration by parliamentary committees, the Joint Committee on Public Accounts said yesterday.

The call, made in the committee's fifth report and tabled in Parliament yesterday, is the first move towards making public the financial interests of MPs.

In many democratic countries MPs are obliged to declare their directorships, non-parliamentary salaries and financial interests, but there has been no move in this direction in South Africa before.

The Joint Committee said the Rules Committee should investigate the possibility of amending the Standing Rules of Parliament "to ensure that members of committees at all times declare any interest which they may have in a subject under consideration".

ET 23/11/93  
It made the recommendation after hearing evidence on the Special Report of the Auditor-General Concerning the Audit Investigations into Specific Matters at the Department of Transport.

The committee noted that steps had been taken to rectify some deficiencies and shortcomings in the Department of Transport.

MARIANNE MERTEN

SAA yesterday announced a 9% fare increase on its domestic services, effective from January 1. **B. Day**

SAA senior PR manager Leon Els said the increase was necessary because of the deteriorating rand/dollar exchange rate. Costs had increased because about 55% of the airline's costs, such as aircraft, components and fuel, were paid in dollars.

Another reason for the increase was the Transport Department Air Traffic and Navigational Services Charge levy, which came into effect on August 1. SAA had been absorbing the cost. **(269)**

Els said it had been necessary to raise prices despite the cost savings from reducing staff numbers by 17% in six months and

## SAA announces 9% fare increase

other rationalisation exercises.

Comair commercial director Burt van der Linden said all airlines had incurred additional costs through increased landing fees and other expenses. Comair was considering increasing its domestic fares, but no decision had been taken.

Flitestar MD Jan Blake could not be reached for comment. **25/1/93**

Sapa reports that SAA's 30% discount super saver scheme would remain unchanged, but the advance purchase period would be extended from seven to 14 days. The 10% discount tourist fare would become a 15% discount fare.

# Thebe teams up with Canadians to launch R 500m SA Express

airline

A CONSORTIUM led by the ANC-linked Thebe Investment Corporation has teamed up with a Canadian consortium led by Lardel Holdings to set up a R500m regional airline

The airline would be launched on March 15 and trade as South African Express Airline (SA Express), Thebe MD Vusi Khanyile said yesterday.

The airline had formed a strategic alliance with SAA and would provide a cost-effective feeder system to SAA

Flights will allow SAA . . . to scale down services on some sub-optimal routes, and

redeploy its larger aircraft to more efficient services. It is envisaged that the two airlines will work in a complementary manner," the parties said.

Alliance Airline Holdings (in which Thebe is an investor) will be the majority shareholder with 51%, while Canadian-led consortium SA Enterprises will hold 49%

Lardel Holdings president William DeLuca said 12 De Havilland Dash 8-series 300b 50-seat, wide-bodied turboprop aircraft had been acquired by SA Express, with options on six more. "The transaction is valued at approximately R0,5bn R1-

THEORAWANA

ancing for the aircraft will come primarily from offshore sources."

The shareholders would provide working capital requirements, he said. SA Express would collect passengers from outlying regions and transfer them to Johannesburg, Durban and Cape Town. The new airline would also seek to increase the frequency of some existing routes and service cities and towns not linked by air transport. It would aim at business travellers

Flights would have one class with fares comparable to SAA's economy class.

The management of the operating company will initially be in the hands of SA Enterprises. Lardel's investments include Air Ontario, Air Alliance, Canada 3000 and Austin Airways.

Khanyile said. "SA Enterprises will transfer its experience, systems and technology to a trained SA management team within five years.

"SA Express will be the first full-scale regional airline in Africa. We believe our formula of using international manage-

ment expertise and capital, coupled to strongly developed affirmative action programmes, will be a winning one."

Once the company was established, it would be listed on the JSE and shares would be offered with preference to the black community, Khanyile said.

DeLuca said: "We believe the SA marketplace offers a tremendous aviation business opportunity which will allow us to utilize the investment and airline management skills which we have built over the past 25 years."

□ To Page 2

## SA Express

STEPHANE BOUTHMA reports that SAA CEO Mike Myburgh informed staff that SAA would exercise the option of shares in the airline. The national carrier might also withdraw from certain routes and reduce operations to cities such as Bloemfontein, East London and George.

In an internal memo, he stressed SAA would benefit financially from the airline's formation. "Of great importance is the fact that SAA will provide a wide range of services to SA Express which will result in substantial income for our airline."

Biday 21.2.93

□ From Page 1

AP-DJ reports that Finestart said it was not worried about increased competition. Spokesman Tracy Brown said "SAA will replace large aircraft with smaller ones so they are in effect reducing capacity."

□ Sapa reports that Salsstaff, a union representing airport workers, expressed dismay at the withdrawal and scaling down of SAA services. It said SAA employees were being disadvantaged by rationalisation.

And the SA Railway and Harbours Workers' Union said it objected to the establishment of the new airline.



# Thebe launches R500-m air deal

Star 2/12/93

■ BY JOHN MILLER  
and THABO LESHILO

In a deal worth R500 million, a consortium of black businesses led by Thebe Investment Corporation, and a Canadian consortium, has formed a new regional airline, Southern African Airline Holdings, which will take over several domestic routes from SAA. (269) (46)

Thebe is seen to have close links with the ANC.

The new airline has formed a strategic alliance with SAA, to which it will provide a cost-effective commuter feed system.

Trading as South African Express Airline, to be known as Sax, the new airline will be the majority shareholder in Southern African Airline Holdings. The Canadian consortium, led by Lardel Holding Inc, and known as SA Enterprises, will take a minority position.

Sax hopes to begin operating in the next six months.

According to industry sources,

SAA will allow the new airline to take over several routes, including Cape Town-Upington-Kimberley-Johannesburg, Johannesburg to Pietersburg and Phalaborwa, Cape Town-George-Port Elizabeth-East London-Durban through to Maputo, Cape Town to East London, and Durban to Bloemfontein.

SAA spokesman Zelda Roux described the airline's co-operation with Thebe as a "strategic alliance and business arrangement," and not a political favour.

A union representing workers at several airports has expressed dismay at the scaling down of SAA services.

A statement in Johannesburg by Salstaff president John Benwell said SAA employees were being seriously disadvantaged by the rationalisation of SAA by the Government.

Meanwhile, Flitestar has welcomed the move, saying it was very good for airlines and the customer.

Comair was not available for comment.

*New airline to start recruiting*

# SAX in 'strategic alliance' with SAA

Star 3/12/93

■ BY MICHAEL SPARKS

While the outlook for some airline workers looks good, with up to 250 people to be employed and trained in the next six months for the new SA Express (SAX) airline, more than 80 SA Airways employees could lose their jobs in the near future.

According to SAA spokesman Zelda Roux, as many as 84 people, particularly in ground-handling, clerical and administration in Kimberley and Upington, are at risk of losing their jobs.

Roux said that while the details had not been finalised, there were a number of options which could be put to these people, including working for the new airline.

William Deluce, president of Lardel, which has joined forces with the ANC-supported Thebe Investment to form the new airline, said SAX was planning to begin its recruiting drive this weekend. (218) (219)

The airline plans to start operating on March 15, when two of the 12 planes will be delivered. A further six aircraft will be delivered by July 1.

Deluce said the new airline would act as a feeder airline for SAA, while running more regular flights to smaller locations and supplementing some routes that SAA would continue to fly.

He said the airline would level the playing field for SAA in its competition with other international airlines, many of which

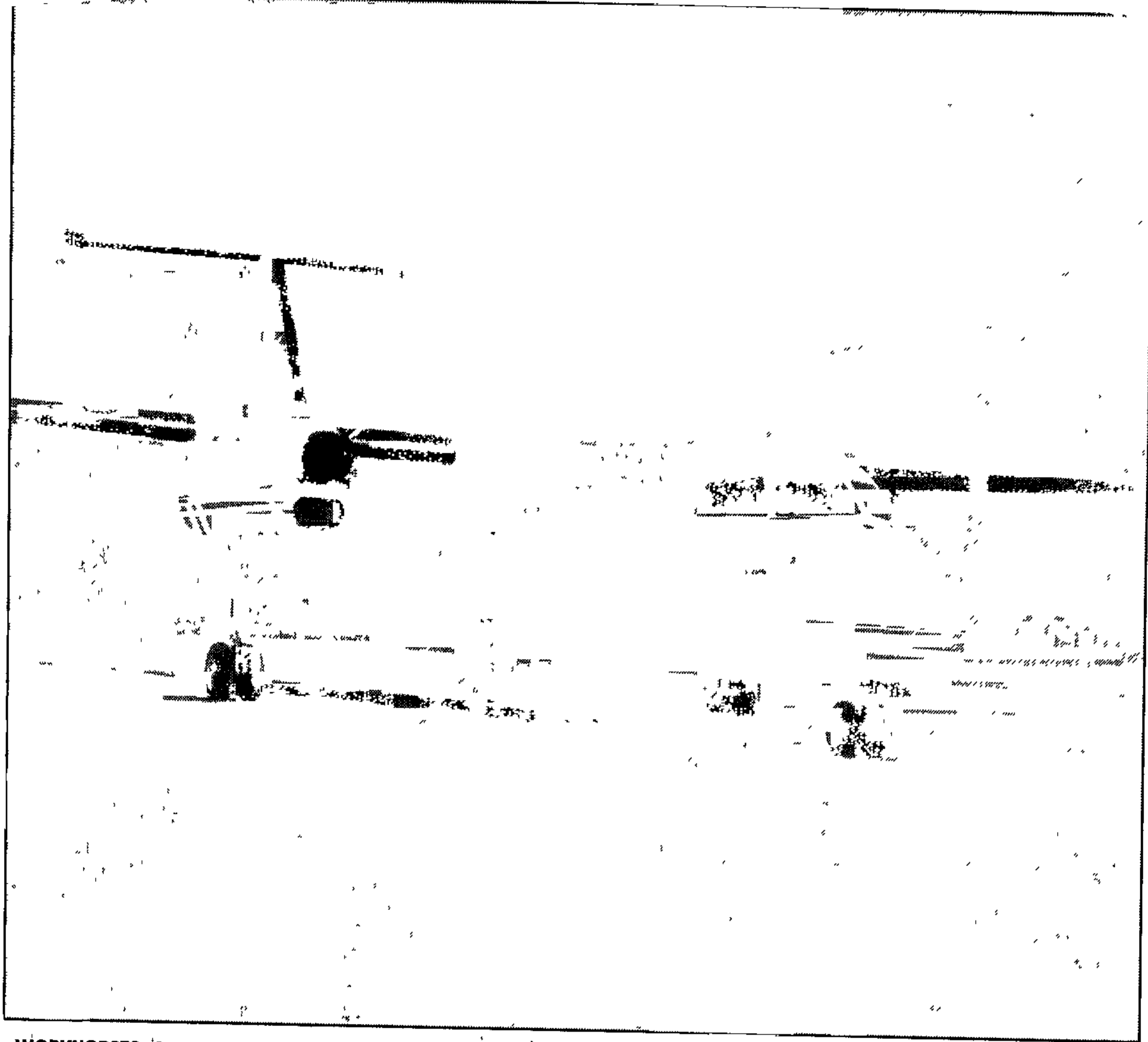
also had feeder airlines serving them.

"We estimate that 20 to 30 percent of our business will be serving and picking up passengers from SAA," he said.

Roux described the relationship between the airlines as a "commercial agreement and a strategic alliance", with SAA providing booking and other facilities for the new airline at commercial rates.

It is still uncertain how the new airline would affect existing regional airlines such as Flitetar and Comair. But while Flitetar has welcomed the new airline, saying the country is following the trends of international aviation, Comair refused to comment until it knew more details.





**WORKHORSES:** SA Express has ordered a dozen De Havilland Dash 8 50-seaters and has options on six more from Canadian manufacturer Bombardier, which will provide the finance to get the new airline off the ground.

Star 4/12/93

# Thebe to put R250-m into airline

**THEBE** Investments, a black-owned investment company with strong ties to the ANC, has committed itself to paying out more than R250 million to fund the start-up of its newest investment, SA Express.

The formation of SA Express, an airline which will serve George, Upington, Kimberley, Pietersburg and Phalaborwa, was announced earlier this week.

## Surprise

Industry sources this week expressed surprise over the announcement of the new airline, saying the first they had heard about it was in reports published on Thursday.

Department of Transport

## MANDY JEAN WOODS

spokesman Maurina Nel said the only information the department had about the airline was what had been published.

"We have never heard of them before," she said

SA Express chief executive officer Bill Deluce said Thebe had a 51 percent stake in the airline, while a consortium — made up of Deluce, his brother Bruce and South African chartered accountant Michael Gray — would own 49 percent.

Canadian aircraft manufacturer Bombardier, from which the airline had ordered 12 new aircraft at a cost of more than R500 000, would be facilitating

the funding, Deluce said.

The airline had also taken options on six more new aircraft.

"Significant support is being offered by the equipment supplier," he said.

"The fairly extensive package includes training in Canada for flight and technical staff, as well as spares."

Bombardier had decided to increase its presence in Africa, hence the decision to assist in bankrolling the start-up of SA Express, he said.

The financing did not involve the Government or South African Airways (SA Express's commercial partner) or any South African companies, Deluce said.

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"I can assure you that SA Express has full financial and human resources support from both partners, and both are fully committed to getting the project off the ground," he said.

"It is not unusual for an airline equipment manufacturer to supply its customers with things like training and other support."

## Repay

SA Express, which would repay Bombardier over a 10-year period, would begin services in the first quarter of next year.

Thebe Investments managing director Vusi Khanyile could not be reached for comment.

# High and dry due to Durban's delays

SITIMED [BUSS]

5/12/93

By RYAN CRESSWELL

PORTNET and Spoornet in Durban have come under fire from shipping agents and businessmen because of the unusually long time it takes for a container to reach factories and warehouses in the hinterland.

Businessmen in the Transvaal say the containers always arrive late, resulting in cancelled orders.

They also say the discharge time for containers at Durban Harbour is about twice as long as that for Singapore and Rotterdam and that it takes a container longer to travel between Durban and Brakpan than between Rotterdam and Durban.

Portnet admits there has been "bunching" of containers and delays because of strikes but says it is doing its best to rectify the situation

A spokesman for Spoornet said that, except for certain instances, the company was "generally happy" with the speed at which containers were being moved.

One Johannesburg businessman, who asked not to be named, said he had not received a container on time in two years

"We have lost a lot of orders

because of this We pay for things like transport, seafreight and VAT 24 hours before docking but we wait weeks before we can get anything back. Something is not right here."

Natal director for the Mediterranean Shipping Company, Paolo Arovatti, said discharging times for containers in Durban were "miles behind" those of ports like Singapore, Hong Kong, Rotterdam and Antwerp. Durban harbour did not have equipment to match overseas ports and was also hampered by informal strikes. (2/69)

"There seems to be a bit of a problem with Spoornet and Portnet but these organisations are aware of their problems and are doing what they can," Mr Arovatti said.

"Some businessmen are now having their containers shipped to Cape Town instead of Durban and then hauled by road to Johannesburg to save time.

"We are moving towards democracy so the unions are becoming stronger and more efficient but

strikes are slowing down operations."

Roderick Eaton, Johannesburg chairman of the Association of Ships' Agents and Brokers of South Africa, said there had been a build-up of containers in Durban for some time

"The situation is still far from satisfactory but now we are in close contact with Portnet and they openly admit to some problems, whereas six months ago everybody was kept in the dark

"What is happening is an ongoing aggravation for the industry (shipping) and for all the parties concerned," said Mr Eaton.

A high percentage of containers arriving in Durban is unloaded on to the docks and then railed to City Deep Station in Johannesburg by Spoornet before being stored in a huge warehouse and then hauled to different factories on the Reef.

Durban usually handles more than 60% of the containers handled by South African ports in any month and preference is given to containers being exported.

Portnet spokesman Yvonne de Kock said the Durban container

terminal was working close to capacity and that plans had been made for additional wharf cranes and stacking equipment to accommodate growth until 1996. After that another pier will be required.

Recently the port took delivery of two gantry cranes and two ship-to-shore container cranes costing R20-million each. Older Demag cranes have also been upgraded.

Mrs de Kock said few containers remained at the terminal for longer than five days and this included the terminal handling time of discharging a vessel, which could take up to 18 hours

"Backlogs do occur from time to time but are not an ongoing issue and are monitored closely," she said.

Mrs de Kock said two strikes had occurred during the past year. The latest one, on November 8 and 9, affected operations in the Maydon Wharf, Point and the container terminal areas

The work stoppage, coupled with a bunching of ships, brought about congestion and a backlog of containers.

# Billion-rand transport upgrade plan

(269)

CT 11/21/93

By PETER DENNEHY

CAPE TOWN'S Olympic Bid committee has unveiled a billion-rand plan to upgrade the city's public transport system.

The public transport infrastructure is regarded as one of the Cape Town bid's trump cards, as it is already superior to those of Johannesburg and Durban.

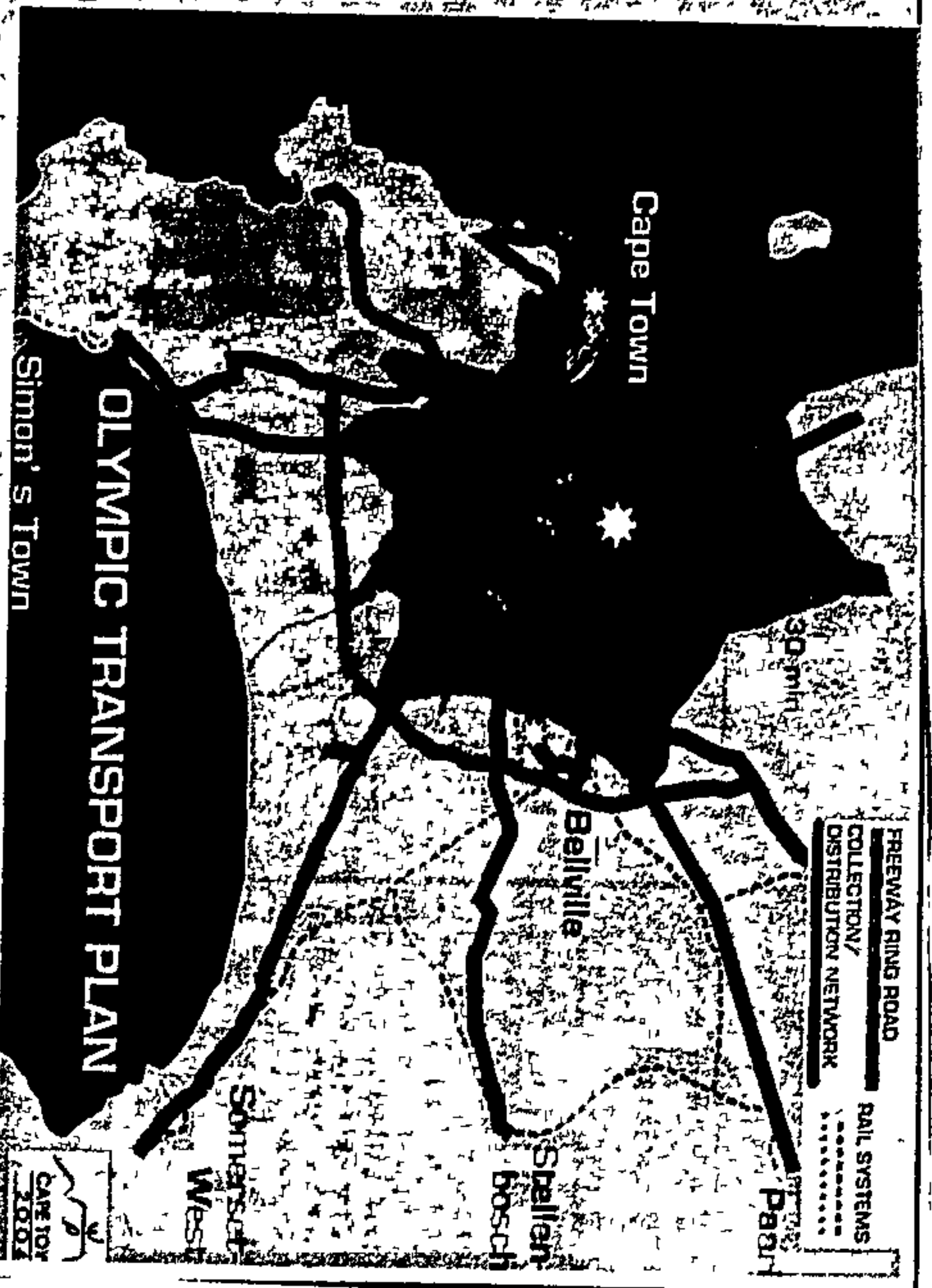
Most of the upgrading work is already on the drawing boards, but its implementation is due to be brought forward by the Games.

One feature of the plan is a proposal to introduce lanes for use by buses and taxis only on the N1, the N2, Vanguard Drive, Modderdam Road, and Frans Conradie Drive.

During the Games, the lanes may be used for Olympic traffic only.

Other features of the plan are a R500m upgrade of D F Malan airport and its surrounding roads, the building of the long-proposed R340m Blue Downs/Khayelitsha rail link, and a R150m light rail system for the central business district.

A number of new roads are planned. Mr Kevin Kevany of Corporate Image said virtually all the spending was required over the next 20



**TRANSPORT SYSTEM OVERHAUL** . . . This graphic shows the ambitious plan to expand the city's transport system to strengthen the Cape Town Olympic Bid Committee's hand for its 2004 bid.

years, but instead it was hoped to have 1½-hour peak period.  
 ● The Olympics require infrastructure able to move 300 000 people in a Cape Town already moves 850 000 commuters a day, on all modes of transport.

# Trade pact boost for harbours

Star 17/12/93

■ BY DES PARKER

Durban — The sealing in Geneva of the world's biggest-ever trade pact promises a multi-billion rand prod for the South African economy — particularly the import-export sector.

Bustling quayside activity is in the offing for the country's ports as exports and imports flow increasingly freely in the wake of acceptance by 117 trading nations of the Uruguay round of the General Agreement on Tariffs and Trade (Gatt).

Durban, which receives and dispatches more

manufactured goods than any other ocean transit point in Africa, in particular stands to gain.

The capacity of the port is currently being raised to around 40 million tons a year as part of a R1,4 billion upgrading and development programme.

Almost 27 million tons passed through the harbour last year, with 30 million tons expected in 1993.

While watertight figures are not available, because a few outstanding tariff arrangements have still to be settled in bi-lateral talks with trad-

ing partners, the Industrial Development Corporation (IDC) reckons economic growth and employment will both be boosted as Gatt effectively cuts trade protection duties worldwide by an average of a third.

## Sanctions

With sanctions out of the way, South African trade has picked up markedly.

The latest trade figures show exports up by 18,6 percent to R73,2 billion for the 11 months to November with the trade surplus for the period now at

R18,4 billion. (269)

The Government, in the model it proposed earlier this year for the revival of the economy, recommended that exports should be the driving force for growth.

Virtually all sectors of industry stand to export more as the Gatt tariff limits are phased in — most of them over five years from January 1995.

However, some will ship hugely increased volumes of imports.

The IDC estimates clothing imports could rise by 20 percent — a hard blow for the Natal and Western Cape ap-

(~~269~~)  
papel factories.

National Clothing Federation president and Durban clothing doyen Sadek Vahed said this week he believed the industry could survive, provided duties on fabrics were reduced proportionately.

Vehicle imports, too, are expected to rise by about 10 percent as duties are cut from 100 percent to an expected 50 percent.

Both industries are putting great efforts behind sectoral export programmes, but sales abroad are highly unlikely to match import levels.

# Spoornet tightens security on trains

*Sowetan* 21/12/93  
SPOORNET AND THE South African Police are beefing up security at railway stations and on suburban trains to protect passengers following vicious train attacks on two schoolboys and three men.

Spoornet has announced that it is to increase security on its trains while the SAP will make extra policemen available to protect commuters from future attacks. In the attack at the weekend, Mr Mandla Sithole (27), Mr Alison Mjiswa (33) and Mr Petrea were stabbed and also thrown from a moving train near Isipingo.

They were taken to the Prince Mshiyeni Hospital at Umlazi. They are in a satisfactory condition.

The two schoolboys were attacked last Thursday afternoon while travelling home from surfing at the beach.

Richard Cordy (14) and Carlos Burger (15) were stabbed a number of

times and robbed of cash, clothing and their surfboards. One was then pushed out of the moving train and the other jumped out after him near the Umbilo railway to avoid further attack.

The boys had spent the day surfing and were returning to their home in Montclair when they were confronted and attacked by a gang of youths on the train. Both were left for dead and are improving in hospital.

Richard's sister, Mrs Pamela Swanepoel, said on Sunday that her brother was still in the intensive care unit at St Augustine's Hospital.

"They have removed a pipe from his lungs. Richard's still in a lot of pain, but he's improving.

"His friend Carlos is also on the mend and is recovering in the general ward," said Swanepoel.

Police said no arrests had yet been made.

# Lower rates bring more business for air-freighters

Star 27/12/93

■ BY THABO LESHILO

The increasing number of airlines on the South African route — which has doubled since 1990 — has led to healthy competition, making international air cargo transport a more viable option.

"We can now count 40 names of international airlines on the arrivals board at Jan Smuts," said Grindrod Airfreight GM Doug Englebrecht.

This, he said, had not only led to greater choice of direct line options for the airfreight forwarding industry, but also softened rates on a number of routes. (269)

Over-capacity and excess frequency of flights on some routes has seen airfreight rates follow the downtrend in passenger fares.

"Where we have been able to pass on this benefit to the client, we have often won over airfreight custom from what has traditionally been transported by the sea-freight mode.

"This is now winning a high dominance for airfreight in low-volume, high-value goods — such as electronics and computer equipment," said Englebrecht.

Certain airlines now compete with shipping lines "nose-to-nose" in what has been their exclusive cargo categories.



# Callers take the blame for derailing train

<sup>BISA</sup>  
TWO right-wing organisations, the Boere Weerstandsbeweging and the Boere Republikeinse Leer, contacted Sapa after a passenger train was derailed between Soweto and Johannesburg on Friday claiming responsibility for planting an explosive device on the railway line.

However, Boere Weerstandsbeweging leader Andrew Ford later denied that his organisation was responsible for the blast.

In a telephone call to Sapa at about 6pm on Friday, an anonymous caller told the news agency "the BWB accepts responsibility for the bomb blast west of Johannesburg".

The man, who spoke Afrikaans, put the phone down before he could be questioned about the claim.

Approached for comment Ford said: "As leader, I would definitely have known if the BWB was involved in the incident."

WILSON ZWANE

Police spokesman Col Dave Bruce said both organisations were known to the police but he could not comment on whether either was involved in the derailing of the train.

The explosion occurred between New Canada and Crown stations in the early hours of Friday. The train was not carrying passengers at the time.

Police said the blast was caused by either a limpet mine or a land mine, buried in the ballast between the tracks at the bridge under the N1 highway.

The locomotive detonated the device. The first five or six carriages were not affected, but the last four were torn apart.

Another police spokesman, Lt Deon Peens, said all possible leads would be followed up in the investigation.

27/12/93

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