Economy: Gauteng

1994 - 1995
'Emphasis on those neglected in the past'

Gauteng govt unveils economic growth plan

By Jo-Anne Collinge

The Gauteng government has published its vision for economic development, declaring an "aggressive" will to win productive investment but a position of no compromise on accepted labour practices.

Commenting on the document yesterday, Premier Tokyo Sexwale said: "Our approach to the economy can be encapsulated by the phrase 'shared growth' — dynamic economic growth that benefits all who live in our province and especially those who have been economically neglected in the past."

The document states that the province's investment drive will take place within a nationally agreed incentive structure, involving fiscal, land and infrastructural elements.

The Gauteng government also asserts that it will encourage greater savings and investment within its boundaries.

It believes that good domestic savings must precede international investment. Another theme running through the document is that of the interdependence of the provinces and the notion that Gauteng's growth will have spin-offs beyond its borders.

The meeting between the Gauteng cabinet and Deputy Minister of Finance Alec Erwin on Wednesday seems to have left the province with some hope that funding from the national Budget will be reviewed.

The meeting took place at the request of Sexwale, whose government is dissatisfied both with the process by which allocations have been made and with the resulting level of funding for the province.

Sexwale told the provincial legislature this week that the allocations fell short of expectations.
R103 million for Greater Jo’burg

By Joshua Raboroko

THE Greater Johannesburg Transitional Metropolitan Council has allocated approximately R103 million for the maintenance of services in four black residential areas.

Soweto will receive about R64.5 million, Alexandra R12.5 million, Diepmeadow R22 million and Dobsonville R3.7 million for the balance of the 1994-95 financial year. These allocations were tabled during the council’s monthly meeting held at the Johannesburg City Council Chambers in Braamfontein yesterday.

The council said allocations were to cover the shortfall on the operating expenditure of bulk and other services in the townships.

The former Central Witwatersrand Regional Services Council had made available about R547.6 million in the past four years. Chairman of the TMC Mr Isaac Mogase said money provided would not be enough to maintain the townships to the expected standards.
Gauteng business closures

By Ismail Lagardien
Political Correspondent

MORE businesses are forced into liquidation in Gauteng than all other areas of the country put together, according to the Ministry of Justice.

Last year 768 companies in Gauteng were placed under compulsory liquidation — as opposed to voluntary liquidation. In 1993 the figure was 601.

The next highest figures elsewhere in the country are Western Cape (219 in 1993 and 386 in 1994) and KwaZulu-Natal (133 in 1993 and 125 in 1994).

The figures are based on companies placed under compulsory liquidation at specific Masters of the Supreme Court.

In the rest of the country the figures are: Bloemfontein (22 in 1993 and 31 in 1994); Grahamstown (49 in 1993 and 60 in 1994); Kimberley (nine in 1993 and three in 1994); Umtata (13 in 1993 and seven in 1994); Mmabatho (38 in 1993 and 27 in 1994); Thohoyandou (one in 1994) and Bisho (12 in 1993 and 15 in 1994).

The information was released in Parliament by Justice Minister Dullah Omar in response to a question from Mr Temble Ntsizi of the National Party.
Main fiscal focus on basic needs

BY JO-ANNE COLLINGE

The social services of health, education and welfare account for 87.3% of spending in Gauteng's R19.77-billion budget.

Education claims the lion's share (R4.5-billion or 42.2%), health (R3.14-billion or 29%) and welfare (R1.8-billion or 17%).

On the income side, 92% of the budgeted amount comprises transfers from the central government, while the remainder is generated by the province itself — mainly in vehicle licence fees and tax on horse racing.

The huge increase in national government expenditure on housing — an increase of almost 80% — is not reflected in the Gauteng budget. The reason for this is that the subsidies will be channelled via the National Housing Board to the Gauteng Housing Board, which will be responsible for their allocation.

Gauteng expected about double last year's R138-million.

Also a cent from the Gauteng budget at this point are allocations from the RDP Fund. Finance MEC Jabu Moloketi explained in his budget speech that the procedure for securing RDP financing was distinct from the general budgetary process.

"Funding for the RDP is obtained from the RDP Fund after rigorous planning and preparation of business plans which, after approval by the national RDP Ministry, become the contract between the implementing agency and the RDP Ministry," he said.

"This province is currently in the process of preparing plans for submission to the RDP Ministry. As a minimum, I have set a target of R500-million for projects to be funded from the RDP Fund. These amounts will be focused on the areas of greatest need."

These additional allocations from the RDP Fund would form part of the adjustment estimates later in the financial year.

The amount of R25-million budgeted for the ministry of safety and security is only a fraction of the amount to be spent on policing the province this year. Budgetary responsibility for policing functions has been retained at national level and the Gauteng entry covers only the direct expenses of the ministry.

Moloketi highlighted the fact that the bulk of the R209-million allocated to the department of housing and local government would be spent on local government. He also warned that "this government has no funds to bail out local authorities if service charges are not paid."

The cost of running the 88-member Legislative Assembly for the coming year will be R65-million — 0.65% of total budgeted spending — while the premier's office will cost R14-million (or 0.1%).

Moloketi summed up the budget as a "holding budget, intended to maintain the current level and quantum of services."

But, he said, with RDP Fund input and housing board allocations, it would also be a spending plan to start addressing the basic needs of the poorest members of society.
Bullish companies a boost for province

**Headline:** Bullish companies a boost for province

**Byline:** Staff 23/3/95

**Main Text:**

Since the election, Gauteng has seen substantial new investment by the private sector in manufacturing and other fields.

Finance MEC Jabu Moleketi yesterday challenged any who doubted this trend by itemising a whole list of seven and eight-figure ventures, stretching from Roslyn to the Vaal.

The Pretoria motor industry, he said, had benefited considerably, with BMW investing R100-million, Land Rover pumping in R60-million on its return to SA and Nissan announcing a R57-million short-term investment, with another R54-million to come.

Isor and an Austrian company were to put R130-million into steel-casting machinery in the Vaal. In Springs, Nampak was investing R22-million in a beverage canning plant.

It was estimated that the mass electrification scheme — progressing at a rate of 20,000 homes a month — had increased the sale of major electrical appliances by about 10%. The demand for electrical cabling had led to the establishment of a manufacturing plant in Vosenville at a cost of R41-million.

Moleketi referred to telecommunications as a sector with enormous growth potential. He said "all the large companies are based in this province" and there were indications that several international concerns intended to site their African headquarters in Gauteng.

Vodacom had a community cellular phone project in Rivaton which was expected to produce 22,000 phones in five years.

The Hyatt and Sheraton hotel chains had built their first SA establishments in Rosebank and Sandton respectively. Other international companies which were returning or making an initial investment in Gauteng included IBM, Pepsi, Barclays Bank, Heinz, Apple Computer, Samsung, Goldstar and Clifbank.
No new cautene tax plan

BY JO-ANNE COLLINS

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Big squeeze on local budget

BY JO-ANNE COLLINGE

Gauteng MEC for Finance and Economic Affairs Jabu Moleketi yesterday presented a provincial budget which falls R1.2-billion short of requirements and he accused the national Government of squeezing Gauteng beyond endurance.

Gauteng's allocation of R9.9-billion from the national Government forced it to slash its budgeted expenditure to R10.7-billion. Like all provinces, Gauteng gets the bulk of its revenue from the national fiscus.

Moleketi said he was determined that the additional R1.2-billion (the "provisional shortfall") would be found — and he presented a detailed proposal of how this could be done.

But if he fails, the jobs of hundreds of teachers and hundreds of health personnel will...
Gauteng’s first budget facing R1,2bn blow

Gauteng faced a potential finance shortfall of R1.2bn in the 1995/96 fiscal year after a disappointing allocation from central government, finance and economic affairs minister Jabu Moleketi said yesterday.

Unveiling the province’s R10.7bn budget, he said that although the province was providing for a balanced budget, it could still face a R1.2bn “potential” shortfall.

The province hoped to address the shortfall through assistance from the reconstruction and development programme (RDP) fund, loans and a cost-saving drive.

He said it was only a “potential” shortfall and the R1.2bn was the amount of extra revenue that Gauteng would have got if it had received the average provincial spending per head of population.

The budget, up a scant R40m from the 1994/95 year, consisted of a R9.96bn allocation from central government and own revenue of R828m. This revenue is mainly derived from motor vehicle licences, horse racing taxes and patient fees.

Moleketi said the shortfall would be the result of “difficulties” encountered during negotiations with the national function committees which set allocation criteria for the provinces. As a result of constraints imposed on the Gauteng budget by the committees, the province had cut back on the education allocation by R54m to R4.8bn. Although the health ministry’s allocation was up R213m, it suffered cutbacks and received only R3.1bn. The third largest allocation was for welfare (R1.8bn).

He said government had effectively set priorities for the provinces, which made it difficult for regional governments to perform their “democratic” duties.

Gauteng had submitted requests amounting to R1.2bn more than its allocation from the budget. The revenue plan to cover the shortfall would feature a waste reduction exercise aimed at saving 2% of the budget, raising loans to fund half the capital programme and obtaining bridging finance for health from the RDP fund.

Borrowing was considered only as a last resort. Gauteng would not levy provincial taxes at this stage because provinces did not have the legislative capacity to levy taxes. But it hoped to table laws in time to draw revenue from gambling licences and activities.

The present budget does not cover allocations to the housing and safety and security ministries. The two portfolios are the responsibility of national government. A sum of R2bn has been allocated to the safety and security regional ministry for administrative expenditure. A total of R290m has been allocated to the housing ministry to administer informal townships and pay the Soweto area’s electricity loan.

He said allocations to the RDP would be doubled this year. The money would be allocated once the province had presented a business plan to the national RDP office. A minimum target of R500m has been set for RDP projects in the province.

He described the present budget as “a holding exercise” primarily geared towards meeting social services and welfare, and a vehicle to start addressing the needs of the poorest.

The PAC’s Koosglas X said the budget was geared towards social spending and not towards uplifting the economic development of disadvantaged communities.

The budget did nothing to assist the poor to take advantage of agriculture and business development. It did not deal with micro business development which affected many people.

DP health spokesman Jack Bloom said the potential region’s health budget of R580m was “nothing short of disastrous” for the region’s already hard-pressed hospitals.

Central government’s objective of “parity” was nonsensical because many patients from other provinces used Gauteng’s specialist hospitals.

Inkatha Freedom Party spokesman Humphrey Ndogu said Inkatha would comment after studying the document.
Gauteng’s Budget slice criticised: The Johannesburg Chamber of Commerce and Industry yesterday criticised central government’s decision to allocate only 15 percent of the national budget to Gauteng province. “For decades the PWV (Gauteng) has been short-changed in many ways, initially in the name of influx control and latterly in the name of decentralisation policies,” said JCCI chief executive Marius de Jager.
Gauteng budget out by a long way, says Davidson

BY JO-ANNE COLLINGE

The gap between the Gauteng government’s income and its spending requirements is about R225-million more than the R12-billion projected by Finance MEC Jabu Moleketi, says the DP’s Ian Davidson.

During the finance standing committee’s discussion on the budget yesterday, Davidson put it to Moleketi that he had substantially overestimated the modest measure of revenue which the province could generate of its own accord.

He pointed out that last year, provincial revenue of R546-million had been generated in the Gauteng area, whereas the projected figure for 1995/6 was R827-million. This increase of 51% was totally unrealistic.

He asserted that an increase of about 10% in the generation of own revenue was far more realistic, and that the potential shortfall was thus more like R1.4-billion than R1.2-billion.

No less than 32% of Gauteng’s budgeted income for this year comes from the national fiscus.

Davidson charged that Moleketi had been equally overoptimistic in his reckoning of additional sources of revenue which could be found to make good this potential shortfall.

He questioned whether it was realistic to expect any revenue from patient fees and horse-racing over and above the already ambitious amounts appearing on the income side of the budget estimates.

Legislators get biggest slice of pay cake

POLITICAL STAFF

The Gauteng legislature has budgeted to spend more than R20-million on salaries and benefits during the coming year and the lion’s share — R19.8-million or 72% — will go to members of the provincial legislature.

The legislature’s back-up staff, who are likely to outnumber the politicians shortly, will share a mere 29% of the personnel budget.

These figures were supplied to the finance standing committee yesterday by administrator Jeets Hargovan, who made his submission on behalf of provincial secretary Stan Nicos.

The number of MPLs on the legislature’s payroll is 75, since the premier and members of the executive council are provided for in separate budget votes. According to sources in the legislature, the back-up staff is due to expand within weeks from its current level of about 30 to more than 90.

Hargovan said a constituency allowance of R3 000 for each MPL had not been provided for in the budget since the matter of allowances still required final approval.
Gauteng feels the squeeze

provinces, in other words, redistribution.

Gauteng is clearly not allocated money in proportion to its revenue-generation or contribution to gross domestic product. It provides more than 60 percent of the tax revenue, and accounts for almost 40 percent of the country’s economic production.

Moreover, it provides services to residents of other provinces. Ga ranked Hospital costs the health budget around R300-million a year, but 90 percent of the patients are not Gauteng residents.

The point was made at a press conference that Gauteng should not be crippled by underfunding.

Money will be found to make good the underfunding by various means in the 1995/96 financial year. The health budget will be tided over by a R300-million “bridging” allocation from the reconstruction and development fund, for instance. And extra revenue will be obtained from user charges, gambling, waste reduction, and possibly by raising loans.

Moleketi told a press conference the province could live within its means for 10 months before having to face the shortfall.

Moleketi argued that the provinces should be entitled to a slice of the extra revenue that flows into government coffers through the year which was not provided for in the National Budget.

That was R2-billion last year, and economists have reckoned another R2-billion could flow in, largely as a result of the National Budget’s conservative economic forecasts.

The Gauteng Budget has used the same conservative forecasts, but since it raises little of its own revenue, it stands to gain a lot less from a slightly higher growth rate than the central government does. But, Moleketi did say an extra R60-million could come from vehicle licences if vehicle sales continued on their upward path.

Despite the plan to make up the shortfall the tight budgeting in Gauteng means it has no money to bail out local authorities if service charges are not paid. Hence if the Masakhane campaign fails trouble looms.
Fiscal commission says Gauteng's concerns, have some merit.
Leak finance is not a place of gold

In this image, there is a diagram illustrating the poverty gap in different provinces. The diagram shows the number of households below the poverty line and the number of households above the poverty line across various regions. The poverty threshold is depicted by different colors, indicating the percentage of households below the poverty line. The diagram also highlights the economic implications of poverty and inequality. The text is not clearly visible due to the image quality, but it appears to discuss the impact of poverty on different regions.
Regional finance for beginners

JESSIE Duarte, Finance Minister for the PWV, is unknown to most businessmen.

Mrs Duarte, who until this week was Nelson Mandela's personal assistant, has limited experience in public finance or economics.

The appointment of relatively inexperienced politicians to head the provincial finance portfolios seems to suggest that their powers to set fiscal policy will be limited.

In spite of protests to the contrary, finance and fiscal policy will be dictated from Pretoria. Provinces seeking more power will find little comfort in the interim constitution.

They will have to rely heavily on their share of national tax revenue. Shares will be based on the percentage of total direct and indirect taxes raised in the regions.

It is estimated, for example, that on this basis the PWV region would have been entitled to about R7.6-billion in the 1993-94 fiscal year.

The provinces will have virtually no power to raise taxes, notable exceptions being gambling and racing, or loans for bridging finance.

Almost the only function of the provincial ministers of finance will be to distribute Budget money to various spending departments, such as housing, education, health services and development.

But their powers will be curtailed by the priorities of the ANC-led government of national unity.

First, targets set by the ANC's reconstruction and development programme will enjoy priority over regionally determined development objectives.

Most ANC-led provincial governments will appoint RDP ministers to their cabinet. In practice, they could enjoy greater powers than their colleagues. In the PWV this post is likely to be filled by controversial economist Ben Turok.

Second, disheartened by the example of the former homeland governments, the national government is unlikely to grant provinces a free hand in determining how they distribute their share of tax revenue.

Japie Jacobs, special adviser to the Minister of Finance, says: "Although ultimate power rests with the provinces, we would like to have some assurances that the money goes to areas it is meant for."

Mr Jacobs says the education allocation, for example, will be determined by the number of pupils in a province.

"The provinces may reallocate these amounts, but we hope that most will end up in education."

The formula on which the money will be allocated will be decided by the financial and fiscal commission, which will have to be constituted by parliament within 90 days of its first sitting.

Provinces will be represented on the commission and this could be their best chance of swinging the balance in their favour.
A new powerhouse for the new nation

THE PWV has been the centre of political, class and racial conflict as our communities and workplaces have struggled to gain access to the democracy and the better living conditions now promised by the reconstruction and development programme.

It is a province where stark inequalities are perceived most visible, where the most luxurious suburbs on the African continent are adjacent to the poorest of townships.

Such problems cannot be addressed by simply taking from the haves and giving to the have-nots, as this would not spread assets meaningfully nor would it necessarily enhance our total economic capacity.

A global, developmental approach is required. The PWV cannot be milked dry, on the one hand, but on the other, decentralisation of resources must occur so that the PWV is not one of the only expanding employment centres in South Africa.

This means that we must ensure, as our society to ensure that waste is eliminated, that resources are redirected, and that to the best of their ability, people pay for what they receive. There may have to be widespread levies and special taxes, especially on the small group of monopolistic corporations which are at the centre of white economic power.

The constitution makes provision for the creation of a new entity called the PWV Province. This will have a premier, provincial legislature and 10-member Executive, and a distinct public service.

The legislature is entrusted with 29 competencies which include major areas like education and health. The new province will ultimately inherit a budget of R7.6 billion and a civil service of 65,000 personnel from the former Transvaal Provincial Administration, plus other former racially constituted authorities.

Below, the provincial authority, metropolitan structures of government are emerging in at least two parts of the PWV. These will also be very powerful since they exercise authority over developed economies. In addition, local authorities are being created from existing, racially defined councils.

In every township there are civil associations and community organisations of many kinds. These have a major stake in the character of the transition and they wish to be involved at every stage. There are also trade unions, church organisations, and a range of other social movements.

In addition, non-governmental organisations (NGOs) assist the communities in meeting their development needs.

All areas of administration are characterised by discrimination against black people in both the personnel and in services offered. Predominantly white (and male) officials decide on the allocation of financial resources, plan the provision of services, and implement them.

The wealth created in the PWV over the last century of industrial activity remains highly concentrated within a small minority of the white population. Anglo American, based in the PWV, owns 43.3% of the total share value of the Johannesburg Stock Exchange, while the top six corporations (four of which are headquartered in the PWV) own 87.5%.

The PWV economy is dominated by mining, manufacturing, finance, trade, and service industries, though mining is now less important in the PWV than elsewhere in SA.

The central Witwatersrand has seen an absolute decline in manufacturing employment and a serious decline in the finance sector. At least 1.7 million people are active in the PWV.

The ANC believes the PWV region will be ideally suited to its reconstruction and development programme. This is an edited extract from its policy document, Building a new PWV Province.

BEN TURK... likely to co-ordinate the RDP’s regional implementation

informal sector. Formal sector employment was reduced by 3.5% during the 1980s. Manufacturing lost 10% of its employment base (compared to a gain of 1.7% countrywide). The disabled have been hit particularly hard.

Our first priority must be that every citizen should have access to paid employment. At present the unemployment rate is over 56% in many townships and the majority of people are living from the incomes of others.

Job creation can be boosted in various ways. A major public works programme is urgently needed. A commission will be appointed to investigate this immediately. However, these kinds of programmes tend to be short-term and more fundamental measures are needed as well.

The principal solution lies in a speedy expansion of the economy at the base of the pyramid. We require a major effort at job creation through the provision of public assistance in the creation of a large artisan industry, through repair shops, small and medium-sized businesses of all kinds, particularly at the productive level. However, the service sector is also seriously deficient in the townships and many new jobs can be created in services.

The new provincial government will have great opportunities at job creation in the fulfilment of its commitments with respect to the 29 competencies which are now their responsibilities. These competencies—some of the substantial ones are new to the provinces—reveal the scale of potential job creation. Local authorities also have very substantial job creation capacities, especially as new services are installed in deprived areas.
R300m to help lift living standards

WILSON ZWANE

THE East Rand Regional Services Council will spend more than R300m in the 1994/95 financial year on improving living conditions in the region, but will not increase its levies.

According to a budget approved yesterday, the council will spend R68m on construction projects such as sewers, R86m on the treatment and conveyance of waste water, R29m on community projects such as clinics, R14m on the maintenance of infrastructure, R41m on waste removal and R25m on land-use and transport planning.

In his budget speech, council chairman Leon Ferreira said the organisation was ready to meet the "enormous" challenges of issues such as the living and working conditions of communities and socio-cultural upliftment through public involvement and participation.
Sexwale pledges good PWV govt

MARK ASHURST

TRANSPARENT, accountable and service-oriented government in the PWV was the critical component in the national endeavour to build a new SA, regional Premier Tokyo Sexwale told the second meeting of the provincial legislature yesterday.

Outlining a plan for the region, he pledged to maintain fiscal discipline.

Among the few figures cited in a speech that avoided the contentious question of budgets was an ambitious commitment to provide 150,000 units of housing in the next 12 months, each with electricity, running water and access to a telephone network.

Sexwale stressed that the government would encourage micro, small and medium enterprises in a way that would “address the basic needs of society”.

Other priorities in the PWV were an anti-crime programme, gun control, community policing structures, redevelopment of the townships, reclaiming CBDs as viable trading centres, encouraging small enterprises, housing, health care, education, and foreign investment.

Sexwale welcomed the keen interest of the private sector in development plans, and said a full housing plan would be presented to the cabinet within two weeks.

However, government would not be party to any plan that created “serviced informal settlements in the name of housing”.

People deserved to live in proper low-cost houses, he said. Also, hostel accommodation would be upgraded into family units as hostel dwellers were re-integrated into the broader community.

The premier’s speech was not without a note of caution. “The reality of government is that we cannot deliver everything overnight,” he said.

The creation of jobs and the generation of wealth necessary to improve the lives of the 6 million people in the PWV could be achieved only through consultation with all interest groups.

Sexwale said he was “immensely impressed” by the work that had already been undertaken.

Sustainable employment for “almost 50% of our citizens without formal or adequate employment”, preventative health care with emphasis on AIDS awareness, and upgrading of inadequate social welfare were also earmarked for urgent attention.

A single curriculum and rationalisation of current structures to provide quality education “for all our young people” would save taxpayers millions of rand, he said.

Sexwale pledged the government to establish a comprehensive economic database to facilitate the marketing of the province within its first 100 days in office. “We have the responsibility to actively solicit significant new local and international investment for the PWV.”

Immediate action from government was the key to long-term development, he said. Central to rebuilding the PWV was creating “a vigorous circle of progress”. An urgent programme to develop the PWV infrastructure would provide the stability and growth necessary for “more pervasive reconstruction and development” regionally.

The PWV was bound by the constitution to introduce community-police liaison forums without delay, a process already in motion, Sexwale said.

The high level of car theft, violent assaults and rape would also be tackled.
PWV region must resist being ‘milked’

JOHN DLUDLU

THE PWV province should strongly resist becoming the economic milk-cow for the rest of SA, JCCL president Mervyn King said last night.

He told the chamber’s AGM the newly installed provincial administration should ensure the development needs of the province were given priority.

“Just as the rural poor saw the province as an economic refuge, so other provinces will see the PWV as a source of revenue for cross-subsidising less developed regions.”

The PWV government would find it difficult to resist demands from other regions, and King said it was unreasonable to expect the region to escape its share of the finance that would be required.

But it was important that the provincial government kept a check on development funds flowing out of the province.

King said the province had suffered from neglect by the former administration. For decades the region had been regarded as the haven of wealth and prosperity. The result had been urbanisation on a grand scale.

Recent measures adopted to slow down growth in urban areas had failed. King said the result was concerning.

The economy of the Witwatersrand had shrunk. In the past decade jobs in the formal economy grew only 3.5% in the PWV and shrunk 3.9% on the Witwatersrand. There was about a 46% unemployment rate among economically active people.

King said it was important for business to speak with a united, powerful and nonracial voice to represent its needs and to contribute to the province’s prosperity.

Speaking at the same function, leading businessman and Metropolitan chairman Nthato Motlana said the business community had to convert the goodwill of foreign countries into “jobs, schools and houses for all South Africans”.

White business establishments should assist integrating black counterparts into the mainstream of the economy. It would be dangerous for the current sociopolitical changes not to be reflected in the corporate make-up of the country.

King was re-elected JCCL president for another term.
PWV must not be milk cow of less developed regions

BY CLAIRE GEBHARDT

The PWV province must not be used as a source of revenue for cross-subsidising less developed regions, the President of the Johannesburg Chamber of Commerce & Industry (JCCI), Mervyn King, said yesterday.

Addressing the JCCI annual general meeting, King said the PWV was the engine room of the economy and had for decades been regarded as a haven of wealth and prosperity by all on the subcontinent.

"The new provincial governments will find it difficult to resist the force of the demands and, indeed, it is unreasonable to expect the region to escape its share of the finance that will be required."

King said the provincial government should ensure that the development funds flowing out be kept in check and that the needs of the PWV be kept in the forefront.

"When it comes to development funding, the PWV's needs must come first because no other province can generate the same economic growth and job creation," (49F)

King said both provincial and metropolitan government had powers to impose taxes and levies to implement development policies.

"Business must have a united and powerful voice to represent its needs, as well as to contribute to the prosperity of the province and its major urban centres."

King said the PWV province covered just under two percent of SA's land area, but accommodated 25 percent of its population and produced 48 percent of its GDP.

It was responsible for 51 percent of secondary output, 34 percent of mining output, seven percent of agricultural output, 41 percent of the nation's taxes, 40 percent of household income and 41 percent of savings.

King said the PWV had seen urbanisation on a grand scale, reaching a peak in the last five years after the removal of influx control.

"The result is that the economy of the Witwatersrand — the economic heart of the PWV — has shrunk."

"In the last decade the number of jobs in the formal economy grew by only 3.5 percent in the PWV and shrank by 3.9 percent in the Witwatersrand."

"Unemployment is widespread, with 46 percent of the economically active without work in the formal economy."
Dim outlook for poverty-stricken PWV province

SOUTH Africa's economic powerhouse, the PWV, fares badly in a poverty study for the World Bank.

The study finds that poverty is widespread and increasing, that women bear an unfair share of the burden and that the formal economy has not grown sufficiently or in the right way.

There is uneven distribution of basic services and facilities. Distorted education, health and welfare services are unable to cope with the growing demands of the population.

The prospects for the immediate future do not look bright, one estimate being that formal employment will grow at an annual rate of only 0.7% between 1985 and 1996.

The study, by the SA Labour & Development Research Unit (Saltru) and the University of Cape Town, is part of a nationwide quantification of the extent of poverty. It will be used by decision makers in designing effective programmes.

It says the most important development issue facing the PWV is the accommodation crisis, which also relates to the lack of well-located land for housing. About half of the black population is informally housed, this situation worsening in recent years.

"While a solution to the problem is made more difficult by the massive affordability constraints, this problem largely has its roots in years of apartheid planning, specifically anti-urbanisation strategies.

"Apart from the site-and-service schemes of the Independent Development Trust, precious little is being done to address the backlog."

The PWV's spatial structure imposes huge social and economic costs on its people, through high transport costs, for example.

Certain townships face a collapse in urban management after years of illegitimate, often inefficient and corrupt local government. This has been exacerbated by rent and service boycotts and violence.

The real formal economy grew by only 0.7% annually between 1980 and 1989, below the national average of 1.6%. The PWV economy is also particularly vulnerable to the effects of recession.

Almost all health indicators have fallen in the PWV in the past five years, partly because of population growth.

"While the story of poverty in the PWV does not end with much cause for optimism about the future, personal per capita income is higher in the PWV than any other region.

"The region is also relatively well served by government and non-governmental institutions committed to the alleviation of poverty. Chances are that the relative poverty of the PWV will be addressed a lot sooner than the absolute poverty encountered elsewhere."

The PWV covers only 2.5% of SA, is home to 23% of the population (8.79 million in 1990), 93% of whom are urbanised. It contributes nearly 40% to gross domestic product.

In 1982, 28.6% of black households were below the minimum living line (MLL), which was up from the figure of 20.8% in 1979. The present study finds 31.2% below the MLL, indicating a consistent and singular increase in poverty in the past 10 years.

Development Bank data show the economically active population grew by 4.5% a year between 1985 and 1989 and the demand for labour grew by only 2.4%.
Big thumbs-up for RDP in PWV

By Tyrone August
Political Reporter

THE African National Congress’ Reconstruction and Development Programme featured prominently at yesterday’s meeting of the PWV’s Provincial Legislature.

The ANC’s Mr Ben Turok, who has been appointed by premier Mr Tokyo Sexwale to establish a commission on reconstruction and development, said the RDP may have started off as an ANC document but was now a “public property.”

Turok said he welcomed debate on the document, which he described as an important part of the ANC’s vision for the future.

“We are prepared to put aside the hurt caused by apartheid,” he said. “But we cannot put aside our ideals and vision.”

Several ANC members came out in support of the RDP. “We see health as part of the RDP,” said Health Minister Mr Amos Masondo.

He called for a review of health services and said equitable social and economic development was a key part of preventing diseases.

Housing Minister Mr Dan Mofokeng also supported the RDP and said it was necessary to address the housing shortage caused by “a history of neglect.”

Mrs Jessie Duarte, Minister of Safety and Security, supported Sexwale’s call in his opening address last Thursday that violence must come to an end.

She recognised that the police service was “overstretched and overpaid” and committed her ministry to looking at their conditions of service.

Her deputy, Mr Obed Bapela, made a strong call for a programme to control “the flood of weapons” and hinted at a restriction on the number of firearms an individual could own.

He stressed that gun control and an end to arms smuggling would be high on the agenda of the Safety and Security Ministry.

The NP’s Olaus van Zyl also supported the RDP and described it as a good starting point. “There is no argument about the goals,” he said. But he said the Legislature should be realistic about how best to achieve those goals. The provision of housing, for example, was “an enormous task.”
PWV province 'not SA's milch cow'

Business must have a united and powerful voice to represent its needs, as well as to contribute to the prosperity of the province and its major urban centres.

Mr King said the PWV province covered just under two percent of South Africa's land area, but accommodated 25 percent of its population and produced 43 percent of its GDP.

It was responsible for 51 percent of secondary output, 34 percent of mining output, seven percent of agricultural output, 41 percent of the nation's taxes, 40 percent of household income and 41 percent of savings.

Mr King said the PWV had seen urbanisation on a grand scale, reaching a peak in the last five years after the removal of influx control.

"The result is that the economy of the Witwatersrand — the economic heart of the PWV — has shrunk.

"In the last decade the number of jobs in the formal economy grew by only 3.5 percent in the PWV and shrank by 3.9 percent in the Witwatersrand.

"Unemployment is widespread, with 46 percent of the economically active without work in the formal economy."
Sexwale spells out Gauteng’s policy

By Pamela Dube
Political Reporter

THE Gauteng Provincial Legislature was striving towards an internationally competitive economy, premier Mr Tokyo Sexwale said yesterday when he launched his government’s provincial economic policy.

As a major contributor to the country’s Gross Domestic Product and fiscal revenue, Gauteng had to be on a par with the economic “tigers” of the world, he said, adding that Gauteng contributed 40 percent to the GDP.

Sixty percent of South Africa’s national fiscal revenue came from Gauteng.

“The growth of the financial services industry must be maintained to position Gauteng as the Hong Kong of Africa. As the world’s sixth best financial system we are well placed to lead the return of international investors to our country and the sub-continent,”

“This implies that the economy grows in a labour-intensive manner in order to address the 37 percent of our people who are formally employed,” he said, referring to this as “drive in pursuit of shared growth”.

Gauteng MEC for finance and economic affairs Mr Jabu Moleketi said the policy drive was towards the creation of an economy in which market forces played an important role.

But the state, together with economic stakeholders, assumed responsibility for addressing failures of the past in the market mechanism.

“As a consequence of our sad history, we cannot leave everything to the market and judge success purely on the basis of profit,” Moleketi said.

The Gauteng government has proposed the establishment of an economic advisory council comprising captains of industry in the province.

The council would work towards harmonising the Gauteng Economic and Development Forum, and the creation of a unit composed of academics, technical and non-governmental organisations.

Moleketi said the contribution and partnership of different levels of government were also vital.

Sexwale said the economy should be driven to benefit all people in the province.

The private sector has a pivotal role to play, the premier noted. Sectors such as tourism, transport and improved infrastructures will position Gauteng “as a gateway to South and Southern Africa”.

(End)
Gauteng unveils economic policy

THE Gauteng provincial government yesterday unveiled its long-awaited economic policy to create "shared economic growth", slashing the province's 37% unemployment rate and raising the economy's international competitiveness.

Among the key proposals in the 30-page document released by premier Tokyo Sexwale and finance and economic affairs minister Jabi Moleketi was the linking of townships with cities. Moleketi said: "One way of creating this linkage could be to bring work closer to the people or people closer to workplaces."

The document, to be debated by labour, business and the public, said the link would have to be accompanied by "massive infrastructural investment" and possibly relocation subsidies for companies. Sexwale called for a partnership between the private and public sectors to help build up township economies. However, Moleketi warned that the provincial government was opposed to "blanket subsidies", favouring targeted incentives.

The document, drawn up by the economic affairs department, called for the broadening of economic ownership and development of a vibrant micro- to medium-sized enterprise sector.

It proposed establishing a directorate for such enterprise within the region's economic affairs department by mid-year.

Moleketi said the provincial government's role should be facilitative, but hinted that it would use the tender system to empower small business, using quotas in some cases. "We are not apologetic about this. It's used elsewhere in the world."

Sexwale said "survivalist industries" should be developed into viable businesses.

One key proposal was creation of a Gauteng promotion agency — by October — to market the province "within a generic national framework". The agency would also facilitate trade and investment.

Sexwale also suggested creating an economic advisory council made up of government and business representatives.

The document said the provincial government would consider promoting growth in certain industries by cutting red tape and improving market access. These sectors included chemicals, fabricated metals, iron and steel, motor components, financial services, food and tourism.

The paper also proposed the creation of a consumer rights directorate in the province by mid-year.

Although observers welcomed the plan as an "encouraging step", some said the time frames for establishing an institutional framework were "a little ambitious".

Gauteng (49F) 60/10/5/95 From Page 1
Economic perspective set out

BY JO-ANNE COLLINGE

Gauteng MEC for Finance and Economic Affairs Jabu Moleketi released the province's economic policy document yesterday, asserting that the government, in enabling growth, has an obligation to correct failures in the market.

He said that the notion of "shared growth", which benefited the broad population rather than a small elite, was Gauteng's central economic policy goal.

The paper was not the final word, Moleketi stressed. It was essentially a plan which would be revised in workshops with many role-players.

Gauteng believed that economic growth could be achieved only if the government, the private sector, labour and popular organisations worked in sound partnership.

'First tiger'

A participative approach to policy-making helped cement such relationships.

Premier Tokyo Sexwale, due to depart for Asia on May 20 with Moleketi and representatives of business, the province and local government, said he believed that Gauteng could become "the first of the African tigers".

He said the province was keen to take advantage of the fact that regional economies were assuming an increasingly important role internationally. But, the premier stressed, Gauteng was not seeking to override any national framework by setting its own economic course.

Sexwale's Asian tour has a dual political/business focus. It will take him to the People's Republic of China, South Korea, Singapore, Malaysia and Hong Kong over a period of three weeks.

➤ Richest, but most hard pressed – Page 15
Govt keen to get Cautious Going

Discussion paper revealed by John Muliuki yesterday.

He proclaims has big plans to stimulate the economy at all levels, as shown in the picture.
Methods which bear examination

ACADEMIC ADVICE
There are no bad students, only bad or inconsistent study methods. If these are rectified then students may compile a series of booklets.

Many parents were lyrical about how they had no idea
but lamented that they do not achieve accordingly.
Most parents do not know when and how to seek help to rectify the problem, because they often don’t know where to start.

There is no specific support in primary or high schools’ daily curricula, he says. And the media emphasises difficulties such as understaffing and staff shortages, but they do not mention the obvious — how to learn, he says.

Of course a whole new generation of students who don’t have a study skills programme as part of its everyday curriculum.

The Michael Mount School has exams only in Std 9 and 10. In math they have tests weekly.

But a five-year project on study skills training programme at the end of the Std 9 year.

The Michael Mount School has exams only in Std 9 and 10. In math they have tests weekly.

But a five-year project on study skills training programme at the end of the Std 9 year.
Gauteng Economic Policy

What about crime?

The term "economic policy" is not appropriate to a subordinate government that operates neither its own monetary nor fiscal policy.

However, the proposals put forward by the Gauteng provincial government in its economic policy document "for stakeholder discussion" are modest.

The report notes that the Gauteng average monthly household income is R3 442, the highest in SA and 64% above the national average. The average for whites is R6 653, for Indians R5 485, coloureds R3 244 and blacks R1 439. Acknowledging a wide range of estimates for unemployment, the report makes its own guess of 37% according to formal sector definitions.

These, however, 55% are active in the informal sector.

The department complains that the per capita budgetary allocation to Gauteng, for the 1995-1996 financial year, was R178 below the national average, while the 2% rise over the previous national Budget was the lowest in SA.

Anticipating a potential deficit in the provincial budget for 1995-1996 of R1.2bn, the provincial government will seek to lobby national government for additional revenue. Gauteng may also consider raising license fees and user charges. There is hope that gaming licences and taxes will in future make a contribution.

In the last resort, the provincial government would consider raising debt within the framework of the constitution.

The document calls for the creation of a safe and ethical commercial environment in which consumers are aware of their rights and their power to redress economic wrongs. Apart from efforts to educate consumers about their rights, this fore- shadows the enactment of new consumer law (including legal mechanisms for quick redress) and the establishment of a con- sumer rights directorate. It's likely this would apply in particular to stagnant sales and the like. There is no doubt that consumer law and protection do require development but this process is not likely to promote economic growth.

The report notes water is a scarce res- source in the province. Therefore, water should be priced correctly to reflect this. Its use should be promoted and only industries which are not water-intensive should be encouraged to set up in the province. But "life-line" water (tariffs for the poor) should be provided.

In the past, black residential areas were often separated from white cities and industrial areas by vacant, mine-owned land. The document proposes that such land be used to link Gauteng's cities and townships. The provision of better infrastructure in black areas should assist in the establishment of an economic base, to provide more jobs closer.

Also vital is an improvement in mass transport to improve individual mobility and reduce the cost of goods at their final points of sale. In these efforts, one aim should be development partnerships between private and public sectors.

Government incentives for anchor tenants in new property nodes could have a role, blanket incentives to encourage firms to relocate to black areas should be avoided.

The promotion of small and medium-size enterprises is a major goal.

Strategies should be devised to promote "nonpunitive" deconcentration of markets and sizing down of production and service business units. This includes encouraging subcontracting.

Amid all this populist activity, the provincial government should encourage trade and investment. To this end, the province should establish a Gauteng promotion agency to be run in partnership with the private sector.

The decline in gold mining in the region is recognised. The main thrust for growth is therefore manufacturing, in an almost entirely urbanised province. Heavy industries such as engineering, vehicle manufacture and chemicals are targeted. Related to the province's leading role as SA's financial centre, tourism should be promoted vig- orously. Here, tourism should be marketed as a well-regulated affair.

ECONOMY & FINANCE

ECONOMY & FINANCE

ECONOMY & FINANCE

ECONOMY & FINANCE
Prisoners stage sit-down strike
CAPE TOWN — About 126 prisoners at Brandfleib maximum security prison near Worcester staged a sit-down strike yesterday, demanding amnesty for non-political prisoners.

The protest followed a call earlier in the day from SA Prisoners' Organisation for Human Rights (SAPoHR) urging common law prisoners countrywide to embark on “rolling mass action” to demand amnesty.

The strike ended after intervention by warders from the Police and Prisoners Civil Rights Union (Pop eru) who were returning to duty after a protest of their own.

About 45 warders broke ranks at a medal parade at dawn yesterday to present their complaints to commanding officer Brig Piet Freyse. The Correctional Services Department said the warders' complaints would be brought to the attention of higher authorities.

The warders had demanded to speak to Golden Miles Bhudu of the SAPoHR.

The warders had persuaded them to give the head of the prison, Col WJ Pepler, until tomorrow to discuss the matter with Brig Freyse and the men then re-entered their cells.

In their memorandum the warders complained about “years of oppression” by prison authorities since the 1999 Pop eru strike, and a lack of attention to repeated memorandums drawing attention to problems.

The department said Freyse had accepted the list of demands.

JOHANNES NCOBO reports that Bhudu told a news briefing earlier yesterday common law prisoners had patiently awaited an announcement on their release from President Nelson Mandela, but to date nothing had happened.

“We are calling for an urgent meeting with President Mandela and will in the meantime call on all our members to embark on peaceful action,” said Bhudu.

The organisation had requested a discussion on amnesty for offenders convicted of non-violent crimes, Bhudu said.

PWV set to gain the lion’s share of funds

THE PWV is said to gain the lion’s share of funding previously given to the TPA, even though the old Transvaal has been partitioned.

The TPA's budget had been about R8bn, but the PWV was likely to demand about R8bn of this, TPA communications director Piet Wilken said yesterday.

Although the allocation might appear too heavily weighted in favour of the PWV, Wilken said allocations would be in line with the services provided by the regions.

“PWV is, after all, the powerhouse of the country,” he said. PWV will be benefit from taxes on horse racing of about R12bn. The four major racetracks which previously helped fund the whole province fall within the PWV’s boundaries.

The Transvaal used to raise its largest amount of income from car licence fees, which in 1992/93 totalled about R43bn. How this income will be divided is still to be decided.

Wilken said the new provinces would have to come to an arrangement on income from horse racing and car licences.

Meanwhile, Sapa reports provincial premiers met in Pretoria last night for “confidential discussions” ahead of their meeting today in the city with Constitutional Development Minister Roelf Meyer and Public Service and Administration Minister Zola Skwiyiwa to discuss provincial executive powers.

PWV premier Tokyo Sexwale said the premiers would meet occasionally in different regional capitals.

Northwest premier Popo Molefe, who is ill, was represented by Satish Roopa.

Today’s meeting is a follow-up to a meeting in Cape Town last month, and follows the removal by proclamation on Friday of all provincial powers. The powers were temporarily assigned to central government departments in preparation for their being devolved to the provinces.

Most premiers are expected to apply to exercise all the powers determined by the Constitution. While some of these powers can be exercised exclusively, others can be exercised only subject to central government’s approval.

Meyer said at a recent briefing he envisaged a process in which the provinces negotiated with central government for powers.

Severe punishment called for
PRETORIA — The 17 men found guilty on 45 murder charges and 18 attempted murder charges in the Boipatong massacre should be severely punished, the prosecution said yesterday.

The state said the Boipatong massacre had shocked the world as an example of man’s inhumanity to man.

The men will be sentenced today in the Pretoria Supreme Court by Justice JMC Smit who, during his earlier judgment, referred to the night of June 17 1992 as one of the most unfortunate in SA history.

Armed with firearms, knobkerries, spears and assegais, a few hundred men from the KwaMadla hostel near Boipatong indiscriminately attacked and killed men, women and children.

Defence counsel R Strydom said the court should take into account as an extenuating factor the rivalry between the ANC aligned self-defence units in Boipatong and IFP supporters in the hostel.

This and other factors had caused the accused to take the law into their own hands.” Sapa.
Budget 'in waiting' for the TMC

By Jo-Anne Collinge

The Central Witwatersrand Regional Services Council this week signalled that it was waiting to make way for a Transitional Metropolitan Council (TMC) when it adopted a special "contingency budget" for the coming year. This budget leaves about R187.3 million of project funding uncommitted, so that the TMC has some room to move when it eventually comes into being and takes over the RSC's functions and additional functions.

"This budget merely provides a framework upon which the TMC may base its own estimates for 1994/5. It will be implemented only (when) the new TMC budget comes into effect," RSC chairman Len de Wet stated.

The setting up of the TMC has been delayed by the failure of local political players — basically the parties to the Central Witwatersrand Metropolitan Chamber — to agree on the composition, powers and functions of the TMC. The structure should have been in place by last month, in terms of the provisions in the Local Government Transition Act. But the Met Chamber applied for an extension of the deadline when it became clear that agreement was still a long way off.
Houghton is the mean — Sexwale

JOHANNESBURG. — Providing basic needs, such as education and water, was PWV premier Mr Tokyo Sexwale's priority, but this would be done without lowering the standards of Johannesburg's plush suburbs, he said yesterday.

Addressing a breakfast function at Midrand, Mr Sexwale said he lived in Houghton to demonstrate the standard that should be achieved.

"We are trying to indicate to our people what the standard is. The standard is housing, the standard is Sandton Sun, Lost City... air-conditioning..."

"The standard is to be able to drink fresh water directly from the taps. Those standards must be maintained."

Mr Sexwale said his job was to facilitate the Reconstruction and Development Programme through a "golden triangle" of government, business and trade unions.

He appealed to business to contribute to the RDP by making suggestions and criticising government policy. — Sapa 24F 29/6/94
Pretoria slots into growth

BY ROY COAYNE

Seven industries within the Greater Pretoria area — including the motor, processed food and tourism industries — have been identified by the Central Pretoria Metropolitan Structure as growth areas and potentially attractive to foreign investors.

The other growth sectors identified are the plastics and rubber, chemical, pharmaceutical and service industries.

Peet du Preez, director of marketing and communication for the Central Pretoria Metropolitan Structure, said these industries would form the focus of their attempts to attract investment to Pretoria.

Du Preez was part of a delegation of politicians and businessmen, headed by Gauteng premier Tokyo Sexwale, which recently returned from a visit to five Eastern countries.

He said these growth sectors had been determined by evaluating the growth sectors internationally and nationally before analysing which of them were present in Pretoria.

Employment

There are 15 growth sectors in the world and Pretoria has seven of them, he said.

Du Preez said the motor industry in Pretoria — comprising the manufacturing facilities of BMW, Land Rover, Samcor, Mercedes-Benz’s head office and only Nissan’s Fiat Uno production facilities — provided jobs to more than 6,000 people.

“There is great interest in particular in Malaysia and Korea in the support industry for motor manufacturing and I believe there is room for that in Pretoria.

“We are in the process of analysing where the gaps are in the motor component manufacturing industry. A report will be drawn up identifying these gaps, which will be sent to potential component manufacturing investors,” he said.

Du Preez said more than 57 percent of South Africa’s vehicles were made in Pretoria.

He said in marketing Pretoria to investors, certain principles had to be addressed, the most important of which was clustering.

“You cannot attract investment to an area if it does not have the supporting infrastructure,” he said.

“For example, a clutch plate manufacturer would want to be strategically positioned as close as possible to the motor manufacturers, because that is their market. That is also why Pretoria is not a place for textiles.

“The cluster effect is present with regard to the motor industry in Pretoria and that is why we are marketing Pretoria as the Detroit of southern Africa,” he said.

Du Preez emphasised that it was important that if component manufacturers were attracted to Pretoria, they had to attempt to supply local manufacturers as well as the export market, because economies of scale reduced the unit price.

He said motor manufacturers interested in investing in South Africa needed high volumes and therefore had to be located in Gauteng, which was strategically positioned for the southern African market and its 150 million people.

“But the buying power of this population remains a problem and the biggest market for vehicles in southern Africa at this stage are the governments,” he said.

However, du Preez expressed concern that South Africa’s motor industry would not have the capacity to fulfill the needs of the market if there was rapid growth in demand.

Turning to the high-tech manufacturing industry, du Preez said this industry in South Africa was not far behind most countries in terms of high-tech expertise. However, he said, there was a problem with the supply of certain components.

There was a keen desire for South Africa, Korea and Malaysia to establish hi-tech manufacturing concerns in South Africa for appliances, such as fridges, ovens and other electrical apparatus, he said.
Roodepoort hit hardest

Uniform tariff system across the metropolis

By Paula Fray
CITY EDITOR

Greater Johannesburg’s “compromise” budget was described yesterday as the best possible within existing constraints, but some residents can expect to dig deeper into their pockets once it is introduced next month.

Despite areas of unhappiness, the R5.5-billion budget is expected to be passed after a second day of debate in the Transitional Metropolitan Council (TMC) today.

The new budget introduces uniform tariff structures for services across the metropolis — effectively scrapping the township flat rate — and payment for services in informal and semi-formal settlements.

The introduction of “life-line” tariffs for minimum use, which benefits all residents, is expected to offset the impact of the introduction of consumption-based tariffs in townships.

Electricity, however, will be charged at a single rate of 17,16c/kWh for domestic use.

The impact of the new uniform charges will vary as the TMC’s administrations have different tariffs at present.

Residents who consume the minimum amounts covered by the life-line tariffs can expect service charges, excluding electricity payments to Eskom, of about R56. However, township residents who exceed minimum consumption will pay much more than the existing R45 flat-rate.

Non-existent

Residents in informal, semi-formal and formal settlements where metered consumption is non-existent, will pay for average consumption.

Among the former white councils, Roodepoort residents have been particularly hard-hit by the introduction of uniform rates, with average increases of about 22% for services.

Councillor Nick Gay said efficient administration in the previous council ensured service charges were kept low. But the uniform tariffs meant Roodepoort residents faced a higher hike than other administrations.

TMC executive committee member Pieter de Wet said Roodepoort had become a milk cow for the council as its capital budget had been cut by 39%.

Roodepoort ratepayers will also not benefit from their rates payments — the highest in the TMC — as an across-the-board increase of 12% has been proposed until the new valuation roll is introduced next year.

That is when, say many councillors, the real financial fireworks can be expected, as there are many anomalies in the current rates charges, with Sandton’s rates pegged very low and Roodepoort’s very high. The uniform valuations roll will also cover townships like Soweto and Alexandra, where residents are not charged rates.

TMC executive committee chairman Collin Madjiga said the real challenge would be to get township residents to pay.

DP caucus leader Ian Davidson said this was a compromise budget to allocate limited resources among increased competing demands.

“We recognise that while we are sensitive to the needs of those in the disadvantaged areas, we also need to be sensitive to the fears of those in the advantaged areas,” said Davidson, adding that capital expenditure had shifted dramatically from the former white administrations to disadvantaged areas.
Business rails at increase

TMC levies rise by R56-m

BY PAULA FRAY

Businesses would have to fork out an additional R56-million for increased levies after the approval of the Greater Johannesburg budget this week, said the Johannesburg Chamber of Commerce and Industry (JCCI).

The Transitional Metropolitan Council on Tuesday increased its service and establishment levies (previously Regional Services Council levies) to business by 15% as from July 1.

"The additional income from the two levies is estimated at some R56-million," said TMC executive committee chairman Collin Matjila during his budget speech.

"The need for an increase above the inflation rate is owing to the fact that there was no increase in levies last year and the inherent natural growth of the levy income has been sluggish." But the JCCI condemned the use of the levies as "balancing items".

"While business has sympathy with the TMC on the difficulties of meeting the demand that must be met from a limited source of funds, we feel there is no justification for the increase of 15% in the levies," said past president Stuart Morris.

"Business is willing and prepared to play its part in the social upliftment of the region but the TMC levy must be seen in the light of the already high tax base and other costs of doing business.

"The levies are flat-rate taxes and these increase automatically with inflation, increasing salaries and turnover and organic economic growth," said Stuart.

He added that business had always regarded levies as inherently flawed.

"The increases heighten the negative effects of the levies," said Stuart, welcoming the investigation into the levy system and alternative revenue sources announced by the TMC.
Small developers in PWV ‘out in cold’

Own Correspondent

JOHANNESBURG. — PWV Premier Mr Tokyo Sexwale’s plan to build 150,000 homes a year through creating a new bank has angered small developers who believe they have been left out in the cold.

But industry analysts and major construction companies believed the proposed scheme was highly innovative and would rejuvenate the economy of the PWV region if it came to fruition.

Mr Gey van Pittius said a consortium of small developers who had been developing low-cost homes for the past few years had approached the PWV government with several schemes, but had “never got through the front door”.

CT 5/7/94
RDP ‘action plan’ set for East Rand

Own Correspondent

JOHANNESBURG. — The Reconstruction and Development programme would start being implemented in the Katorus townships (Katlehong, Thokoza and Vosloorus) on the East Rand next week. PWV Housing Minister Mr Dan Mofokeng said yesterday.

He told the Katorus task group that the PWV government had made the East Rand a priority.

He said ordinary people should start to see changes in their daily lives and that should motivate them to begin paying for local government services.

The first houses built under the RDP would be in the Katorus townships.

The “action plan” launch was attended by Katlehong, Germiston, Thokoza, Alberton, Vosloorus and Boksburg town councillors, the SANDF, PWV safety and security standing committee representatives and the Wits-Vaal peace secretariat.

The action plan involved promoting reconciliation between warring groups, returning displaced people to homes around hostels, negotiating with illegal occupants of homes, rebuilding destroyed and damaged homes and putting in place a visible security presence.

ANC East Rand chairman Mr Vuyane Mphofu said PWV Premier Mr Tokyo Sexwale would visit the townships on Sunday and unveil his peace plan, which would be coupled with the RDP, and which had the same objectives as the task group’s plan.

The police internal stability division, withdrawn from duty in some East Rand townships by Parliament earlier this year, would be redeployed in the area only once the community supported this.
industry is changing
best place for
like it or not, the
Growth plan for Gauteng

The Gauteng government — in conjunction with business, labour and civil society — has embarked on a three-pronged programme to enable and facilitate growth in the province.

Jabu Moloketi, the finance and economic affairs MEC for Gauteng, said that what the Gauteng provincial government would bring to the partnership was: fiscal discipline; a revisiting of existing legislation and regulations which impeded or hampered investment and growth; and active support of investment and growth by the means at its disposal.

Moloketi said the Gauteng government had embarked upon three initiatives — the establishment of a provincial tourism entity, support of small and medium-sized enterprises and the establishment of a provincial investment and trade promotion agency.

In an address to the Pretoria Afrikaanse Sakekamer last week Moloketi said the Gauteng government believed it was vital to maintain effective control of government expenditure at all levels to provide a stable economic environment, to keep inflation and interest rates down and to provide an environment conducive to investment and the rebuilding of capital stock.

The development of an economic partnership between government, business, labour and many of the population who, with help, could enter the mainstream of the economy and set up either small manufacturing plants or provide business services, he said.

“Tourism in Gauteng was particularly attractive because it was highly labour intensive and required low skills-entry levels.

“Research has shown that our province has failed to develop its tourism potential both with respect to leisure and business tourism.

“The province’s tourism entity will aim to address this. The Gauteng gambling and gaming policy will certainly strengthen this development and we have already received submissions that involve substantial investments both in rand terms as well as in jobs and skills training,” said Moloketi.

The government believed small business development was an essential element in expanding the ownership base, creating jobs, empowering previously disempowered individuals and communities as well as a strategy to expand the economy’s manufacturing base.

Traditionally, small business activity in Gauteng had predominantly been in the retail sector but they would rather be looking to provide an environment and support conducive to harnessing the entrepreneurial potential of companies, news, government, economics. 

CT (PR) 24/7/95 (49F)
Companies ‘need staff to investigate internal fraud’

Susan Russell

BUSINESS had to take responsibility for protecting its own assets and equip itself to investigate and prevent fraud within its own organisations, Eskom confidential investigator Shane Koehane said yesterday.

Koehane was speaking at a two-day workshop on investigating and proving fraud, organised by Compact Business Services and attended by representatives of some of SA’s largest financial institutions and corporations, including a number from Zimbabwe and Swaziland.

He said business had to move towards a system of internal detection to uncover fraud within organisations in much the same way as there had been a shift towards community policing and the use of private security companies by individuals.

Koehane, a former SAPS commercial unit captain, emphasised this did not mean usurping the authorities or tasks of the police, but rather working in partnership with them.

He said investigations, whether carried out by the authorities or by the private sector, always had to take place within a specific legal context and with due consideration of the rights of the individual.

Koehane said despite the rising level of fraud, very few SA companies and organisations, including most of those represented at the workshop, had a fraud policy in place to deal with white collar crime within their organisations.

The increasing crime wave, he said, had forced the authorities to take cognisance of private and corporate investigative capabilities.

Koehane reiterated that the function of internal investigators was not to replace the police or make arrests, but to gather evidence, assist the SAPS with its investigation and expedite the investigation.

He also said growing numbers of experienced commercial branch detectives were being drawn into the private sector as more organisations found themselves forced to appoint internal investigation sections to deal with fraud.

Koehane said that while the police lost valuable personnel because it could not compete with the salaries offered in the private sector, it also meant experienced detectives were handling internal investigations and were able to hand over an almost complete dossier.

Among the topics dealt with at the workshop were why employees commit fraud, how to detect fraud, the creation of an internal investigation department and its place in the organisational structure, the rights and powers of the investigator within a private organisation and how to question an employee suspected of fraud.

Gauteng’s economy strongest

CAPE TOWN — Gauteng has the strongest provincial economy, but the Western Cape has the greatest potential for growth and investment, according to a Foundation for Research and Development survey has shown.

FRD policy analyst William Blankley said the Western Cape had the potential to become SA’s equivalent of California’s Silicon Valley, but was unlikely to overtake the sheer strength of the Gauteng economy.

“The Western Cape has good technical and facilities, tourism potential and space. “Gauteng has the economic momentum, but not much space,” he said.

“On potential for investment and growth, the Western Cape pips Gauteng.”

Ranking the provinces according to four categories, the FRD said Gauteng was the most competitive, followed by Western Cape and KwaZulu-Natal.

Blankley said although the government did not encourage competition for resources among the provinces, they should be aware of their relative strengths and weaknesses.

“Competitiveness isn’t squabbling over resources, it’s recognising where your niches are.

“People must work on their strengths and collaborate with other provinces to overcome their weaknesses.”

Gauteng rated strongest, followed by the Western Cape and KwaZulu-Natal, on economic strength, measured mainly on individual and regional output, and on scientific and technical resources.

The Western Cape ranked ahead of Gauteng and the Free State in the area of human resources.

The Free State came out ahead of the Western Cape and Eastern Transvaal on agricultural potential, mining production and tourism potential. — Reuters.

New project in Houghton

Robyn Chalmers

SANLAM Properties yesterday launched its multimillion rand Isle of Houghton office development, situated on some of Johannesburg’s most valuable real estate.

SANLAM “Properties” regional manager Swannie Swanepoel said the complex was being marketed as an “office in the park” development.

“Before the development started a botanical survey was carried out,” he said.

Swanepoel said the development of Isle of Houghton was demand driven and would offer...
Pretoria confident despite dented profit

By ROY CORAYNE

There are signs of increasing confidence in the economy of the greater Pretoria area, but also clear indications of a reduction in the disposable income of consumers, according to a new survey.

The profitability of businesses was deteriorating as a result, and a degree of negativity about future profitability could be detected among a significant percentage of the survey respondents, said Deon van Zyl of the department of economics at the Pretoria Technikon.

The survey is the 18th undertaken by the department, in conjunction with the Pretoria Chamber of Business, to determine the state of the economy of the area.

Van Zyl said the profitability of businesses in Pretoria was not rosy and 65 percent of respondents had indicated that their profit had remained static or declined during the past six months.

"The expectation of the majority — 57 percent — is that this situation will continue," he said.

However, the inventory levels of respondents indicated that short-term confidence in Pretoria's economy had maintained its positive trend. This had also been noticed in the survey conducted in September last year, said Van Zyl.

"Almost 45 percent of respondents reported that they had a larger inventory than at the beginning of the year. One out of five respondents also indicated they planned to increase their inventory levels further in the short term," he said.

But a contrary trend noticed was that some respondents had their eye on inflation and were investing cash in stock.

With regard to sales, Van Zyl said more than half of the respondents had reported an increase in turnover during the past year while only 18 percent had experienced a drop in turnover.

Future expectations were also generally positive, with 65 percent of respondents expecting that the situation would improve in the short term, he said.
Breathing Life Into

Relocation of Gauteng's new provincial government boosts CBD

By: Francesca Phele

*Staff Reporter*
Rapid delivery’ is the key says Sexwale

Gauteng draws up plan for progress

BY KARIN SCHIMKE

The Gauteng government is to present a “Gauteng battle plan” at its next cabinet meeting to address the needs of people of the province.

And it will be making a concerted effort for the proposed projects to be completed quickly.

Some of the “rapid-delivery” projects include clinics and schools, housing, police stations and support for small farmers.

These emerged as priorities at a cabinet boshieraat held at the end of last week.

At a press conference yesterday Premier Tokyo Sexwale said the cabinet had identified four key areas of activity to achieve this goal.

These were to promote the economy of the province so as to ensure continued growth, to facilitate economic growth by creating employment and encouraging entrepreneurship, to deliver on existing government projects by “unblocking the many obstacles to delivery” and to do all in their power to ensure the province becomes safe and secure.

“The first part of the process is a major aggressive marketing campaign of Gauteng to both local and foreign investors. The growth rate in our province is already just under the 4% mark, but we want to build on that … and we will be developing methods to convince investors that they should continue to channel their resources into Gauteng,” said Sexwale.

He said the government would be making its own contribution to the growth of the province through a range of projects aimed at social upliftment. “Rapid delivery” was a priority and “battle plans” would be presented at the next cabinet meeting which is to be held a week from today.

Sexwale said each of these plans would be overseen by a project manager. These would be appointed by October 10.

“This means there will be strong hands on the wheel, both politically and managerially, to ensure these projects kick in almost immediately.

“We do have the money for these projects. Although there are usually budgetary limitations, in Gauteng we do not have the problem that we have overspent. In fact, we have probably under-spent.”

Other projects on the cards are highway patrol and mortuary vehicles for the police and an action plan for the taxi industry to ensure stability and growth.
Tokyo's men to move to the city

GAUTENG public servants will start working in Johannesburg from October 1 and by year-end all 10 provincial departments and the corporate services section will be based in the city, premier Tokyo Sexwale said yesterday.

Speaking at a media briefing, Sexwale said making Johannesburg provincial capital was a sign of confidence in the city.

"The signal we are sending across to the business community is: Stop running."

About 3 000 civil servants will move into eight buildings in central Johannesburg, creating what has been dubbed a "government precinct" around the provincial legislature.

The State Tender Board approved the contracts on Tuesday.

Special trains

Gauteng director-general Mr Vincent Mntambo said a R150 monthly transport subsidy on special trains over 12 months would help public servants who live outside Johannesburg to commute.

Thereafter, they would have to decide whether to relocate their homes or continue commuting.

As part of the R30 million project, the premier's office would move to the old Rustiek Street Post Office once negotiations were completed.

Mntambo said the cost of the move could be offset by leasing provincial government buildings in Pretoria to the national government or selling them.

Development and planning MEC Sicelo Shiceka said the Gauteng government would soon announce plans to eliminate crime in the central business district and to provide hawkers with structures to make pavements more accessible.

Sexwale said his government's investment in Johannesburg meant better safety and security was necessary.

"If we move in, the touts (crooks) must start running." — Sapa.
Appointment formalised
Business Supports RDP Task Force created to promote Soweto
Sexwale to ‘sell’ Gauteng overseas

Sexwale to ‘sell’ Gauteng overseas

Seize the moment ... Tokyo Sexwale sees the Unctad conference as a great opportunity for South Africa and hopes long-term investment here could result.

“But people must not stare blindly against that figure. It is a small investment to make in terms of what it means for the future of trade and industry in South Africa.

"People will be bringing their notebooks and using their cheque books."

With seven months to prepare, Sexwale is hoping the prospect will encourage people to improve services in this country instead of "painting their nails while there is a queue of people waiting to be helped".

"At the moment South Africa is like a myth. It has a mystical aura surrounding it, but it is not going to last.

"We have to prove that we can compete in the war-field of global industry and economics. We must not allow ourselves to fall by the wayside and be forgotten. We have to fight."

He compared countries with forests and plants, saying some grew big and brushed the sky, others were evergreens like ferns on the grounds and yet others died and were trampled on to become compost for other plants.

We had to ensure that we did not become compost, Sexwale said.

"Countries in the southern hemisphere are the hinterland of the economic world."

"South Africa has the ability and the infrastructure to become a leader - with the support of the countries in our region - in the south."

He said it was significant that the conference was being held in South Africa, because if we - as one of the developing countries in the world - were not at the rock face of policymaking and decision-taking with regard to competition, decisions would be made for us. "Unctad is the principal policy-making body in the General Assembly of the UN. Global standards can adversely affect export and trade in developing countries.

"Europe, which is fast becoming a super power, has stringent standards on everything."

"If any of the developing countries in the south want to sell them a banana, for instance, they won't even have the first shot at trade if that banana is not the right size or shape or colour."

"These things concern us all and this is the conference where we can raise those concerns and see if they are listened to and the table is something that will give us a fair chance in the world."

"Indeed, what businesses should do in preparation for the conference, Sexwale said, would first have to realise its importance so that the message could be brought to the lowest worker."

"It seems like something far removed from the everyday life of people, but they will feel the effects of it."

It is expected that at least 1000 jobs will be created around the conference, Sexwale said, thousands more would become employed as foreign investors came and laid their claims on the economy in the wake of the talks.

"Secondly, they have to start having workshops and conferences. They have to train their employees to improve services and raise a sense of competitiveness."

Lastly, but most important, he said, was that businesses had seven months in which to make connections with potential overseas investors.

They should write and dine them now. There should be a flurry of business cards and telephone numbers being exchanged.

"It worries me that so far, business people are on first name terms with embassies, trade representatives, and they are vital connections to businesses outside South Africa. People tend to be apathetic."

"The Government is limited in its powers in this regard. It can only facilitate."

"Now it's up to the business community to take hold of this opportunity and make something out of it."

Conferences, said Sexwale, were big entertainment in the global village. South Africans had not realised that yet, but Unctad IX was bound to change that in the right direction.
Gauteng, Bavaria to sign agreement

BY KARIN SCHIMKE
Gauteng Reporter

A major agreement will be signed between Bavaria, Germany's largest province, and Gauteng tomorrow when Bavarian Minister President Dr Edmund Stoiber commits his province to technical advice and support for Gauteng.

Stoiber and his wife Karin are due to arrive at Johannesburg International airport today and will be met by Premier Tokyo Sexwale, with whom he will sign the agreement in Pretoria tomorrow.

A Gauteng government spokesman said the agreement raised exciting opportunities for growth and development in the province because it would commit the Bavarian government to various forms of technical advice and support.

He said all international interest in South Africa, and especially in Gauteng, was welcome, but "we are particularly glad it is Germany in this case because of their outstanding record in certain fields".

Bavaria is home to most of the large German industries, including two which are already "heavily involved" in the economy of Gauteng, namely BMW and Siemens.

The province provides 15% of Germany's exports and has the country's second highest GDP.

"The backbone of provincial economy is a vast network of small and medium enterprises which produce crafts and many of the components on which heavy industry relies," the Bavarian spokesman said.

He added that the government of Bavaria had already indicated a desire to assist with technical advice on encouraging and promoting small and medium enterprises in Gauteng.
Gauteng R720m over budget

GAUTENG’s government still faces a R720m budget deficit eight months into the current financial year despite a major cost-cutting exercise, says Finance MEC Jabu Moleketi.

This follows Western Cape’s concerns that it is heading for a major shortfall this fiscal year.

Both provincial administrations have made representations to the national treasury committee for intervention. Government, however, is emphatic that the provinces may not run on deficits.

Moleketi said Gauteng’s deficit emanated from three areas — health, education and welfare.

“Overspending in the health ministry is particularly worrying as the province did not get treasury allocations to cater for increased patient intake at its hospitals.

“The seven academic hospitals are alsostraining resources, as are the presidential lead projects,” he said.

Initial estimates of a R1.2bn shortfall had been reduced by about 40% through a number of measures, including cuts of R500m in the education bill as well as savings by the transport and welfare ministries, he said. This, coupled with allocations from the reconstruction and development programme and modest cost-cutting across departments, had reduced the expected deficit.

Gauteng’s budgeting ability was constrained by the need to continue spending on capital programmes set in motion by the old Transvaal Provincial Administration, Moleketi said.

Western Cape finance MEC Kobus Meiring said his province’s deficit, estimated at R1.02bn, was the result of “underallocation” by central government.

Meiring said an underrecovery in own revenue was envisaged, necessitating a downward revision of the original projection to R311.85bn from R316.53bn.

The health vote accounted for a chunk of the deficit as a result of the non-receipt of hospital fees (R62.98bn), static tariffs since 1993, loss of private patients and the lead projects. Steps had been taken to deal with revenue underrecovery.

Teachers might be retrenched to rectify the situation, he said.
Soweto, the world was waiting to see if the day would come when the people of Soweto would take matters into their own hands. The black majority had been oppressed for too long, and the time had come for a change. The liberation movement, led by Nelson Mandela, was ready to lead the way. The struggle was on, and the world watched in anticipation. The journey of freedom was about to begin.
SOUTHEAST Asia countries had committed R2bn to
Gauteng in investment and cemented trade contacts
and economic ties in the past six months, Gauteng
Premier Tokyo Sexwale said yesterday.

This followed a visit by an SA trade delegation to
Singapore, Malaysia, China, South Korea and Hong
Kong in May.

At a report-back meeting on the trade mission,
Gauteng provincial MP Andrew Feinstein, a member
of the delegation, said trade resulting directly from
the mission was estimated at more than $20m.

Trade with Hong Kong since May had risen 33%
according to figures provided by a Hong Kong-based
trade-monitor group. Exports to the countries visited
by the delegation had also increased substantially
since the visit.

Direct investment in Gauteng as a result of the
trip included an investment of about R500m in an
industrial park development in Midrand, a R750m
investment in a television assembly plant and a
dolour television tube production facility. Further in-
vestments were made up of the construction of a R7m
hotel in Johannesburg, the purchase and refurbish-
ment of a Pretoria hotel at a cost of R3m and the
development of a footwear manufacturing plant and
distribution network, worth R15m.

Between R30m-R50m was invested in the estab-

ishment of distribution networks and representa-
tive offices to service overseas interests. A
Malaysian company recently announced plans to in-
vest R2bn in agricultural land.

Feinstein said the Hong Kong Trade Development
Council and Sino Resources organisation have set up
offices in Johannesburg to investigate trade and in-
vestment opportunities.

The meeting was told that a Gauteng Promotion
Agency to facilitate international trade liaison would
be launched next year. Further trips were planned.

Meanwhile, Nomavenda Mathiane reports that
Sexwale and Greenland Prime Minister Lars Emil
Johansen met in Johannesburg yesterday.

Johansen, in his second term of office as Green-
land premier, was accompanied by 11 businessmen.

He said he was impressed by the lack of desire for
revenge by black people and was looking forward to
sharing expertise on areas of common interest which
were mining, fishing and tourism.

Sexwale said SA was a leader in mining technol-
ogy and hoped the visit would benefit both countries.
Gauteng attracts R1.3bn from Asia

By Thabo Lesile

Midrand — Southeast Asian companies had invested more than R1.3 billion in Gauteng since a visit by a government and business delegation led by premier Tokyo Sexwale, provincial legislator Andrew Feinstein said yesterday.

Feinstein, who is the head of the province’s economic affairs committee, said the investment comprised a R75 million television tube production factory; a R300 million industrial park in Midrand; R10 million in two hotels; R15 million in a shoe factory; and between R30 million and R50 million in the setting up of representative offices by the Asian nations.

He told a report-back meeting on the trip, attended by some of the countries’ ambassadors as well as top Asian and South African businessmen, that the 17-day trip had been successful.

The delegation had signed technical assistance, economic promotion and friendship agreements with the five nations — China, Taiwan, Malaysia, South Korea, and Hong Kong.

The trip had also facilitated trade agreements estimated at R20 million with the countries and promoted tourism in Gauteng.

Speaking at the meeting, Sexwale called for greater co-operation among government, labour and business so that the country could match the high economic growth rates of between 7 percent and 14 percent achieved by southeast Asia in the past 14 years.

Said Sexwale: “We require a more flexible labour market in which wage increases and productivity are linked, in which all stakeholders in an enterprise are part of the process of macro-strategic decision-making and where the benefits of economic success are tangibly shared.”

He said education and vocational training systems must focus on commercial disciplines, standards of service must be radically improved and production methods and machinery updated.

Jabu Motolele, the Gauteng minister for economic and financial affairs, said the Gauteng Promotion Agency would be launched early next year to co-ordinate such trips in the future and promote the province’s economic development.
Foreign nations to compete to develop Soweto

Vuyo Mvoko

"The World in Soweto" is a project to be launched today by President Nelson Mandela that will give foreign governments the chance to make their mark on one of South Africa’s biggest and most famous townships.

According to the project’s founder and co-ordinator, Zelda Mantle, it is envisaged that a foreign country or one of its cities will “adopt a clearly defined area of Soweto”, then develop and beautify it as they wish.

Forty embassies have already indicated they will be attending the launch. They are expected to make a blitz of pledges.

Participating donor nations will be allowed to imprint their own cultures if they wish. Although they can use their own discretion and vision, governed by their budgets, priorities so far identified by the overseeing committee included paving the sidewalks, planting trees, developing parks, beautifying cemeteries, building sports facilities, environmental training and recycling centres, sinking boreholes and installation of irrigation networks.

Funds will go directly to the hired contractors. The committee will undertake the management of contracts if required. But its particular brief is to provide donors with comprehensive data on things like where to contact reliable contractors, the costing of materials, how to employ skilled artisans from the community, and how the development will be maintained when completed.

The glitterati committee includes African National Congress stalwart and Soweto resident Walter Sisulu, mayor of Johannesburg’s Northern Metropolitan Substructure Danny Kekana, human rights activist Amina Cachalia, author Heidi Holland, and horticulturist Mike Gibbons.
Asian firms to pump millions into Gauteng

Investments include a R750-m television plant, a R10-m hotel and a R500-m office park development

By Mondli Makhanya
Political Reporter

South-east Asian companies are set to invest millions of rands in Gauteng following a visit by a provincial government and a business delegation led by Premier Tokyo Sexwale to the region earlier this year.

Sexwale and members of the delegation made the announcement in Midrand yesterday to a group of businessmen, politicians and diplomats.

Gauteng legislature finance committee chairman Andrew Feinstein said the investments included a R750-million television plant by Korean electronics firm Daewoo, a R10-million hotel development by Hong Kong investors, a R500-million investment in a Midrand office park development and R50-million worth of distribution networks by Samsung, Daewoo and Hyundai.

Sexwale said SA should draw "broad lessons from south-east Asian countries which had been able to achieve growth rates of between 7 and 15% and managed to effect a redistribution of wealth as well as an improvement in general living standards".

His government wanted to ensure that by 2020 Gauteng was positioned as the Hong Kong of southern Africa — "the financial and business centre of the continent, the input hub of southern Africa and many parts of the developing world, the trading pivot that integrates southern Africa and its potential market of 120 million into the international world order".

All of this would require greater co-ordination and interaction between economic role players. "Government, business and labour ought to reach a workable agreement on an economic vision supported by a clear strategy ...," Sexwale said.

He called for a "flexible labour market" in which wage increases and productivity were linked, and where stakeholders were part of the decision-making process and the sharing of profits.

Government, business and labour should ensure that educational and vocational training was commercially orientated, that there was an improvement in service standards and that production methods were up to date.
Project to improve East Rand

By Mokgadi Pela

GAUTENG was intent on creating a healthy environment for the people of Katlehong, Thokoza and Vosloorus (Kathorus) as part of the Special Presidential Project.

Addressing the media in Johannesburg yesterday, MEC for finance and economic affairs Mr Jabu Moleketi said such a climate would promote "a secure home for the family and create services which are basic to decent living."

Moleketi said his goals for 1996 were to see an environment which challenged people to learn, engage socially and express themselves through sport, play, dance and music.

Moleketi said stability was crucial in the East Rand townships to achieve these goals. He therefore called on political organisations to help in this regard. He said the role of the private sector in the reconstruction of Kathorus could not be overemphasised.

Project manager Mr Themba Maleleke said the benefits derived from consulting with all the stakeholders in Kathorus had been substantial. They included the development of understanding about how government worked.

"A sense of ownership of the projects has also emerged," Maleleke said.

Speaking on housing, leader of the professional management team Mr Mike Morkel said the illegal occupation of houses, particularly in Thokoza remained a thorny issue and should be tackled with seriousness in 1996.

Morkel said despite this problem, there had been progress in repairs to more than 1,500 houses damaged during the violence. New housing projects have been approved for Vosloorus Extension 28, Phola Park and Katlehong South.
Danes give out R13 million (49F)

GAUTENG's and Mpumalanga's departments of environment affairs have received a R13 million boost for capacity building from the Danish government.

These are two of four environmental projects of the Department of Environmental Affairs and Tourism which will be sponsored by the Danish Cooperation for Environment and Development.

The other projects are support for developing a new national environmental policy for South Africa and the development of an official policy for the implementation of the Convention on Biological Diversity.

South Africa ratified this convention on November 2, and is now required to develop a strategy to implement it.

Signed: 18/10/96
Cheap finance for infrastructure

Johannesburg council secures R237m loan

80 18/12/95

Stephen Laufer

THE greater Johannesburg metropolitan council has secured a major loan at very favourable interest rates to finance infrastructure upgrading, particularly the expansion of Soweto's overburdened sewerage system.

An official announcement will be made this week.

Assembled by Absa with a minor contribution from Sanlam, the R237m, 10-year loan signals the return of the banks to municipal lending following a period of reticence prior to November's local government elections.

The deal was brokered by Ian Groenewald of Duralink, a merchant banking boutique, and Nick Joubert of Absa's corporate and merchant bank project finance division.

Absa officials confirmed yesterday that the bank had structured its R217m portion of the loan to include tax breaks allowing for an effective interest rate of just more than 3% below Friday's bankers' acceptance rate of 14.60%.

The package also uses swaps between fixed and variable interest rates.

The terms are regarded by industry observers as little short of sensational.

Sanlam has contributed R20m, with interest set at 125 points above Friday's R150 rate of 14.425%.

Council officials confirmed Johannesburg had in the past paid an average of 70 to 100 points more than the R150 rate, but that such rates had not been available to local authorities for some time.

The Absa-Sanlam package would help the city's cash flow, allowing plans to issue loan stock on the capital markets again in the next few months to be delayed until after the end of the municipal financial year in June, when more favourable conditions would apply.

The lower rate on the new loan - described as the most complex yet for Johannesburg - had been possible because banks could put certain types of commercial business on their own books. A portion of the bank's tax liability was then dedicated to innovative structures tied to specific projects such as infrastructure development.

Given the recent history of municipal lending in SA, the Absa-Sanlam package is a sign of rising confidence in the greater Johannesburg.

Absa public sector banking GM Johan Coetzee said the city was "strong enough to borrow internationally - it is the cherry of SA local authorities, with a phenomenal tax base."

With repayments on borrowing running at less than 18% of budget, council

Continued on Page 2

Loan

Continued from Page 1

officials say Johannesburg is well within the borrowing comfort zone.

An official said commitments of 25% or more would give cause for alarm.

Cape Town is understood to be in the market but could find itself handicapped by the delay in local government elections, which are scheduled for May.

Banks remain chary of most local authorities, finding little appetite for municipal bonds among institutional investors. SA's cities and towns have no risk grading yet, and the first balance sheet statements of the new local authorities are not due before June.

The lack of clarity over budgetary control between metropolitan councils and their substructures is giving lenders added cause for caution.

Metropolitan council executive committee chairman Colin Matjila declined to comment yesterday.

However, it is understood that council officials had been working on the loan since early October.

Absa has been courting local governments for some time.

It has funded the Gauteng local government forum this year and has discussed releasing significant landholdings close to major urban areas for low-income housing.

20 18/12/95
Council gets a R237-m boost

By Joshua Raboroko

The Greater Johannesburg Transitional Metropolitan Council has received a major loan of R237-million to finance infrastructure upgrading, especially Soweto’s dilapidated sewage and road systems.

The loan, assembled by Amalgamated Banks of South Africa with a minor contribution from Sanlam, is seen as a major breakthrough for the return of financial institutions to municipal lending, following decades of reluctance.

Important area

GITMC’s treasury officials were delighted at the finalisation of the loan as it brought to an end the uncertainty that prevailed in local authority borrowing during the ‘transition’ period, and should lead to normality returning to this important area of the market.

The loan, involving a number of investors – including Guardian National – was brokered by Duratrading and underwritten by Absa in conjunction with Sanlam and will be used to finance on-going capital expenditure throughout the metropolitan area.

These projects include: roads – new projects and upgrading; water and sewerage infrastructure; enhancement of the electricity network; and community facilities.

In addition some of the money will be used for servicing low-cost housing developments and for the provision of basic services in the newly-included areas of Orange Farm, Wheelers Farm, Poortjie and Sweetwaters.

It is understood that more money will be allocated when the full budgets reviewed in January/February of 1996.

GITMC’s chairman of the executive committee Mr Collin Majela said: “This brings close to finality the council’s borrowing requirements for the present financial year, thereby ensuring us the full Reconstruction and Development Programme commitments.

Top banks

The loan is the third entered into by council since July and clearly indicates the high regard the council enjoys among the country’s top banks, notwithstanding the recent misconstrued reports about the council’s financial position.

“This augurs well for the future of the entire metropolitan area of Johannesburg.

“It should be remembered, however, that this year’s budget is only short-term in nature and the council remains concerned about the pressures of urbanisation on future budgets and we will be looking to contract government for support for the infrastructural investments that will be required in terms of the RDP in the next years.”

Essential services

The Gauteng local government and housing director-general, Mr Ngutshane, has announced that an estimated R397-million will be granted to the councils for the upgrading systems.

The projects include empowering the councils with skills to run their metropolitan sub-structures and promote the Masakhane campaigns aimed to end the boycott of essential services – thus rendering the townships a risk by banks.
ECONOMY - GAUTENG

1997
Cautious questions its budget allocation
Education gets 37% of Gaugeton budget

Higher grants due to welfare allocation increase in

DP states finance and economic MEC. for not spelling out what he hopes to achieve in practical terms.
MEC urges focus on ‘high-value’ industry

Gauteng at risk of losing heavy industry growth source

NANCY MYBURGH
FINANCIAL SERVICES EDITOR

Johannesburg — Heavy industry, Gauteng’s traditional source of economic growth, is under threat. Jabu Moleketi, Gauteng’s MEC for finance and economic affairs, said yesterday.

Industries typically based in the area were moving towards coastal areas to make it easier to export their products, Moleketi said in his speech announcing the Gauteng province’s new budget yesterday.

Gauteng should go for a growth strategy that “would position Gauteng as the smart centre of the country, a province with advanced skills, advanced infrastructure and the ideal place from which to do high-value business”, Moleketi said.

That meant the province must not skimp on social services spending, despite the need to tighten its belt along with the rest of the country, he said.

Gauteng’s new budget requests 16 percent more spending money from the central government than last year, or a total R125.9 billion. Provincial revenue services will add R811 million, bringing the total revenue set to be available for spending in the new fiscal year to R133.72 billion.

The vast and growing majority of that money, 88 percent in this budget, up from 85 percent last year, would be allocated to health, education and welfare. Welfare would get the biggest boost, with a spending increase of 17 percent over what was actually spent last year, for a total of R23.4 billion in spending in fiscal 1997, Moleketi said.

Such increases in spending on what were typically the first areas to be cut in a lean year would make this budget tough to balance. “There is no doubt that 1997-1998 will be a difficult fiscal year and that it will be hard to keep within the very stringent fiscal limits which apply to us. However, we are determined to maintain our record of sound budgeting and sound financial management,” Moleketi said.

To help keep within its spending limits, the province would introduce a form of “internal privatisation”, Moleketi said, in which different departments will pay fees for certain financial management services, rather than simply requesting a service from the central government.

“Service standards will be set and agreed, and any failure to meet those standards will result in a discount on the fees charged. Departments will also be free to look elsewhere for the services.”

Gauteng received less from national government per capita than any other province, Moleketi said, but it also led the other eight provinces last year in paring down the size of its public service.
Gauteng increases social spending

Vuyo Mvoko

GAUTENG education would receive R5bn of the province’s R13,718 budget allocation, an 11% increase from last year but a 9.5% reduction from current spending levels, finance and economic affairs MEC Jabu Moleketsi said in his budget speech yesterday.

Health’s R4,7bn would mean a 23% increase from last year, while welfare and population development’s R2,3bn would be 31% higher than last year and 17% compared to current spending levels. The remaining R1,7bn would be spread across the 10 other votes made up of the several provincial ministries.

Overall the province’s 1997/98 budget allocation would be 14% higher than last year’s with 94% of the amount coming from the national revenue account — and being 16% higher than last year. The remainder would come from provincial revenue sources.

Pleased that “for the first time Gauteng has been treated as a government rather than an administration”, Moleketsi said the share of the budget allocated to health, education and welfare had increased from 85% to 88% overall. Capital spending had also been maintained at a high level and its projects will as far as possible be conducted in a labour-absorbing manner and in a way which utilises small, medium and microenterprises.

“The intention is to maintain the momentum of high capital spending over five to seven years to address the capital and maintenance backlogs which affect many health, education and other institutions.”

Moleketsi said the budgeted expenditure on personnel was “11,2% below the current expenditure levels” due to a reduction of 6,000 in the number of employees, most of whom were taking severance packages.

Moleketsi promised improvements in financial management to increase efficiency and to put an end to the rolling over of funds. There would be “internal privatisation” in terms of which a service-supplying component was funded not by appropriation but by fees paid by government departments utilising its service, and the department would “monitor spending on a continuous basis”.

On the province’s economic prospects Moleketsi said: “Gauteng in fact has a problematic growth trajectory.”

Its traditional industrial base was “under threat” following the export-oriented growth strategies of some industries (like Iscor, which was moving to Saldanha Bay) which were moving to coastal areas.

However, the province “should not seek to resist the movement” of firms to coastal sites for it was in the interests of SA that firms be located where it made most business sense.

“Instead we should have a growth strategy which builds on our competitive advantages.”

Picture: Page 4

2019/3/97
Bright outlook for CBD as millions pour in

Key hope ... meet City's targets could benefit from an expected rise which will increase job opportunities and improve housing for the homeless.
Gauteng Development Agency launched

Nomavenda Mathiane

THE Gauteng Development Agency, a section 21 company launched by the Gauteng government, would not duplicate services because it was a mechanism to ensure government economic policies were implemented. Gauteng Finance MEC Jabu Moleketi said yesterday Moleketi said the company would strategise and co-ordinate industrial development in the province, while interacting with national government.

R2m has been set aside to kick-start the agency, which will then need funds from the public sector.

The agency will run autonomously, with an independent board of directors and a CEO.

It will link foreign investors with local business entrepreneurs.
Go-ahead for route between Witbank, Maputo

Construction of R3-billion toll road likely to boost development and confidence, expected to start in November.
Katorus Project open to question

BY ANN BERNESTEIN

The R3-billion Katorus Presidential Project designed to improve security, engineering services, social services and housing, will not necessarily foster economic growth on the East Rand, or make it more competitive in the national or global economy.

The Katorus Project was launched in October 1994 and covers the areas of Katlehong, Tokoza, Vosloorus, Phola Park, Zonkezlwane, Mandela Park, Tambo Camp and peripheral informal settlements. It has been described as one of the largest and most ambitious urban renewal projects in the country, to which funds amounting to some R3-billion (R644.2-million from the RDP and R2 411.5-million from other state funds) have been committed over a five-year period (1994-1999).

The overall aim of the project, in an area devastated by violence and neglect through the 1980s and early 1990s, is to repair and rehabilitate services in Katorus. It aims to breathe new life into these townships on the East Rand.

By January 1997, the project had been running for more than two years and a third of the RDP Fund money allocated to the project had been spent (R290.4-million). In addition, 76% of funds had been approved on the basis of business plans submitted (R487.3-million).

Although laudable in terms of addressing immediate social and infrastructural problems and providing evidence that the Government is delivering on its election promises, the remedial action of the Katorus Project is open to question.

The launch in September 1996 of the Katorus Economic Development Initiative (Kedi) aims to increase the economic participation of those previously excluded from formal business opportunities by apartheid and is a potentially useful contribution to economic development.

But the Katorus project appears to have been planned in isolation. It has to be asked if its objectives are either achievable or sustainable without an effective and long-term economic strategy for the region as a whole.
R300m is earmarked for development in Gauteng

Mduudza Harvey

MORE than R300m from government, the public works ministry, the rapid land release programme and the private sector had been earmarked for development and economic growth in Gauteng in the next five years, provincial development planning and local government MEC Sicelo Shiceka said.

A breakdown of the funding indicated that R229m had been approved for the release of land on which 30,000 sites would be developed. The private sector would contribute R15m and the RDP R13.5m for multipurpose community centres incorporating schools, clinics, police stations and welfare under the same roof.

Shiceka said his department had established a task team this year to investigate how previously black townships could be rehabilitated, and service delivery upgraded. The investigation was also aimed at encouraging a culture of payment for services, with additional paypoints and an efficient billing system being introduced.

After visiting local authorities in the province this month, Shiceka would hold a meeting of the provincial cabinet, mayors and the different local authority CEOs to implement an economic growth plan.

Shiceka identified Soweto and the Vaal as being problem areas for the implementation of Masakhane. Another task team would look into the creation of an efficient database, provincial demographics, and to evaluate what government infrastructure was already available in the province.

By August he expected to have all the information from central, provincial and local authorities about their budget priorities, which would help to expedite service delivery.

In March next year he would facilitate a meeting with all local government authorities in the province, aimed at formulating a five-year development plan for the province.
East Rand needs a plan – and quickly

South Africa's 'unknown metropolis' had a historic start, but it now has to bear the twin albatrosses of unemployment and an increasing population.

By Ann Bernstein

The future of the East Rand is of national concern. This region forms the historic heart of South Africa's manufacturing economy but, in recent years, manufacturing has stagnated while the region's population has grown.

The crucial challenge is to generate economic growth and jobs for a growing population. Without sustained economic growth, the region faces a bleak future.

In 1991 the East Rand comprised 22 local authorities, from Alberton to Kempton Park-Tembisa to Nigel-Tsakanane. It is home to 2.5 million people, has a formal sector economy worth R56 billion and sustains 628,000 job opportunities largely provided by 33,000 registered employers. It is South Africa's unknown metropolis.

The East Rand is South Africa's historic workshop, the heart of South Africa's manufacturing economy. Most jobs are in manufacturing (metals production, metal working, chemicals, food and beverages, packaging). Just over half of its gross geographic product is from manufacturing compared with the country's 24%. Manufacturing is complemented by the air transport, rail, warehousing and telecommunications sectors.

Unemployment is very high, some estimate 40%. A rapidly growing, often unskilled, population faces a shortage of jobs and a shrinking of the metals cluster which has provided upward mobility for generations of workers.

Today, the region faces two new challenges.

First, the Government's new economic approach, GEAR, could lead away from manufacturing inland towards the coastal metropoles; second, other cities are better placed to compete for new investment. Many now have metropolitan-wide economic strategies, more effective governance structures for co-operation across the urban region and a better image with respect to crime, violence and general business climate.

Research indicates, despite stagnation, the economy of the region can be revived. It has shown signs of vigorous life. Steps towards the revival cannot be postponed indefinitely.

If real opportunities for growth are to be grasped, the region will have to improve its low status and attractiveness as a place to do business. At present it falls short in several crucial areas.

The area is institutionally fragmented. Individual towns compete rather than cooperate. Despite the integrated nature of the area's manufacturing-based economy centred on clusters of competitive and interlinked companies, individual city governments do not seem to understand the advantages of cooperation. Such rivalry often inhibits a whole area's ability to respond to challenges.

The local government elections held in 1996 have greatly changed the shape of the East Rand with far-reaching consequences.

In one development Edenvale, Modderfontein, Kempton Park and Tembisa have chosen to hive off and create a new metropolitan area, the Khayelitsha Transitional Metropolitan Council, which matches to Midrand and incorporates much of the most dynamic parts of the area's economy.

The other remaining towns have amalgamated with their associated townships, forming new transitional local authorities, falling under the Eastern Gauteng Services Council, which now also has jurisdiction over a large number of far-flung rural councils.

The region is also socially divided, with enormous differences in social and economic conditions. Large-scale infrastructural initiatives such as the Katorus Presidential Project, while helping to improve social conditions, do little to address economic viability.

The considerable public resources ($3 billion) being put into this historically deprived area constitute a one-off gift which must be used to maximise Infrastructure development and service delivery must be viewed through the prism of economic growth if they are to provide sustainable steel ladders for the future.

Can the Katorus Presidential Project really be successful without an effective economic strategy for the region?

The East Rand lacks a cohesive business grouping concerned with its social, economic and political welfare. East Rand business leaders rarely comment on the economy or future of the area and do not seem to identify wholeheartedly with the East Rand.

Although some of the reasons for this are understandable, it is nonetheless puzzling. It is hard to envisage the sustained development of world-class companies from a region in economic and social decline.

Despite a few well-meaning efforts, there is little strategic understanding of the East Rand's economy, its place within the dynamics of the broader provincial, national and international economies and the area's true sources of competitive advantage.

Ironically for an area economically based on what are distinctive clusters of manufacturing and distribution industries that cross municipal borders, there is absolutely no shared vision for the region.

Compounding this is a dearth of information and data, the lack of leadership from any quarter and a lack of social glue, the infrastructure for social collaboration.

Crime and violence, with social inequalities and poverty, form an interlocking spiral that seriously compromises the ability of the area to compete as a functioning metropolis. Consequently, the image of the East Rand (among investors, managers, the media) is negative. Positive factors are overshadowed by the negatives.

There are real opportunities on the East Rand. The area has under-utilised physical infrastructure (think of its freeway system), plenty of vacant, industrially zoned land, and a trained industrial workforce, much of it in small and medium-sized firms already linked to large companies.

Here exists much latent entrepreneurial possibility. As a place to live it has many positive characteristics: low housing prices, good recreational amenities, open spaces and good shopping facilities.

A new strategic vision for the East Rand is urgently required. This vision must be developed within the context of national and global competition, and could be built around the revival and strengthening of the area's manufacturing-based economy.

Ann Bernstein is the executive director of the Centre for Development and Enterprise. This article is based on CDE's latest research report, "The East Rand - Can South Africa's Workshop Be Revived?" which is part of the CDE Big Cities series.
Survey rates Johannesburg an economical place to live

Neill Behrman (4F) 04 12 61 97

LONDON — Johannesburg is still one of the cheapest international cities, according to a survey by the Economist Intelligence Unit (EIU).

Average Johannesburg prices are 28% below those of New York, the base city of the index. Thus while New York is 100 for comparative purposes, Johannesburg is number 107 in the ratings, with 62 points.

The least expensive city is Tripoli, with prices two-thirds below New York, followed by Bombay and New Delhi, Tehran, Karachi and Harare. East European cities are also among the 20 cheapest in the world.

The most expensive in the world, with a cost of living 54% higher than New York, is Tokyo while Oslo, Moscow, Hong Kong, Libreville, Paris, Zurich and Geneva are within the top 10 most costly cities to live in. London is 14 on the list, Tel Aviv 18, but allowing for the strength of the dollar it is less expensive to live in Frankfurt, Dublin, Madrid and Rome than in New York.

The cost of living survey compares prices and products in 121 cities. It does not judge the quality of life, notably weather, entertainment and crime, in terms of which Johannesburg and Nairobi have been ranked among the worst by other surveys.
East Rand must act to save manufacturing ability

ANALYSIS
New direction for Gauteng

Molekeli says that to some extent this is allayed by having the best skilled workers. "The problem is that unskilled workers are also comparatively too expensive."

Foreign direct investment, the report says, will be characterised by investment in telecommunications equipment, information technology, pharmaceuticals, and on a smaller scale, food processing, beverages and aluminium products. He has had talks with Minister of Communications, Jay Naidoo, about establishing a "Silicon Valley" in Gauteng.

Molekeli has had the findings vetted by stockbrokers and others in the private sector; they have been debated by department heads at provincial level and measures to implement aspects of the report are under way.

The deans of universities and technikons have been called in and asked to revise aspects of their curricula. He says: "There is no point in government securing a huge telecommunications contract with US and Malaysian companies, for example, if South Africans lack the skills to effect the telecommunications transformation envisaged."

The report will next go to the various sectors and foreign embassies. "We will go to the UK embassy as an example, and say these are the sectors our research has indicated your country is most interested in, how can we take this process further? It will help us too when we go on trade missions; we will no longer be just salesmen, we will be able to act as specialised service providers and target our markets with greater accuracy."
Councillors east and south of Jo’burg offer land incentives

John Dlodlo

CITY councils in the east and south of Johannesburg are offering generous land incentives to lure investors from the northern areas of the city, as the battle for industrial development shows signs of toughening up.

The Springs city council is offering prospective developers a negotiable rebate of up to 65% on the purchase price of land in its 12 fully serviced areas. However, development should take place within a negotiated period — normally 12 months — of the date of sale and to an agreed level.

Premier Naidoo, chairman of the executive committee of the southern metropolitan local council, said the council was also offering land as an incentive “at market related” value.

However, the council — which was keen to attract investors into the southern parts of Johannesburg (including huge parts of Soweto) — was prepared to negotiate with investors.

The council was also ready to discuss with the provincial authorities land that belonged to the latter. These incentives were used on land belonging to the councils.

Last week, Port Elizabeth council officials disclosed that up to 100ha of land would be made available — at “virtually no cost” — for a motor assembly plant to Daewoo Motor Company, which is part of the $6bn-a-year Korean industrial conglomerate.

The land incentives, one of the few instruments available to local government officials to attract investors, are offered together with the tax holidays and other recently unveiled incentives administered by central government.

The Springs council, which provides “competitive” interest rates with a five-year repayment period, also gives firms “a favourable off-peak hour tariff” for electrical consumption.

Naidoo said an investment desk would soon be set up to cut the red tape prospective investors often ran into. Investors would get help on land applications.

Among the projects the council was seeking to find investors for were the Baralink and the Crown City and golden highway corridors.

It was unclear yesterday if land incentives had been abused yet.
A development corridor west of Pretoria planned

Lucia Mutikani

THE greater Pretoria metropolitan council has embarked on a multibillion-rand development corridor to revive and develop the economy of the western part of greater Pretoria over the next 20 years, a council executive director, Louis Potgieter, said at the weekend.

Potgieter said the Mahopane-Centurion Development Corridor was expected to attract investment of between R2bn and R3bn. It was hoped that the project would double the number of job opportunities from 75,000 to 150,000.

The future development of the 60km corridor would focus on economic growth and job creation, accessibility and integrated transport development, investment, development of human resources and environmentally sustainable development through urban reconstruction.

"The primary aim... is to release the economic potential of the corridor so as to promote natural growth along development guidelines created through formulated strategies."

Potgieter said the existing road network had limited capacity and had to follow detours to reach commercial markets. "Crucial for implementation of the strategy is the extension of the PWV9 (Mahopane Highway) to cut through the Witwatersberg as well as the upgrading of the R65, which in turn will link the corridor to the markets and the economic sectors of Midrand and on to the greater Johannesburg area."

Potgieter said there were great investment opportunities in the corridor because of its location in Gauteng, the economic hub of SA.

"Export opportunities are enhanced by the Mahopane-Centurion development corridor link-up with the Maputo development corridor and further towards the rest of Africa," he said.

A high degree of industrial linkages in the Mahopane-Centurion development corridor favours development of industrial clusters, networks and complexes, should the PWV9 be extended.

Key industries in the corridor exist in the metals, machinery, transport and furniture sectors.
R400-m loan for Jo'burg

By Joshua Raboroko

THE Greater Johannesburg Council has been granted a loan of R400 million by a Japanese bank to upgrade services in various townships, despite protests by opposition groups that the council has a record of financial irregularities.

In an auditor's report read at a special council meeting yesterday, chairman of the budget finance committee Mr Eugene Robson said the money would be used to upgrade services in the council's areas of jurisdiction.

The money will come from Somatico Bank over a period of five years and will be administered locally by First National Bank.

Robson said after the council's discussions with the auditor-general it was found that most problems were resolved.

The Transitional Metropolitan Council had inherited the maladies of the former black local authorities.

Partly resolved

He said the outstanding amount of R220 million due to Soweto, Diepmeadow, Dobsonville and Alexandra Township had been partly resolved as residents in the area were starting to pay tariffs.

He added that the Masakhane campaign was relaunched in September and all sectors of communities had been mobilised to support the new levies.

Chairman of the executive committee Mr Collin Matlala said that despite opposition from the Democratic Party it was necessary that the loan be approved in order to upgrade facilities in the disadvantaged communities.

He said that the council was presently investigating all cases of financial irregularities.

Remedy problem

The opposition contended that the council should remedy the bond and service boycotts in the townships before getting foreign loans, arguing that the Masakhane campaign had failed.

As a result the majority of residents in those areas were still not paying their rates. It was therefore risky to
Govt grants to Gauteng cut by 47%

BY KUYELLA RANTAO
Political Correspondent

Gauteng, the Western Cape, Northern Cape and Free State are among the provinces which will receive cuts of between 11 and 47% in inter-governmental grants for the 1996-97 financial year.

Figures released yesterday revealed that Gauteng, which was granted R298-million in the past financial year, will suffer the biggest cut - 47% - and will receive only R156-million.

Dr Chippy Oliver, a chief director in the Ministry of Provincial Affairs and Local Government, said the new allocations follow a change in Government formulas.

The Western Cape, which received R132-million last year, has been granted 37.4% less for the new year. The Northern Cape’s grant was reduced by 33% and the Free State’s by 11%. The Northern Province, North West province, KwaZulu Natal, Eastern Cape and Mpumalanga will all receive increases ranging from 30.4 and 650%.
Pretoria seeks highway funding

Lucia Mutikani 10/12/97

The Pretoria greater metropolitan council has applied to the transport department to fund the extension of the PWV9 (Mabopane) highway to kick-start work on the multibillion-rand Mabopane-Centurion development corridor, project manager Hendrik Kleynhans said yesterday.

The project, launched by the council in September, is aimed at reviving and developing the western part of greater Pretoria over the next 20 years.

Kleynhans did not put a figure on the amount applied for, but it is expected to be several million rands.

It is hoped the corridor, expected to attract investment of between R2bn and R3bn, would double the number of job opportunities in the area from 75,000 to 150,000. Currently, 119,000

of the area's economically active population of 504,400 are unemployed. About 105,000 are involved in the informal sector.

The 60km corridor stretching from Soshangwe to Samrand will link up with the Maputo Development Corridor, enhancing the area's export opportunities. Crucial to the development of the corridor is the extension of the PWV9 to cut through Witwatersberg and the upgrading of the R55, which will link the corridor to the markets and economic sectors of Midrand and the greater-Johannesburg area.

"We were given permission by the transport department to visit development projects in Brazil, and we will apply some of their methods to our corridor."

Funds for the project would be sought in SA and overseas, including from the European Union, he said.