Informal Sector - 1992

January - August.
Making a living . . . Fernando Congo and Paul Dama make curios to stay alive.

Love arrows . . . some of the items the Vasekela Bushmen make.

Pictures Ken Oosterbroek
THE size of the informal sector will inevitably grow in 1992 because of the increasing unemployment and decreasing demand for goods and services. The survey conducted by the Bureau of Economic Research shows that the informal sector will continue to grow as more and more people are forced into it. The survey was conducted among 1,000 households in metropolitan areas.

By Joshua Rabokho

In the informal sector, the cost of living is increasing and the prices of essential goods are also rising. This is due to the high cost of living and the strong demand for goods and services.

The informal sector is also growing because of the increasing unemployment rate. The survey shows that the unemployment rate is increasing and this is causing people to turn to the informal sector for work.

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The informal sector is also growing because of the increasing inflation rate. The survey shows that the inflation rate is increasing and this is causing people to turn to the informal sector for work.
LICENSING LAWS CHANGED TO BOOST TRADE —
BUT CITY OFFICIALS FEAR A BOOM IN WAR LORDS

A new deal
freees small
businesses

By EVELYN HOLTZAUSEN

SWEEPING changes in business licensing laws have done away with red tape, freeing certain categories of the need for licences, and opening the way for the growth of small enterprises and informal trading.

But some councillors and officials are worried that the deregulation may lead to a free-for-all.

The new legislation is embodied in the Business Act passed during the last session of Parliament and is being phased into effect from January 1.

The new laws have been welcomed by the Small Business Development Corporation, businessmen and informal traders — but have come under fire from councillors and council officials who believe they will lead to a dramatic loss of council revenue and control over businesses in Cape Town.

Many also fear that the move could open the way for the "rule of the gun" like the bloody warfare over routes that followed the deregulation of the taxi industry.

"I think we are in for a whole heap of trouble — at least until things settle down," said the city's business licensing officer, Mr Henry "Boet" Windell.

No control

"We could get into a situation where some traders in a particular area attempt to eliminate their competition through strong-arm tactics, as in the taxi war.

"In the past we could limit the number of traders in the same business in a particular area.

"Now there is no control other than market competition," Mr Windell said problems could also arise for the Receiver of Revenue as the council helped him keep track of licensed businesses by forwarding him lists.

"The Receiver will now have no record of the establishment of new businesses," he said.

"On the positive side, more people will find it easier to establish their own businesses and earn an income."

Mr Windell's fears were shared by Mr Leon Markowitz, chairman of the city's Utilities and Works Committee.

"It means we have lost control over a large sector of business in Cape Town," he said.

"We will also lose revenue and have no formal record of exactly what business are operating in the city. This could open the way for an unsavoury element to begin trading in areas where we do not want them," he said.

The regional manager of the Small Business Development Corporation, Mr Wolfgang Thomas, said the corporation welcomed the new laws.

"If the credit for the implementation of the new legislation is due to the efforts of the Small Business Development Corporation, there is no doubt that it is a dramatic breakthrough."

"There are still lots of 'ifs' and 'buts' which will cause a lot of tension but, on the whole, deregulation and the ending of red tape to make it easier to establish a business must be welcomed."

The opportunity for the "gross abuse" which had taken place under the licensing system — particularly in township businesses — had been largely eliminated, Mr Thomas said.

He dismissed fears that the new laws could lead to a drastic loss of council revenue.

In terms of the entire budget, the money lost was "peanuts", he said.

Forces

He agreed that the new laws could lead to over-trading and "mafia-style" protection rackets. These could include high-street shoot-outs between competing traders and traders' resorting to existing the help of "war lords" to ensure their businesses survive.

"We live in a complex society, and in the end I think market forces will prevail and things will settle down," Mr Thomas said.

The changes are intended to remove much of the red tape that impeded the launching and growth of small businesses.

The legislation has had the effect of repealing between 60 and 80 local ordinances governing business activities.

The statutory requirements that remain deal essentially with health and other by-laws, including those concerned with street trading, town planning and safety and noise regulations.

A list of prohibited areas where trading will be banned is to be published by the Administrator in February or March.

Who needs business licences? — Page 3
Govt plans 'indaba' for small business

TRADE and Industry Deputy Minister David Graaff is to convene an "indaba" of all the major players in the small business sector.

Graaff said in Cape Town at the weekend that discussions at the meeting would concentrate on the future of the sector.

He said small and medium businesses would also come up for discussion during his Budget vote in parliament.

"A special division of the department has been formed to handle small business creation, and we are working on that at present," Graaff said. He said the small business office should be in operation by June this year.

Graaff said he would invite individual businessmen and organisations such as the hawkers' council Actiblack business federations Fabeco and Nafeco, Sascob and the Potchefstroom Business Advisory Unit.

Sascob deputy director-general Ron Haywood has stressed the need for government to be involved in developing the small and medium business sector. "Although we have numerous development organisations and groups (estimated at more than 80), one important player is missing and that is a government which has a co-ordinating role to develop and champion small business," Haywood said.

Over the years, other business leaders, including SBDC MD Ben Vosloo, have been clamouring for government to recognize the small and medium business sector as an important creator of jobs, and deserving of similar attention to that accorded big business.

Pretoria University economics professor Geert de Wet, launching an economic research paper conducted by his team last month, urged taxpayers to compel government to use their money to develop small and medium businesses.
Bold new plan to aid homeless

By JOSHUA RABOROKO

STOKVELS, which are black informal clubs investing about R170 million annually, are to embark on a business venture to provide housing options for the homeless.

The president of the National Association of Stokvel of SA, Mr Andrew Lukhele, said yesterday that a seminar would be held in Johannesburg on February 7 where details of the project would be explained.

He said the whole Stokvel City Housing Project as a business was dedicated to black economic empowerment in the interests of nation building.

Solving

He said the limitation of the State’s housing and local authority policies suggest that other options could be used in the search for stability in the townships.

Research has shown that most blacks stayed in shacks or informal houses which have sprung up in open places either within or adjacent to the townships.

In the Pretoria, Waterkraal, VaaI Triangle townships there are more than 412,000 formal township houses, 422,000 backyard shacks and 635,000 shacks on vacant land, according to research.

Lukhele said stokvels were planning to help alleviate the black housing crisis by diverting millions used as loans to rich whites in the suburbs and “very little or nothing is in turn ploughed back into the black communities who provide it and need it most”, Lukhele said.

The acute housing shortage could be reduced if ingenious methods were used by concerned people in South Africa.

Sprung up

Stokvel members could use their unit trust certificates as collateral for home loans from banks.

As a result of reluctance to lend money to blacks because of violence, unrest and boycotts “black self-help” was important to solving the chronic shortage of housing.

“Members of the stokvel for housing will include people who are members of stokvel groups affiliated to Nasasa and relatives who are owners or tenants in rented township houses.

Venture

It would also be ideal for houses in one street to be taken as a stokvel group because they know each other.

He said one of the first steps to be taken in this venture was for experts in town planning and related research fields to visit “targeted areas” such as Soweto.

“Some of the unique features include the adherence to health standards and kickbacks to tenants other than rents from backyard dwellers,” he said.

ANDREW LUKHELE

loans of savings from banks to unit trusts which would serve as collateral for housing loans.

The arrangement would allow black savings to be ploughed back into the black communities, rather than having the money loaned to affluent whites.

Catering

The South African financial system had until now been catering for regular earners with assets, fixed abodes and a track record of payment.

He said while that was a proven method of reducing the risk of non-payment, it excluded millions of blacks from formal financial assistance.

It also meant that savings by blacks were largely used as loans to rich whites in the suburbs and “very little or nothing is in turn ploughed back into the black communities who provide it and need it most”, Lukhele said.

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Reserve Bank sets out new deal for stokvels

By Sven Länsch

The Reserve Bank is considering the creation of a legal framework to accommodate informal financial arrangements, such as stokvels. Such a framework, the Bank believes, could offer a solution to the lack of financial services for the many South Africans who are excluded from the formal sector.

The proposals were presented yesterday to a conference on "The role of financial markets in a changing SA" by Reserve Bank researcher Dr Nico Marais. Dr Marais proposed the establishment of a working committee, representative of all interested parties, to draft realistic policies for the development of informal finance.

He said that stokvels, of which there are an estimated 500 000, together with credit unions, mutual thrift organisations and friendly societies, offered a solution to the lack of financial services for broader communities. These informal arrangements could be upgraded and co-ordinated with existing formal arrangements by creating a legal framework through a proposed Co-operative Banks Act.

Such an Act would "provide for self-regulatory organisations and accommodate informal and more formal financial arrangements".

Legislation

"Much would be achieved if all stokvels belonged to a single self-regulatory body, which, under the proposed Act, could work in consultation with the Registrar of Banks," Dr Marais said.

He said legislation should only be enacted which overcame the existing problems of informal finance, namely the inability to transfer funds over long distances, exploitation through formal excessive interest rates and the lack of start-up working capital.

"The number of members belonging to stokvels, the weaker the self-regulatory bond between them would be, and the stronger the rationale for additional measures to ensure prudence."

Dr Marais said the proposed Act should hold tangible advantages for informal institutions by providing them with the means to expand business beyond their traditional barriers, while enhancing proper risk management.

Furthermore, the Act should achieve a more workable relationship with formal financial institutions, which could become more actively involved in the provision of finance for the disadvantaged.

In his presentation to the conference, Standard Bank economist Nico Cypionka said that banks and other financial institutions had limits to "how far downmarket, they can extend their operations." He therefore proposed the establishment of three new specialist banking institutions catering for the poorer communities.

- A specialist Rural Development Bank using the basic structures of the existing Land Bank and funded jointly by the state and the private sector.
- A Small Business Bank, structured and financed on a similar basis, to cater for small-scale lending to the informal sector in urban areas. The Small Business Development Corporation could form the nucleus of such a bank.
- A National Building Society to generate funds for informal and sub-economic housing.

Such an institution could grow out of a partnership of the financial services sector, companies and the state.

Mr Cypionka said, however, that a central bank, furnished with legal independence, should be the core of SA's future banking system.

Such a bank should have sole control over managing the money supply through appropriate interest rate policies guided by a free and flexible foreign exchange market, he said.
Definition of jobs ‘needs to change’

SA needs to adapt its definition of unemployed if the country really wants to address job creation effectively, says Small Business Development Corporation MD Ben Vosloo.

In a statement at the weekend, Vosloo said in SA, as in most developing economies, the main employment problem was the large number of under-employed people working in the informal sector.

"Many of these people work very hard in production of goods and services but because their activities are not recognised, recorded or protected, but regulated by the public authorities, most of them never progress to the formal sector where they could realise their potential more fully," said Vosloo.

The traditional Western definition of the unemployed usually implied those people between the ages of 16 and 65 who could and wanted to work, but could not find work or create self-employment within the formal sector.

SBDC economist Edwin Basson estimated that about 3,5-million of SA’s economically active force of 14,3-million were active in the informal sector. A further 2,6-million were either in subsistence agriculture or unemployed, he said.

In terms of the Western definition, Basson said, about 6,3-million people would be regarded as unemployed giving SA an unemployment rate of about 44%.

He said that if those employed in the informal sector were taken into account, the number of unemployed would drop to 2,8-million or 20% of the economically active population.

"Defining unemployment realistically is not a matter of semantics but of utmost importance for future planning," Vosloo said.

Basson predicted that if the current growth rate in formal sector employment continued, no more than 3,5-million of the expected 20,2-million economically active people in SA by the year 2005 would have work in the formal sector.

The country would then, according to Western definitions, have an unemployment rate of about 78%.

However, Basson said if the traditional definition was to be relaxed and those employed in the informal sector considered as working, the unemployment rate would decline substantially to 22%.

"The informal sector must first be officially recognised before measures can be introduced to enable entrepreneurs to advance from this sector to the formal sector," stressed Vosloo — Sapa.
Achib help for spazas

By DANIEL MAINE

THE African Council of Hawkers and Informal Businesses has negotiated a package for informal businesses to have access to loans and buy goods direct from wholesalers.

"This was said by the promotions and special projects manager, "Mr David Molanana."

The package will enable hawker and spaza shop owners to avoid buying goods from unscrupulous sellers and thus drastically reduce prices. Wholesale buying cards are also available.

All who are interested should attend a meeting at Ipelegeng Community Centre, Crossroads, on tomorrow at noon."
WHEREVER anyone draws an economic profile of South Africa, there is almost bound to be some confusion about the precise size of the unemployment problem. Estimates shrink or grow -- depending on the argument one wants to prove.

For example, the most recent count of registered unemployment put the total at below 260,000, or a modest 4 percent of the non-agricultural labour force.

However, new studies by the Small Business Development Corporation show that if a strict definition were to be applied, the unemployment rate of 44 percent.

Still more chilling are future projections, if one applies Western definitions that count employment only by the number of jobs in the formal business sector.

That, as forecasts by Professor Jan Sedie of Stellenbosch University, would threaten an unemployment rate of an astronomical 49 percent, on the basis that by the year 2000, total unemployment in the formal sector may be no more than 84 million or an overall labour force of more than 20 million.

The crucial factor overlooked in the estimates of estimates is the phenomenal growth of the informal sector. Thousands of hawkers and street traders whose incomes save them from total unemployment -- and thousands more mini-businesses launched by entrepreneurs whose initiative was long stifled by apartheid regulations.

The accompanying SBC graphic shows the impact of the economic scenario. The 23 percent of the informal sector has a potential for fewer than 1.2 million jobs.

Tragically, counting ten million workers living by subsistence farming, it still leaves a core of 2.3 million completely unemployed. Nor does it provide much comfort for 1991 school-leavers who were warned by the SA Chamber of Business that the formal sector had no jobs waiting for only one in 10 of them.

The SBC believes the analysis proves the time has come for South Africa to begin a radical rethink about solutions -- starting with broad new definitions of unemployment.

"Under the traditional Western definitions," says SBC managing director Dr Ben Vosloo, "unemployment usually implies those people between the ages of 15 and 65 who have no work available to work and cannot find work or create self-employment in the formal sector."

"In South Africa, as in most development economies, the main unemployment problems are the large number of under-employed people working in the informal sector."

"Many of these people work hard in the production of goods and services. But because their activities are not recorded or protected, and they are regulated by the authorities, most of them never progress to the formal sector, where they could realize their potential."

"The informal sector must first be officially recognized before measures can be introduced to enable entrepreneurs to advance to the formal sector."

The only way to reduce the imbalances that favour big business, he argues, is to create a national strategy for small and medium enterprises.

The SBC is already planning a dramatic expansion of its training and support services.

Dr Ellis Buxton, head of the SBC's economic research unit, is enthusiastic about quick fixes to unemployment -- in particular to the idea of creating a labour pool out of the ranks of the jobless to enable the provision of basic services.

"The problem with this approach," he says, "is that it takes us back to post-World War II strategies it has failed to render the responsibility on the Government. Neither the present nor any future government will be able to generate enough funds to employ an extra 2.5 million to 4 million people during the next decade."

Dr Buxton believes there are only two solutions:

1. Long-term economic growth based on structural changes that will avoid the booms and slumps of many business cycles. Also, new attitudes among business and labour leaders to end a current trend for more capital-intensive industries rather than new projects that promise to create more new jobs.

"Labour will have to make a concerted effort to increase productivity, to decrease strikes and to de-politicize the factory floor," he says.

"Similarly, businessmen will have to address socially relevant issues, implying a constructive involvement in social development and upliftment."

The best possible social investment that business could make in the long run would be in training and business support services, he said.

A more realistic population growth rate.

"That," he says, "would necessitate an increased awareness by all sectors in society of the effects of over-population and of the burden that a fast-growing population places on scarce resources."
The economic recession is biting deep, and unemployed people have little or no hope of finding jobs in the usual places. Instead of academic qualifications, the emphasis is now on resourcefulness in searching for ways to make ends meet.

**MBUYISELO MTHYE**

**O PPORTUNITIES for employment into the labour market are diminishing as South Africa ploughs through an extended recession.** The overwhelming message from top economists is that it is no longer good enough for manufacturers to produce their manufactured articles — students need further training to find employment in the formal sector.

According to economists, nine out of 10 manucturcns will not be able to find jobs in the formal sector this year.

The formal business sector is offering fewer than 40,000 new positions this year, and the recession drags on and exacerbates the plight of the unemployed.

The chief economist of the Small Business Development Corporation (SBDC), Dr Ben Barlow, said unemployment would be key for the informal sector.

Barlow said that the corporation had no figures indicating how many of last year’s manucturcns were unemployed. However, he said the capacity of the economy to absorb people without experience and qualifications was small.

The only sector with opportunities for manucturcns in the near future will be the informal sector, he said.

"We still need to add more emphasis to the role of the informal sector," Barlow said.

"We must find new ways to lift the informal sector to give a new boost to the economy."

South African Chamber of Commerce chief economist Dr Ben van Rensburg said the number of vagabonds on the informal sector has increased in the past year.

"Informal sector the only hope for jobless"

SCHOOL’S OVER: But it takes more than book-learning for Khaya Yapha to secure a job in the middle of a recession. He might find it hard to find a job as a formal sector during a recession.

"Students need to improve their education and develop their personal skills in order to find jobs." Van Rensburg said.

He said even university graduates of Cape Town indicated that out of 100 manucturcns would find jobs this year.

SBDC regional manager Professor Wolfgang Thomas said out of a total of more than 14 million people between two and three million were without regular income.

He said many of these were in the age group of 16-24 years. This is one of the most significant problems.

Thomas said the rapid increase in the number of manucturcns was one of the most significant problems for more rapid longer-term growth of the economy.

"To fit the challenge to the field of education, we need to prepare the system for people to find work in the informal sector."

"There are people who can't find work but are working through informal sectors like the SBDC which has more than 100 new employment opportunities since it was created 10 years ago."

Mr Khaya Yapha, who passed matric in 1990, said he could not find regular employment because of financial problems.

He said it was extremely difficult to get a job in the formal sector.

"Every day for the past two years, I've had to buy a newspaper and wander around Cape Town in search of work, but I have not found anything," Yapha said.

He said he found manucturcns who passed matric reasonably well and those who did not had personal skills that made it easier to find jobs than those who had no experience like himself.

"We must find ways to lift the informal sector for the long-term employment rate in the country," Yapha said.

Sizemore passed her matric at St Francis College in 1992.

She said she found it hard to find a job in the informal sector during a recession.

"We are getting to a stage where the government has to take action to improve our economy."

She said that the government would have to act to improve our economy.

"We are not going to be able to lift the informal sector during a recession."
Stokvels get their own newspaper

By JOE MDHLELA

THE Centre for Black Economic Development this week launched a monthly newspaper Naeza World to help reach its more than 100 000 members throughout South Africa.

The launch took place at a Press conference in Johannesburg on Tuesday.

The executive director of CBED and chairman of the National Association of Co-operative Societies, Mr Sam Mphofe, said the newspaper would be freely available to its members every month.

He said the revenue to sustain the newspaper would be derived mainly from advertising.

"We are hoping that the newspaper will be able to pay for itself, to a very large extent we would like to maintain editorial independence," Mphofe said.

He said he was aware that big business was trying to make inroads into burial societies, women's clubs and "mehodisana", a venture that was totally a business.

"But I suppose in the free enterprise system these are some of the things we have to put up with," Mphofe said.

He said there were close to 850 000 societies and clubs in the country with membership close to 10 million.

These societies and clubs generated about R250 million a year.

"If societies and clubs knew about the Johannesburg Stock Exchange and a portion of this money saw its way to the JSE, it would make a positive impact on share prices.

"Disgracefully, societies and clubs still operate in an archaic fashion because they do not have access to information and training," he said.

The newspaper would endeavour to educate societies and clubs about opportunities available to them.

"Through this medium we will try to educate our members about unit trusts and other business opportunities they can exploit."

Chairman of the CBDE Dr Nihalo Motlana said the vision to own an authentic black Press dates back many years.

He said even as late as during the days of the South African Students Organisation in the late 1960s and early 70s that vision was still espoused.

"Black people wanted their own black voice to articulate their own experiences," he said.

He said the black militancy of the day ruled against the black Press having support from advertising.

But Motlana said the reality of today was that newspapers would need to derive revenue from advertisements.
Exempt stokvels from banking regulations

There was no doubt stokvels deserved exemption from the Deposits-Taking Institutions Act, National Stokvel Association of SA president Andrew Lukhele said earlier this week. 

Speaking at an Informal Sector conference, Lukhele said: "Nasasa is keen on further discussions with the Reserve Bank on the condition that our members' interests are given a priority."

A Reserve Bank spokesman said Nasasa's stated willingness to attend the Reserve Bank stokvel workshop in mid-February was a positive development. The workshop will seek a new approach to the regulation of informal financial institutions. Organisations involved in informal financing will present their views on whether co-operative banks and stokvels should be incorporated into, or exempted from, the Reserve Bank's regulatory structure.

Nasasa's approach to the regulation of stokvels was very similar to the approach suggested by the Bank, the spokesman said. The Bank suggested stokvels remain exempt from legislation and should be self-regulatory. Co-operative banks, however, should be exposed to a more formalised structure, similar to the legislation imposed on mutual building societies.

The Reserve Bank would act as a facilitator at the conference, giving suggestions but not directives and the final regulatory structure would be decided by the representative stokvel bodies.

"The convening of such a workshop is in keeping with the government's undertaking that input will be required from the stokvels before the new Deposits-Taking Institutions Act is finalised," Lukhele said.
Debunking small-business myths

Weekly Mail Reporter

MEL BROOKS, a senior consultant at the Centre for Developing Business at the Wits Business School, debunks 10 common misconceptions about small businesses.

You must have substantial capital to start a business.
The more successful small businesses are based on the skills of the owner, rather than the amount of money he has available.

Banks don’t lend to small business.
Commercial banks are falling over themselves to lend to small businesses. But they are not in the business of giving money away. If an entrepreneur has done his homework and can produce a business plan that shows the feasibility of the venture, he will get a loan.

In addition to the commercial banks there are organisations such as Get Ahead, the Colgate Trust and the Northern Ventures Trust that will loan money to aspirant business owners. However, they are not charities and while they might not insist on collateral, they will insist on a professional approach by the entrepreneur.

Success is a matter of luck.
Luck has very little to do with succeeding in business. If you think it does, then stick to betting on the horses. Successful business owners continuously plan, control and adapt. If they do take risks, they are calculated risks and everything possible is done to reduce the risk.

Entrepreneurs are not gamblers.

Don’t expect to profit from the first year.
If you do not show a profit in the first month, you’re in trouble. To run a business at a loss in order to establish it and penetrate markets is for big businesses with lots of capital.

Fifty percent of small businesses fail in the first two years.
This is a misrepresentation or misunderstanding of statistics. The reality is that of all businesses which have failed in a given period, 50 percent were less than two years old.

Running a small business is more stressful than working for a large corporation.
This is not true of entrepreneurs who believe that they, and not outside factors, are responsible for their destiny. Individuals prone to stress in a small business environment will also be stressed in a large corporation.

Entrepreneurs go into business for the money they will make and what they can buy.
The main motivating factors of most entrepreneurs are the desire for independence and the ability to control their own destinies and to utilise their talents more effectively than they can as employees.

Entrepreneurs are in search of power.
The need to achieve and the desire to show direct results from their efforts is a greater driving force than the quest for power.

Small and home-based businesses’ products are inferior.
One only has to look at the crowds at flea markets, roadside stands and mobile fast-food vendors to know that this is not true. It is especially not true of small businesses owned by craftsmen who have started up on their own.

Senior managers from the corporate environment always make good entrepreneurs.
Firstly, good entrepreneurs normally leave the corporate world before they become senior executives. Secondly, senior people in big companies are used to many support systems that when they leave they often flounder when faced with doing everything from making the tea to negotiating big contracts.
Police swoop on Mitchell's Plain hawkers

FEROZA MILLER, Staff Reporter

POLICE and traffic police have swooped on hawkers trading at Mitchell's Plain Town Centre, arresting four and confiscating their wares.

The hawkers, who sell goods from clothing to cigarettes and perfume in the centre's walkways, were fined and ordered to move.

The raid led to angry confrontation between vendors and police. Shops stopped trading.

Many hawkers — mainly women — were fined between R50 and R150 for "obstructing free passage" and "unlicensed hawking."

Mr Ronald Stevens said they had permission from a hardware store to trade outside.

Hawkers met the Mitchell's Plain police station commander after the raid and said they were satisfied they would get a fair deal.

"The police are trying to put hawkers in legal trading places," said Mr T. Abrahams.
Doing their own thing, and loving it
Trio’s dream becomes reality

WHAT seemed a dream a few months ago has become a reality this week with the launching of Ukuhanya Paraffin Distributors at the informal settlement of Orange Farm.

The company is the brainchild of Mr Mandla Kumalo, Mr Vusi Ngema, Mr Tsogo Muyanya and Mr Henrick Molimo. “A few months ago we toyed with the idea of starting a distribution company, but did not have an idea were we would get funds.

It was only after approaching Leadership Institute that our dream slowly transformed into reality.”

The institute is the advice centre that provides business training and helps connect budding businessmen with financial institutions.

“They introduced us to Anglo American and Standard Bank, who undertook to fund the distribution project,” co-ordinator of the company Kumalo said.

The depot and the offices of the company are in Orange Farm, near Residensia in Vredefort.

Kumalo and Total South Africa provided the company with a 9200l bulk tank to store paraffin.

The company will also distribute motor oil and other petroleum products, said Kumalo.

The products will be targeted at spaza shops and formal retail shops in the black areas around Orange Farm, Residensia and Soshang." Residents of the informal settlement will benefit particularly from our presence in the area which is without electricity.

“We will also endeavour to keep our prices as low as possible so that the spaza shops can pass on these benefits to the end consumers,” Kumalo said.
As opportunities for economic development in South Africa improve, the Western Cape needs to plan its own unique growth path. There is a great deal of potential in the region according to a panel from "Growing the Cape", a local business initiative formulating strategies for future economic development. Rehana Rossouw reports.

GROWTH and development of the Western Cape economy depend primarily on the actions of its people and their ability to use their skills and energy to maximum effect. However, to ensure the region's economy operates best for the needs of local people and reduces poverty and unemployment, a definition of the most promising areas for growth over the next five to 10 years is required.

"Identifying areas of growth and defining strategies to achieve them is what Growing the Cape is all about," says the organisation's first report, entitled "The Western Cape Economy in 1990: Sources of Growth in 2000".

"Growing the Cape requires input from a range of local leaders in formulating strategies and projects to promote economic development.

The project has been divided into three phases - collecting information, identifying the most promising sources of growth over the next decade and drawing development strategies to obtain growth.

The project's first report was distributed at a draft form and serves as a basis for a number of workshops attended by a broad range of leaders and experts.

The report outlines the state of the Western Cape economy, past growth and development performance and indications of longer trends and directions of expected future change.

"Foreign and local trade have always played an important role in the early phases of the region's economic development," the report reads.

"Between the 1850s and 1970s, the mining sector was the engine of economic growth in South Africa, but gold and other metals in the Western Cape were relatively untouched." The report added.

"With the rise of the industrial sector after 1922 and the increasing significance of heavy industry centered around raw materials and heavy industry, the Western Capelost its relative growth in the country.

Dampened

"The concentration of government and para-statals in the Pretoria/ Witwatersrand area also dampened relative growth in the Western Cape, in particular during the years of rapidly expanding state spending.

"Cautiously optimistic" migration into the Western Cape dampened overall population growth in the region, and restricted the supply of low-wage, unskilled labour.

"South Africa's politics and isolated development restricted the growth of tourism in the Western Cape, which already had considerable potential in the Western Cape, but could not take off in the 1970s and 1980s."

The report stated that the related forces shaped a pattern of comparative growth in the Western Cape, often described as "dissipating" or "declining", relative to the Writ...
Conflicting rules for spaza traders

Theo Rawana

Informal traders in the Kroonstad coloured township of Brent Park are being fined for operating "spaza shops", but their counterparts in the nearby black area of Mookgong are trading freely under the new Business Act.

Law Review Project executive officer Prof Louise Tager said yesterday the Act provided for black town councils to grant licences to backyard traders — but the same powers were not extended to white, coloured and Indian authorities.

Spaza shopkeeper Simon Touwse said yesterday he and four other operators in Brent Park had been victims of "harassment" by the local health inspectorate because the Kroonstad Town Council objected to them running businesses from home.

"I was first fined R100 in 1979, then later fined R250, while my wife also had to pay a R160 fine. I have been warned of another fine, and three other spaza shop owners in the township have been given suspended sentences.

"All this happens while we pay the R11 trader levy to the Regional Services Council," said Touwse.

Tager said coloured and Indian areas were very restricted because they were wings of white local authorities.

A Kroonstad Town Council spokesman said the municipal regulations did not allow for the opening of spaza shops in the Brent Park township.
Hawker stalls form part of responsibility programme

IN SUPPORT of the informal business, Mercedes-Benz of South Africa (MBSA) will shortly provide stalls from which hawkers will conduct their business, chief executive of the company, Mr Christo Kopke said.

The stalls, to be erected at the factory’s East London plant, have had the support of hawkers and workers, Kopke said.

He said this was part of the company’s social responsibility programme.

“We could never have erected them without involving workers,” Kopke said.

He said hawkers would operate from a hygienic environment.

The union and management were working hard to bring about a sound industrial relations climate.

By JOE MDRILELA

He said the hourly-paid work force was represented by the National Union of Metal Workers of South Africa.

“Numsa represents 60 percent of all hourly-paid employees”

He said the nine-week strike action that rocked the company in 1990 served as a lesson that there was a lot to be achieved in the area of industrial relations.

“We are proud that we are working more closely with the union to the satisfaction of both management and workers.

“Of course, we are far from perfect, but we are working hard to resolve the problems,” he said.
Township financing plan

INFORMAL financial institutions had to join forces to establish a mutual society which would cater to township residents' financial needs, the National Stekvels Association of SA (Nasssa) said yesterday.

Nasssa president Andrew Lukhele said in an interview that since violence and non-repayments had put formal financial institutions off lending in townships, innovative thinking was needed.

"The informal savings clubs have to come together under one umbrella body, which will determine whether the problem will be resolved through the establishment of a mutual society," he said.

Nasssa will propose the formation of such a body at a conference convened by the SA Reserve Bank in Pretoria today.
Hawking regulations to change

Staff Reporter

THREE months from now the bustle of street vendors on Cape pavements is expected to increase to levels only experienced thus far by visitors to the Far-East.

Before, street vending was prohibited in all but specified places, but now the Administrator of the Cape, Mr Kobus Meiring, has published a list in the Official Gazette of places where street vending may not take place.

The vending provisions of the Businesses Act (No 71 of 1961), which have not yet come into effect, allow vending in all but specified places.

Places where vending will still be prohibited include beaches, pools, public resorts, hospitals, cemeteries, malls and undercover concourses, parks, schools, subways, tennis courts, bridges and viewing sites.

Interested parties have been invited to furnish their comments concerning this list in writing to the CPA within the next three months.

Meanwhile, the Road Traffic Act (No 29 of 1989) has been amended by the Businesses Act to allow carts and other non-powered vehicles to park on pavements.
Clean-up for hawkers

EAST LONDON — Mercedes-Benz of SA has built stalls and ablution facilities for hawkers operating outside its East London plant. This was all in a bid to encourage free enterprise, and to provide a hygienic environment for the hawkers to live in, said Mercedes public relations manager Wendy Hoffman — Own Correspondent.
STOKVELS would probably be exempt from the Deposit-Taking Institutions Act, the Reserve Bank said on Friday.

A decision would still be made on the incorporation of community-oriented co-operative banks within Reserve Bank legislation.

These were the consensus views that emerged from the Reserve Bank's participatory workshop in Pretoria on the regulatory framework of the informal finance sector.

Reserve Bank Registrar of Banks Hennie van Greuning again stressed the Bank did not want to regulate a market which had already proved to work well and efficiently.

The Bank proposed that stokvels be exempt from the Act and should be self-regulated by a representative body and that co-operative banks should be included as a separate chapter in the current Act.

However, there was broad consensus among delegates that the future regulatory framework could be determined only by an informal finance forum which would bring together all informal financial institutions.

The end result would be popular and sustainable only if it had broad legitimacy and acceptability, said Civics Association of Johannesburg secretary general Cas Coovadia.

Van Greuning accepted a proposal put forward by Coovadia that a broad consultative forum should be organised consisting of all informal financial institutions and other key players identified by these institutions.

National Stokvels' Association of SA endorsed the proposal.

Van Greuning agreed to wait three months to hear the decisions made by the forum.
THE young winner of the 1990 Sowetan Nation Building Business Ideas Competition, Mr Samuel Vusumuzi Thubane, is a confident entrepreneur who believes in high-quality products.

Thubane, managing director of Tillyknitwear in Mabopane Industrial Site, has used the R10 000 he received as winner of the competition to bolster his operations. The competition was sponsored by three financial institutions as part of the Nation Building campaign aimed at ensuring that the interests of the small businessmen and women can be made to grow to the advantage of South Africa.

Thubane, who was one of the two winners, has a great vision in business and wants to grow and create jobs in the wake of the soaring rate of unemployment estimated to be at four million. He also wants to implement the business ideas he learned when he visited France this year at the invitation of the French Embassy in Pretoria.

**Broker**

Like many black township youths, Vusi's parents could not afford to send him to school after matriculating at Prome College in 1989.

"I wanted to be a stockbroker at the Johannesburg Stock Exchange, but these ideas fizzled out when my parents could not afford to finance my education. I studied commercial subjects," he said.

He soon left his job as a clerk in Pretoria to join his mother, Miriam, who knitted woollen jerseys, dresses, skirts, scarfs and other materials.

"I used to move from door to door selling my mother's products. I also participated at the flea market in Pretoria where I gained a lot of experience," he said.

He injected adrenalin into the business and it grew at an alarming rate. The space in the home became small and "we needed more room."

Vusi wanted to develop his business acumen and being a great reader of newspapers he came across the Sowetan Business Ideas Competition, in our business pages.

He entered and was one of the lucky winners. He used the money to buy stock and a computerised sewing machine which he said was "just doing miracles - all sorts of knitwear - for me."

During last June Vusi and his mother moved to the Mabopane Industrial Site - Shop number 166, and telephone 01461-26777 - where their business is growing.

Vusi said he needed more machines because the present four could not cope with the demand and other ideas which he gained overseas.

His ambition was to knit, not only woollen material, but also garments for all seasons, he said, adding: "I want to become a man of all seasons."

He encouraged young matriculants who could not make it to school to develop entrepreneurial skills in order to create jobs - he already employs three people and is hoping to employ more in the future.

His ambition is to compete with white manufacturers. During his leisure Vusi reads business books and says: "I want to expand my business education."
Black businessmen to exhibit wares abroad

SA's black businessmen will have an opportunity to exhibit their wares in three African countries this year. Business consultant Willie Ramoshaba said his company, W R Associates, had been co-ordinating trade missions for black businessmen in Africa and abroad for the past five years.

The mission was to broaden their horizons, Ramoshaba said. The missions had been to the US, the Far East, Malawi, Zimbabwe and Cameroon.

“We are now setting a scene for business dealings between SA's black businessmen and their counterparts in other African countries,” he said.

“We have arranged for small- to medium-sized black businesses to exhibit their goods in Zimbabwe, Namibia and Angola this year.”

The first trade show at which South Africans would exhibit was the Zimbabwe International Trade Fair. This, he said, was expected to attract 270 000 visitors and 1 250 exhibitors. Prospective exhibitors should not have qualms about financial support as his company had secured the co-operation of the Trade and Industries Department, he said.

“This is a result of the co-operation between each exhibitor will pay R6 500 instead of the normal cost of R18 000 or more.”

Lawyers oppose early releases

PRETORIA - The Association of Law Societies has come out strongly against the early release of common-law criminals.

In a statement last week association president Ed Soutey said sentences imposed by the courts had to be served if respect for the law was to be upheld.

The association shared the concern of judges Dicsett and Strydom in deploreing the early release of jaded common-law criminals.

“The association is sympathetic towards prison authorities and has an understanding for the overcrowding in SA jails” 24/2/92

But, said Soutey, said, time and effort spent by professionals in determining suitable and just sentences were effectively overturned by early releases.

Vegetable milk, straw bricks compete for award

BRICKS made of straw, milk from vegetables and biodegradable oil are just some of the 200 innovations entered in the Andi Innovators for the Environment Programme.

The programme aims to encourage and reward solutions to environmental problems through the R250 000 Terra Nova Awards, which will be presented for the first time on Friday.

One innovator, Len Bestele, has devised a way of utilising waste products such as sawdust, maize stalks and straw to produce lightweight bricks and paneling. The system has been used in low-cost housing projects in Mauritius.

Alan Winer developed vegetable milk with the same high-protein content as dairy milk. The vegetable milk does not contain lactose, which can harm malnourished children.

Samples of Winer's milk have been sent to the UN, which is apparently interested in using it in a Mozambique famine relief programme.

Entrants are not limited to private individuals. Lubricant supplier Castrol has entered an environmentally friendly oil called Biolube 100. The marine engine oil recently won the Pollution Abatement Technology Award.

CG Smith Chemicals has entered a product which it says provides an instant and cost-effective clean-up method for polluted rivers and waterways. The company found that hydrogen peroxide countered the effects of effluent spill quickly and efficiently.

Institute of Inventors and Innovators Research and Development president Donovan Pilkington said it was heartening to see such a wide interest in the programme. Entrants ranged from international firms to schoolchildren.
VAT confusing small firms

AN OPINION poll conducted by the Urban Foundation has indicated that the VAT system has caused confusion and dissatisfaction among small businessmen.

A statement yesterday said a poll conducted among the Sunnyside Group, a national alliance of about 50 small business associations, gave the main reasons for the dissatisfaction as being the high cost of complying with VAT, the complexities of administering the system, and the harshness of the penalties.

Sunnyside Group taxation committee chairman Ian Hetherington said the majority of group members did not understand how the tax worked and had difficulty with the registration process. Another factor was the high cost of VAT compliance for small businesses.

The survey showed that half the respondents to the poll believed the tax in its present form would curtail the expansion of small businesses and informal sectors.

The overall impression was that the VAT system was designed to be suitable to large corporations. — Sapa.
Curb on Hawkers

Outcry over CPA

South 2/3-2/4/91

13th Annual Convention

Amendment (CIPA) is a pose to control the receipt of certain businesses located in the

area. 

The CIPA, which was initially proposed to control the receipt of certain businesses located in the area,

was met with opposition from local businesses and residents. The CIPA was eventually modified to include

some of the concerns raised by the community. The modified CIPA went into effect on January 1, 1991.
'Vendors create jobs cheaply'

An extract from a letter sent by the SBDC to the Administrator, Mr Kobus Meiring:

Dear Mr Meiring

The Small Business Development Corporation (SBDC) objects strongly to the proposed vending prohibitions. Street vendors should be given freedom to operate.

They are one of the few sectors in our economy where cost-effective job creation takes place.

The proposed regulations fly in the face of efforts to remove impediments to economic development and should be resisted by all organisations with an interest in economic empowerment.

In the meantime, the vigorous enforcement of by-laws soon to be replaced, by certain local authorities, puts a question mark behind their commitment to enhance equal opportunity and economic freedom.

Yours faithfully,

Johan Naudé
SBDC Senior Manager
Poor start for VAT

THE new VAT tax has had a very poor start among small businessmen and in the informal sector.

Among the main reasons for this have been the cost of complying with VAT, the complexity of registration and administration, and the harshness of the VAT Act penalties.

This has emerged from an opinion poll conducted among members of the Sunnyside Group, a national alliance of some 50 small business associations.

The group has joined the VAT-Coordinating Committee in calling for the new tax system to be made simpler and fair, particularly to the poor and disadvantaged.

The chairman of the group taxation committee, Mr Ian Hetherington, said “The poll indicates confusion and dissatisfaction with VAT and the need for a full analysis of VAT on small business.

“Our member organisations, which represent several thousand small businesses, indicated that the majority of their members did not understand how the tax works, and had difficulty with the registration process.”

Another significant factor to emerge was the high cost of VAT compliance for small businesses, who are usually critically dependent on minimising overheads.

He said the introduction of the tax had been the direct cause of many small businesses losing customers.

Those small businesses whose turnover was below the minimum requirement for registration of R150 000 a year were still often asked by their clients to provide the tax invoices defined by the VAT Act.

In response, he added, some of these small firms registered voluntarily, some satisfied their customers without a tax invoice, but about 25 percent of them lost those clients who demanded the invoice.
SBDC introduces
new courses

THE Small Business Development Corporation is introducing new courses in its skills training programme to cater more fully for the needs of the small and medium enterprise sector in South Africa.

In addition to two courses introduced in 1985, one elementary on basic business skills and one advanced course on starting a new small business, the SBDC’s training centres countrywide will be offering three courses aimed at improving the efficiency of established businesses.

Relations

The first of the new courses, “How to manage and improve your business” starts next week. The other two courses, one on retail management and the other on labour relations, start in the next few months.

SBDC’s senior general manager, Mr Toni Kadzierski, said an urgent need for business training, focused on improving already established businesses, emerged from more than 1,000 public queries dealt with daily by the corporation’s 46 offices countrywide.

He said, “We decided to introduce a course on how to manage and improve a small business, which includes stock and debtors’ control, time management, costing and increasing sales and margins.”

Because there were a large number of clients in retailing, a management course was acquired to cater for their specific needs. The course on labour relations for SMEs was included as the corporation’s experience over the past 10 years had shown how crucial effective staff management was.

Budgeting

The retail management course consists of shop design and layout, purchasing and pricing, merchandising, managing your workers, retailing principles and basic budgeting and elementary bookkeeping.

The labour relations’ course introduces small business owners to issues such as discipline, dismissal and termination of contract procedures, group consultations, conducting of inquiries and dealing with grievances, trade unions and strikes.

“Apart from needs established through public inquiries, we get feedback from the 328 retired business people taking part in our Mentor Advisory Programme. The new courses cover those issues which SME entrepreneurs have found to be vital for the efficient running of their businesses.”

The two original courses—elementary Trilude, Up Business training and the advanced “How to start your own business”—are still very in demand and will be offered more frequently than in the past.

Classes are presented after hours once or twice a week for periods varying from seven to 14 weeks at reasonable prices.

Inquiries can be directed to Lihloko Park Training Centre in Johannesburg, telephone (011) 608-3795/6 or 608-4052 or from any of the SBDC’s six regional offices in all major cities.

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R80-m scheme offers family protection for the hawker, spouse and dependents

By JOSHUA RABOROKO

THE newly launched R80-million "micro loan scheme" to provide capital for hawkers and spaza shop owners is to be introduced later this year, according to the African Council of Hawkers and Informal Businesses.

The scheme was announced by AChib in conjunction with First National Bank, the Development Bank of Southern Africa, Investec and Fedlife to enable the informal sector to create jobs.

The organisation has reached an agreement with these organisations to turn "informal business into formal business" in South Africa.

At the launch of the scheme FNB's senior marketing manager, Mr Andrew Buttle, said the joint venture was created to serve the needs of small black entrepreneurs countrywide.

These needs included: transaction needs; payment mechanisms; safety of cash, personal security, insurance; accumulation of capital savings and access to loan finance.

Endowment policy

He said the more than 40,000 AChib members would be entitled to the FNB-BoB 2000 cards, a Federated Life funeral policy, Fedlife, Investec, innovative endowment policy, and individual and FNB and DBSA micro loan finance.

"The scheme provides exposure to services in the financial industry and a credit rating and track record AChib helps with the guidance and education of members," he said.

He added "Another objective we have attempted to achieve is the self-sustainability of the AChib organisation through good management and servicing the needs of its members."

It was hoped by using the scheme, members would gain access to a new market; develop hawkers as businessmen and women in terms of financial service and develop sound banking relationships with other members.

DBSA's business entrepreneurial development manager, Mr Mike Mohohlo, said he hoped the scheme would develop small business to create jobs as well as alleviate poverty in the black community.

Package

AChib's president, Mr Lawrence Mavundla, said the package was designed to help make hawkers and spaza shop owners to be in a position to apply for a loan from a commercial bank.

In addition, he said, the scheme offered family protection for the hawker, spouse and dependents as well as the numerous benefits that AChib itself offered.

Fedlife's corporate public affairs general manager Mr Raymond Loughrey said his company was very conscious of helping small businesses.
on hawker's issue?

merging back into town

Weekend Argus, February 29 1992
Red tape killing the ice-cream man

JEAN LE MAY
Weekend Argus Reporter

GRAHAM POWELL, 37, thought he had it made when he rolled his R45,000 ice-cream cart into St George's Mall just after New Year. In the hot weather, his sales soared.

The traffic police thought otherwise. Graham has now been told that if the cops see his cart again in the Mall, they'll confiscate it.

Photographed at his Milnerton home with the unoperable cart, Graham said he had a valid hawkers' licence to sell food. But when he applied for permission to trade in the Mall, it was refused by the traffic department.

"My father helped me with a loan to import the cart from Spain," he said. "I have to pay R650 a month in interest and thanks to the traffic department I don't have an income."

Mr Steve Hofmeyr, senior traffic inspector, said Graham was told repeatedly to apply for a permit, but did not do so.

Reminded by Weekend Argus that under the Business Act permits are no longer required for hawkers, Mr Hofmeyr said, "It's true that he doesn't need a permit, but he still needs permission. The traffic department decides where hawkers can trade."

The Small Business Development Corporation said they were getting counsel's opinion on the issue.
'No shortage of ingenuity'
Stals warns of informal sector

PRETORIA. — The Governor of the Reserve Bank, Chris Stals, said the accountability of the Reserve Bank is towards the total community and its responsibility is to create a stable financial environment in which maximum economic growth can take place.

Speaking at the official launch of the Pretoria chapter of the Association of Black Accountants of Southern Africa (Abasa), Stals said savers, investors, consumers and traders would only be able to take rational decisions on the management of their finances if they had trust, faith and confidence in the banking institution.

He said accounting institutions such as Abasa had a role to play in this regard.

Referring to financial management risks, Stals said, while the bank was not prepared to interfere with informal institutions like stockels, members of such institutions should bear in mind that the Reserve Bank would not accept any responsibility for the mismanagement of funds. — Sapa
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Jumble sales only means of survival

SELLING used clothing is beguiling for scores of women as the costs of the unemployed swell.

They collect used clothing from middle-class friends and relatives.

The hawkers then sell the clothing cheaply, but at a profit.

Klipfontein now has a growing market for used clothing.

Every Saturday scores of hawkers go to the open field near Kipfontein Station and display their wares on the ground.

The market starts early in the morning and continues until about 6pm.

Shoes sell for about R5 trousers for R15, shoes are R10 a pair and jackets from R20.

Buyers come from squatter communities in and around Soweto.

Sad Ms Beatrice Nelono, a seller: "I fetch this clothing from Pretoria and other places and come and sell it here."

PICS: VELI NKLAPO
Business bodies to act on new law

THREE business organisations are to embark on a massive campaign for the speedy implementation of specific clauses in the new Business Act, to come into effect later this year.

The Small Business Development Corporation (SBDC), African Council of Hawkers and Informal Business (Achibr) and Foundation of African Informal Business (Fabs) say some local authorities are opposed to the new law.

The Act, published in May 1991, has been delayed in many of the Conservative-Party controlled towns.

It repeals trading licences for all but three of the 60 to 80 different categories of business for which they were previously required. It also removes all restrictions on trading hours from Monday to Sunday and allows hawkers, apart from a few prohibited areas, to trade anywhere.

SBDC’s managing director Dr Ben Vosloo has expressed concern over the delay in the implementation of the Act and said: “We have played an integral role in lobbying for the removal of unnecessary regulatory constraints which add to the burdens of starting and running business.”

The corporation was concerned, however, Vosloo said, about some of the provincial regulations which have been published for comment as they seemed to be going against the spirit of the new Act.

Achibr president Mr Lawrence Mavunda, said that the Act would make the “poor to become rich” and create jobs. He explained that in terms of the Act, no licences were required for people who wanted to start businesses.

Fabs general secretary Mr Ngebultana Mhlangabezi said the repeal of the Act was necessary if underprivileged people were to create jobs for the community.

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### UNIT TRUSTS

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<td>UAL GI</td>
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**HELPING YOU MAKE THE MOST OF THE STOCK EXCHANGE**

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![Old Mutual Unit Trusts Logo](image-url)
EXCELLENT results are being achieved by small manufacturers who have been established by the KwaNdebele National Development Corporation.

Most of the small businesses are housed in nine industrial parks spread throughout the area, involving a total investment of R3.4 million, providing new job opportunities for more than 1,000 Ndebele.

Future plans include an industrial park at KwaMhlanga, extensions to existing parks and motor-town at Tzaneen, at a total cost of about R2.5 million, and will provide premises for an additional 35 small manufacturers.

This project began in 1983 and today more than 150 have already been successfully established, according to public relations consultant Mr. Hans Lombard.

The buildings in each park are spacious factory units, varying from 50 to 250 sq m.

Senior manager of the KNDC small business development division Mr. Poelie Smith said each applicant was thoroughly screened for technical ability before being allocated a factory unit.

Only after the applicant was well established and the enterprise running smoothly, may he apply for financial assistance from the small business development division of the KNDC.

Interest rates vary from 1.5 to 22.5 percent.

Workers receive specialized training in various skills at training centres run by the corporation.

Courses including administration, financial control and bookkeeping are available to the business owners.

One of the first small businessmen to start in the Siyabusiwa industrial park was Mr. Frans Malaka, who owns the BB Furniture Manufacturers.

A wide range of home and office furniture is made by nine full-time workers whose wages are subsidised by the Department of Trade and Industry.

Malaka began his operation in 1983 as a one-man business equipped with a hammer, a hand-saw and other small hand tools.

"My small business in KwaNdebele is booming," he said this week.
Start your own business: Know the market.
SBDC steps in to help small businesses manage workforce

"The successful running of a business and the ability to manage a workforce are closely related to knowledge and skills in dealing with aspects such as grievances, dismissals and trade union negotiations." 

The course is suitable for smaller businesses employing five persons, or medium sized enterprises employing up to 100.

He warned that the SBDC had encountered many examples of small businesses that had failed to make the grade merely because they had neglected to give sufficient attention to accepted labour practice, or the legal framework within which they had to operate as employers.

SBDC case studies indicate that the ability to manage a labour force effectively is a pre-requisite for a successful business. The studies show:

- A dismissal done incorrectly can paralyse a business when trade union action follows.
- A businessperson insufficiently acquainted with the requirements of an Industrial Council agreement can find himself at the wrong end of a claim for wages and contributions due.
- A clear contract of employment may in many instances prevent misunderstandings between employer and employee.
- Cultivating a constructive relationship with employees and ensuring open channels of communication can only benefit a business.

The SBDC course will be conducted by experienced, professional teachers working in the field of small business development. It aims to give delegates knowledge, skills and guidelines in discipline, dismissal and termination procedures, addressing employee problems, what to do and what not to do in strike situations, and preparing confidence for industrial relations negotiations.

The course is also designed to give an understanding of the concepts of fairness and relationship building, the inherent nature of conflict, why employees join trade unions, what role trade unions play, and the benefits of constructive agreement and collective bargaining.

It will include group discussions, case studies, role playing and video material based on actual incidents to supplement the course content.

Delegates who pass the examination at the end of the 10-session course get a certificate. The course fee of R600 includes a full training manual with notes. Payment terms are available.

Further details are available on (021) 462 1910.
Savings woes

Bank for the Poor

Bank for the Poor can be a role model

Bangladesh's Grammen Bank, known as the Bank for the Poor, is a grass-roots, community-oriented institution. It is often cited by local analysts as a positive model for meeting the lending needs of the black community in SA.

The biggest hurdle the black community faces in gaining access to formal sector loans is lack of collateral—a requirement often applied for a loan at formal financial institutions.

Regular

The Grammen Bank was started in 1974 as a private initiative to help the landless in Bangladesh whose lack of collateral prevented them from getting loans.

Adapted

It services more than 35% of central Java's 9,000 villages through 600 subdistrict RKK units and 3,000 villages.

Forum to discuss the role of informal sector financing

There is consensus in the bank that reforms should be an informal finance forum to discuss the role of informal finance in the economy. The bank has recognized the emergence of such informal institutions, coordinated by identifying a support framework in which their impact as part of a comprehensive economic empowerment package, says Christodoulou.

Support

This is manifested in recent discussions with informal finance institutions and the Reserve Bank. The Reserve Bank is providing institutional support to informal financial institutions.

"I expect our involvement in the sector for the next year and it is certain that in the future such institutions will have a permanent place," Christodoulou said.

STOKVELS should be free of regulation and there should be an informal finance forum to discuss the role of informal finance should play in the formal sector.

The Reserve Bank should be an informal finance forum to discuss the role of informal finance in the economy. This is the consensus between authorities and grass-roots institutions which realize stokvels rely on flexibility and vitality to prosper.

Stokvels have become visible since the Reserve Bank and the Reserve Bank have recognized the importance of informal sector institutions in the present day tax taking institution legislation.

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The Reserve Bank workshop, delegates and the Bank accepted a proposal to develop an informal institution forum comprising the various organizations involved in informal finance.

After the workshop, a spokesman said the Bank was satisfied with the outcome because broad consensus was reached by market participants on the formulation of an informal finance forum.

Future interaction between the Bank and the informal sector forum would be determined by the needs of the parties concerned.

The main role of the Reserve Bank was to improve and facilitate interactions of community lending institutions with the formal sector.

The increased acceptance of the community lending institutions could only be achieved by providing them with formal and informal finance in employment and educational and financial support.

The Reserve Bank considered stokvels to be in the SA financial system, he said.

Community lending institutions were the sole providers of finance to the broader SA community.
ON THEIR SHOWROOM WINDOWS THROUGHOUT SOUTH AFRICA: BERINK N GOUFEL KOOP.

SIGNIFICANT BUYING GROUP, AND OUR INDEPENDENT MEMBERS DISPLAY THIS IS SHAY GROUP

SAVINGS WORTH MORE THAN R1,6bn

BUSINESS DAY, Wednesday, March 11 1992

1539

1/6

Stokvels
Risk and sophistication dictate the rules

The Reserve Bank says informal financial institutions should receive different regulatory treatment to account of their level of sophistication and risk profiles.

Nasasa president Andrew Lukhele says it would be inappropriate to design one regulatory structure for stokvels given that there are several other forms of co-operative saving clubs, such as credit unions and mutual building societies.

Speaking at an Executive Seminars informal Sector conference, he said, “Each of these institutions are co-operatives, but their level of sophistication, the risk taken and their cultural identity merit a distinction in regulatory treatment.”

The Reserve Bank says stokvels should remain self-regulatory and the Bank will act merely as a facilitator to its development.

Separate

Co-operative banks, on the other hand, would fall under a Co-operative Banks Act, presently the Mutual Building Societies Act.

The Bank’s proposal is the Act should be a separate chapter of the Deposit Taking Institutions Act.

“...the concept of regulation is often misunderstood and seen as bureaucratic intervention in the affairs of market participants,” Lukhele says.

As a result, the regulation of stokvels has been seen as a threat to informal financial arrangements.

“Stokvels are already regulated. They are subject to the discipline of their members who ‘regulate’ their affairs to ensure prudent conduct,”

Lukhele says if stokvels were incorporated under a Co-operative Banks Act, self-regulation would not be replaced but enhanced to the benefit of the stokvels.

The Bank proposes that if community lending institutions (CLI) are exempted from the DTI Act, a CLI should be registered by Nasasa or SA Credit Union League and should comply with all self-regulatory guidelines.

The two self-regulatory organisations should work in cooperation with the Bank’s supervision department, it says.

Higher up the ladder of financial sophistication, co-operative banks should fall under a Co-operative Banks Act, where the entry requirements would be less restrictive than in the DTI Act.

Syfrets is set to make unit trusts acceptable to all

A LANDMARK agreement between Syfrets and Nasasa last month will allow the specialist financial service group to administer stokvel funds and invest them in unit trusts.

This is the first tentative step by stokvels into the stockmarket.

Under the agreement, Syfrets will administer stokvel funds at a reduced price. This is possible because Nasasa will play a role in marketing unit trusts.

Syfrets will also formalise an educational programme designed to upgrade the investment expertise of Nasasa members.

Syfrets unit trust marketing manager Kevin Hinton says “The deal is a landmark in cooperation between big business and the informal sector.”

Black unit trust holders comprise only 24% of unit trust holders, according to the 1999 Amps survey.

This points to a lack of awareness of the benefits that can accrue from investing in unit trusts.

Stokvels and unit trusts display many similarities because both involve the consolidation of individuals’ assets into a pooled fund.

In the case of unit trusts, the fund is used to provide investors with increased access to a wide range of investments, while stokvels are informal loan saving schemes.

For decades, communities have been denied access to bank loans because they lack the security of property or insurance policies.

“Unit trusts provide a means for black economic empowerment and wealth creation,” says Hinton.

“They are the ideal vehicle for black participation in the formal economy and will help participants understand the advantages of wealth creating investments,” says Hinton.

Liquor Act puts a damper on savings club gatherings

The Liquor Act has been a serious obstacle to stokvels, says Law Review Project executive officer Louise Tager.

Parties play an important role in the ceremony of stokvel savings clubs. Members take turns to host a party at which more is paid for food and drink than would be charged elsewhere.

The venue for the party varies. It may be a tavern, a shebeen, a restaurant or a night club, but most often it will be held at the home of a stokvel member.

It is difficult to draw a line between stokvels and shebeens because there is a lot of overlap between the two, says Nasasa president Andrew Lukhele.

This overlap has created confusion about the reasons for police harassment of stokvels.

Some believe it is because they contravene the Usury Act and others see the Liquor Act as the main problem.

While the right to hold parties requires no permission, the sale of liquor at stokvels has attracted the attention of the authorities.

The Liquor Act 27 of 1989 was passed to control the sale of liquor. It states any person who sells liquor without a licence is guilty of an offence.

Unsuitable

There are various kinds of licences and each licence is subject to different conditions, hours of business and kinds of liquor which may be sold.

A person may apply for a club liquor licence, special licence or a temporary liquor licence.

Tager says it is clear the provisions made by the Liquor Act are unsuitable for stokvels because meetings are convened at relatively short notice at any home or other premises available and the hosts are usually not liquor licence holders.

Thousands of stokvel parties take place every week and stokvel party conveners have to obtain a liquor licence, the existing magistracy would be swamped with applications.

This makes the provisions of the Liquor Act unrealistic because it does not take account of the role of liquor in everyday activities.

Louise Tager

“We cannot ask police not to enforce the law what we have to do is deregulate the law and make it appropriate for SA,” Tager says.

Nasasa, the government and the Reserve Bank have been addressing the problem.

Following a meeting at the Bank, Nasasa has had a further meeting with Liquor Board chairman Tommy Vorster.

BUSINESS DAY, Wednesday, March 11 1992

Risk and sophistication dictate the rules

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Financial system gears up to serve black clientele

THE SOUTH African financial system has always catered primarily for a First World clientele — regular earners with assets, a fixed abode and a track record of payment, says Nasasa president Andrew Lukhele.

"While this is a proven method of reducing the risk of non-payment, it excludes millions of blacks," he says.

It also means black savings, probably running into several billions of rand, are being used as loans to relatively affluent whites.

Little money is ploughed back into the community which provided it and which needs it most.

The situation is untenable, says Lukhele.

For decades, the black communities have resorted to ingenious methods of resolving the problem and one way has been through the local system.

Informal financial arrangements reduce transaction costs and risks in ways denied to formal institutions.

Flexibility

Freedom from regulation allows informal agents greater flexibility.

International experience shows it is possible to upgrade informal arrangements and link them to formal institutions, Lukhele says. But this implies building on, not dismantling, the existing arrangements.

In addition, history shows formal financial institutions have reformed and adapted in many countries where informal financial arrangements are strong, and as a result become accessible to the poor.

In SA, stokvels are attracting the attention of financial institutions which are competing vigorously for group savings accounts, says Lukhele.

In 1998, the Pera launched a Club Account, soon followed by NBS and Standard Bank with similar products.

Another financial institution, African Bank, has expressed interest in informal savings schemes.

CE Gaby Majomola said in early 1999 they were doing research into the needs of stokvels, burial societies and savings syndicates.

The only problem with the bank's stokvel members is that savers are not qualified for loans, says Lukhele.

Agreement

In a bid to link stokvel savings and credits in the form of loans, Nasasa and specialist financial services group Syfrets have clinched an agreement enabling stokvels to invest money in Syfrets administered unit trusts.

Lukhele says the strength of the project lies in Nasasa's ability to assist the community with loans to acquire homes.

This is done by diverting millions in stokvel savings from banks and building societies to unit trusts, which will serve as collateral for home loans.

"We believe the arrangement will allow black savings to be ploughed back into black communities, rather than the money lent to affluent whites," he says.

Several commercial banks indicated they would back the Nasasa unit trust.

The scheme is relevant because it removes the eroding effect of inflation on stokvel savings.

Investment in formal market promoted

NASASA has established a joint venture company, Stokvel Savings, to promote investment of stokvel savings in the formal market.

Tremson Brokers, with directors Andrew Lukhele, Jabu Nhlapo, Alan Denny and Stephen Japp, aims to break through black awareness of investing in the stock exchange and has taken a first step by introducing stokvels to the benefits of investing in unit trusts.

Nasasa president Andrew Lukhele says the problem is that in recent years community-based savers have realised the benefits of investing in unit trusts, but banks and building societies often offer nothing back to the community apart from a low interest rate.

Monthly pool has grown by 62,5%

The latest Marknor survey of the informal financial sector indicates a 62.5% growth in the monthly pool collected by stokvels in metropolitan areas.

In 1991, stokvels collected an estimated R8.5m compared with R5.5m in 1989.

The latest figures include Cape Town and eThekwini areas excluded in the 1989 survey.

Significant

Marknor research group director Peter Scott-Wilson says it is unclear how much of the money collected by the informal sector finds its way into the formal sector.

Stokvels represent a significant market mechanism and are an important part of the African culture, he says.

Membership rose to 28% of blacks in metropolitan areas in 1991 from 25% in 1989, the survey shows. It rose to 1.2 million from 680,000 in 1999.

Scott-Wilson says while all types of stokvel are getting bigger, this is primarily a result of expanded coverage.

Investment in business has increased at a higher rate than spending in other areas, he says.

"This growth is probably a function of the downturn in the economy and rising unemployment. It has provided the funds for developing new businesses."

The figures show burial societies have larger membership — in excess of 80, while other types of stokvel tend to be smaller.

Stokvel membership averaged about 20 a group.

The R26 average monthly contribution of members of burial societies, which account for 64% of stokvel members, is much smaller than the average monthly contribution of R102 at parties.

Housing agreement hinges on proposals

THE Independent Development Trust Finance Corporation is looking at the Stokvel City Housing Project and is in negotiations with Nasasa.

An agreement to get involved in the project is subject to a proposal and business plan from Nasasa, says IDTFC senior manager Griffith Zebula.

IDTFC funds are earmarked for shelter because 36% of the housing market is in the lower income section of the black community.

The funds enter the black community through financial intermediaries or Group Credit Companies (GCC).

The board of the corporation has agreed to wholesale finance to the Western Cape GCC, Amatola Finance Corporation, Get Ahead, the Lowveld GCC and Markham GCC.

The initial equity base comes from the IDT and institutional investment; loan financing, says Zebula.

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Form will care for community

Getting help

Housing available will make cheap self-help scheme

COVENTRY

WILL

has generated millions

Conceal built on trust

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R 16m for first step up the economic ladder

OVERSEAS and local corporate funds amounting to R16m are expected to be pumped into non-profit community development organisation Get Ahead this year.

The organisation's drive to economically empower blacks is spearheaded by the Stokvel Loans programme, with R5m out on loan to stokvels throughout the country.

The Stokvel Loans, or Micro Loans, programme was introduced in 1987, when it was recognised the stokvel concepts of peer pressure and group involvement were good substitutes for collateral and would ensure debt repayment.

The aim of the programme is to put emerging black entrepreneurs on the first step up the economic ladder and most of the Stokvel Loans finances informal ventures.

A business plan is essential when a stokvel group applies for a Get Ahead Stokvel Loan.

Get Ahead lends an initial R500 a member to a group with a minimum of five members and maximum of 10. All members must know one another and not more than two family members are allowed in a stokvel.

The group has to function as a conventional stokvel for a month before receiving the loan and throughout the loan repayment period.

The leader of the group is expected to collect the stokvel savings and the loan repayments each month and hand the latter to Get Ahead.

If the loan is paid back in full and on time, the stokvel group may apply for a second loan of about R500 and after that a third of R1 000 — the maximum given by Get Ahead.

Interest on the loan is set at 33%, but 10% of this is set aside for the customer and given back after a year, when the loan is repaid.

The group is encouraged to use this 10% as a deposit on its next loan. Thus, the interest paid on the loan is effectively 22%, says Thembu.

Get Ahead receives its funds from US Aid, 15 foreign governments and a wide range of SA corporates.

During 1991, the organisation received R18.5m from the various donors.

It has branches throughout the country, except in Cape Town. Get Ahead was forced to suspend its Cape Town branch because loans were not secure in the squatter camps.

Get Ahead branches can be found in the three Peto towns, the eastern Transvaal, Durban, Port Elizabeth and East London.

Plan to upgrade backyard shacks

NASA's Stokvel City Housing Project plans to uplift an existing and predominant form of black housing — backyard shacks.

Unconventional housing has emerged within townships, where tens of thousands of shacks have been built in backyards.

Shack-dwellers pay a monthly levy to the householder, says Nassia president Andrew Lukhele.

Authorities have not attempted to remove these back-yard tenants, perhaps because they relieve them of the need to fund further housing, he says.

Shack dwellers have no direct dealings with black local authorities. Grievances about conditions or rents can only be directed at landlords.

Research shows shacks are more typically home to black people than are formal houses.

In the PWV region there are 412 000 formal township houses, 423 000 backyard shacks and 635 000 shacks on vacant land.

A shack or room in the back yard is the only option for those who cannot find a place in a formal house or hostel.

Shacks are common to all urban townships and in parts of Soweto 66% (nearly two-thirds) of formal houses have rooms or shacks in their back yards.

Lukhele says affording a home does not necessarily mean owning a home and renting is likely to remain the most affordable option for the poor.

Backyard dwellings should be upgraded for rent only because most black people are too poor to contribute to their housing, he says.

"It is imperative that cheap affordable housing be made available for them."
At last informal savings clubs come in from the cold

FORMAL recognition of stokvels began when the National Stokvels Association of SA was formed in early 1990. Nasasa was created because its president, Andrew Luthelle, recognised the need for an organisation to fight for the rights of stokvel members and promote recognition of stokvels as a source of informal credit.

An executive committee was formed to co-ordinate the association and trust inherent in the groups. The response to Nasasa by black and white communities has been excellent, says Luthelle.

This can be judged by the formation of 40 new branches by 1990.

The association's membership grew to 8,000 stokvel groups. Nasasa has a membership of about 100,000, based on an average of 12 to 13 people in each group.

The objectives of Nasasa are:

☐ To help stokvel members promote the concept as a valuable self-help scheme;
☐ To arrange better deals with shops and other suppliers, such as furniture stores, hotels, supermarkets and liquor stores;
☐ To provide an educational counselling service for members on a variety of subjects, such as housing, financial management and legal matters.

Training

☐ To provide training for members to enable them to operate in a professional and profitable way, including education and training on different forms of investments and to negotiate on behalf of members for better deals with financial institutions;
☐ To work in co-operation with other business bodies to stimulate business skills among members;
☐ To serve as a marketing vehicle to facilitate the interface between black informal financial schemes and interested parties;
☐ To assist and encourage stokvel members in starting new businesses and co-operatives;
☐ To initiate, promote or oppose legislation which affects stokvels.

Stokvels spend R52m a month!

Reach this lucrative market by advertising in eStokini (The official NASASA Newspaper)

Tel. Glynis Mayer (011) 789-2144
Solution for the homeless

By JOSHDUB RAROYOKO

DEBRELL Projects Ltd, a subsidiary of Dorbyl Steel, has established an effective solution to provide affordable housing for the homeless millions in South Africa.

After consultation with numerous organisations, local authorities, boards, individuals and groups, certain basic housing requirements were identified. These requirements were incorporated in the development of pre-fabricated "Zinkis" housing systems.

This extendable, durable, easy to erect system of housing is available to township developers, corporate housing, including informal sector such as hawkers and spaza shop owners, projects and individuals in existing townships.

"Zinkis" affordable housing is an effective, practical and manageable system. It is a system that caters for the bottom end of the housing market.

The marketing director of the company, Mr. Haydon Carns, said in addition to providing housing, employment opportunities were there in the form of erecting the house after training in the necessary basic skills.

He said that, in addition to the "Zinki" units, the company looked at the informal sector by providing units for spaza shop owners. Single, double and triple units are available.

The notion of "Zinka" homes has been welcomed by the president of African Council of Hawkers and Informal Businesses, Mr. Lawrence Mavundla, who said it would help provide shelter for hundreds of spaza shop owners.
I AM just wondering how the National Stokvels Association, which last Thursday said it was negotiating a joint venture with a leading white funeral undertaker, will benefit from the deal.

The stokvels are saving clubs and burial societies in which millions, if not billions, pass hands every year. The country’s major banks have been at each other’s throats to get large shares of this stokvel money.

The banks are not the only people gunning for these funds. Other types of businesses are doing the same. For instance, any bottle store would be delighted to have at least 100 stokvels buy their booze from them when they have their parties.

Same with white undertakers. They will give their right arms to have black burial societies have them bury their members. Imagine the smile any undertaker would have on his face if 50 burial societies, with 100 members each, used its facilities to bury its members or relatives. Soweto 12/3/92

I did a simple arithmetic and found that if in Soweto alone up to 500 people are buried each month. At roughly R2 000 a burial, it is more, undertakers share a cool million each month from Soweto burials.

Looking at the whole concept of joint ventures between black and white, they can only work if a service is shared. The black will then know what he does not know from the white organisation, and the white will gain some market share from the black organisation.

However, the NSA does not have funeral undertakers as members. If they do, it is very few of them. This is what makes me wonder what benefits it (NSA) stands to derive from this marriage.

The deal, I am told, is that the company gets the stokvels to give their business to it via a funeral scheme, while it provides about R5 000 a month to help the NSA run its office. Negotiations are still going on.

R5 000 compared to what a white organisation gets when thousands of stokvel members use its facilities, is chicken feed. I desperately hope my information is wrong.

The NSA should be demanding 50 percent ownership of the business, and then it can say it has a very good deal.

It's my business

THAMI MAZWA

Also, I wonder why the NSA decides to help a white business organisation into the townships. I am not saying our folks are not strong enough to face such competition. Kupane in Orlando and DJ, the Mokoto outfit in deep Soweto, can make it against any opponent.

However, the NSA can't help white funeral parlours into the townships when our undertakers do not get customers from white suburbs, and no white organisation will in any case help Kupane into Houghton.

From the facts presented so far the NSA is turning itself into an aerial carrier for white fighter planes.

If the white undertaker, and he is a very powerful and professional, wants to come into Soweto, let him do so by all means.

But, as in this case, let us not have blacks help white people against blacks.

Please do not accuse me of being a racist. When Moses saw an Egyptian fight an Israelite, he did not ask who was right or wrong. He did the natural, helped his Israelite brother. I am unashamedly pise my brothers in the townships, and this is not racism.
BLACK funeral undertakers have slammed stokvels for preparing to enter into a funeral service scheme with a white-owned undertaker who would then enter the black market.

The National Stokvel Association of South Africa announced last week it was getting into this venture for the benefit of both parties.

Nasasa's managing director, Mr. Jabu Mabaso, said the partnership was viewed as another means by big business to help black business.

It will get funding for its infrastructural developments, and negotiations are continuing.

The move comes after Nasasa, an affiliate of Fabco, severed relations with the black-owned Afutura Insurance Brokers' funeral scheme last year.

After the chief executive, Mr. Kholif Mthembu, confirmed that Nasasa had severed relations with his company, but declined to comment further on the issue.

A senior executive member of the National Funeral Undertakers' Association, Mr. David Kupane, said the decision by Nasasa was "shocking" at the time.

When black economic empowerment was the buzzword in business circles,

He said, "The move is not going to enable the black rand to circulate among the black people."

Mr. Tony Gunness, of City Funerals which serves most blacks, said he was shocked by the move.

"Black economic advancement will remain a dream if we still support people who have oppressed us for a long time. We need to support each other if we are to prosper in the future."
What makes Jo'burg tick

FIRST there is the bustle and the traffic; then there is the spectrum of races and sheer numbers of humans crowded in the streets, on buses and trains and cars snaking behind each other in long jams.

Careful here, my Zambian mind says, it would not do the old folks back home any good to hear that their chap got run down by a milk cart because he developed paralysis crossing one of the minor roads in a town where others have made fortunes.

This is not to be, for when the traffic lights say “pedestrians, cross the street” the motorists step on the brakes and give the foot plodders a chance to go about their business. Colour language is clearly understood here; red means “stop”, and green indicates “proceed”.

The buses are efficient and run on time — at least one gets to work on time with less queuing — that is, if one lives in the exclusive suburbs serviced by the double-deckers or some of the township routes serviced by the public bus company.

Then are the black taxis, for blacks? My question received a variety of answers, but think that is what the idea is. In other circles they are called Zola Bults. These are the 16-seater minibus which ply their trade with the trademark recklessness of privately owned public-service vehicles in this part of the continent.

One such bus has a candid sticker on its back: “Careful this taxi can stop any time” — and indeed it can.

These are the guys who guard their bus routes so jealously that they would make our own bus drivers look like traffic wardens.

Apartheid pushed the blacks so far from the town centre that they have to leave their various suburbs sometimes as early as 5am to be on time for work two or three hours later. Commuter transport is therefore minus gold of its own.

The taxi wars are so fierce that police have to move in with guns to disperse the warring factions, and most times temporary peace returns only after blood has been shed and a few lives taken.

Back to the city centre. One has to do a walk through the wares piled high on the streets by a new wave of fortune-seekers on the gold-rich reef of Johannesburg.

The vendors have become a part of Jo’burg and appear to be there to stay. Oh, they come in all colours here, too.

Indians, whites and blacks hawking food, clothes and general goods.

And a new colour has joined the street vendors. These are the Orientals with their un and plastic watches and trinket jewellery piled on the makeshift tables at literally every street corner.

This phenomenon is a result of the scrapping of the hated pass laws and other restrictions which barred blacks from the city centres unless they were in active employment.

When the police relaxed their fight against vendors all races moved in for the kill.

Johannesburg is truly cosmopolitan; race issues, I discovered, have been relegated to the exclusive clubs, schools, some hospitals and maybe corporate offices.

On the street everybody appears to treat everyone else equally: Not once was I “forced” on the street, though I must admit not everybody warms up to strangers of another race in this city.

Even the ANC stalwart and leader of the Communist Party, Chris Hani, has been able to move into a conservative suburb with little or no hindrance. An unimaginable act a few years ago.

The history of South Africa is so clouded with mistrust between races that the country’s people have been at each other’s throats for the past two centuries.

The whites probably decided never to trust the man they found on the land from the time the Zulu king Dingaan mercilessly executed envoys sent to pay homage to him as the Boers were trekking north.

One thing I realised from the images that were staring at me in real life and in their frozen state from the newspapers and magazines: South Africans do a lot of their things with a great deal of passion.

They revere their God, love their women like mad and would die before giving up their land — both white and black. And when they decide to hate they hate with a total that is final. Ironically, the blacks believe their sangomas — witchdoctors and wizards — so utterly that you wonder if they have ever heard of Jesus Christ.

● Chris Chitanda works for the Zambian Weekly Post.
Interest shown in contests

MANY black builders have shown interest in the South African Housing Trust's Design and Builder of the Year competitions as they contribute towards community participation and job creation.

Both competitions, which are being run for the fourth time this year, are aimed at serving the efforts of the lower income communities, according to SAHT's Mr Hennie Crowther.

He would not say how many people had already entered, but indicated that there was great enthusiasm from black entrepreneurs.

"The aim of the competition is to produce a design for a multi-purpose centre for entrepreneurs in a newly-created or already-existing informal residential neighbourhood," he added. The builder of the year is the only annual showcase for local builders who specialise in affordable housing.

The adjudication of the regional finals will be held in July and entries should be sent to SAHT, PO Box 3316, Randburg, 2125.
Focus on small enterprises

AN international conference focusing on the road ahead for small and medium enterprises in Africa will be held in Johannesburg from May 17 to 19.

To be hosted by the International Council of Small Business Southern Africa (ICSB-SA) in conjunction with the SBDC, it will be addressed by a number of international experts from Africa, Europe, the Orient and America.

Wealth creation

The theme of the conference - "Prosperity for Africa, The Small Business Way" - reflects the belief of the organizers that the development of the SME sector is the answer to the job and wealth creation needs of Africa as it has been in all successful economies around the world.

The conference will also contain workshop sessions such as training, advisory services, financing and research.

The president of the ICSB-SA, Dr Andre de la Harpe, said Africa was currently characterised by high unemployment, a shortage of skills, high population growth rates, a shortage of foreign capital and retarded rural development.

The SBDC's managing director, Dr Ben Vosloo, said the corporation was keen to establish interaction between the SME sectors in Africa and overseas countries.

"Africa has a lot to learn from the strategies for SME development being implemented in those countries that sector in South Africa and in the rest of Africa does not yet enjoy the same status as it does abroad," he said.

The SME had proved itself to be the biggest and most cost-effective job and wealth creators.

To set a high standard for papers ICSB-SA has decided to allocate an award of excellence for the best paper at the conference, while the SBDC is sponsoring the overseas experts.

The conference is limited to 250 delegates. Bookings can be made through ICSB General Secretary, Mr IA van Rensburg, c/o The SBDC PO Box 7780, Johannesburg 2000.
Money pouring in for poor

TAXPAYERS' money is starting to pour into the transfer of serviced sites of land to poor families in various parts of the country.

By yesterday many contracts - some of them from blacks - worth more than R200-million had been signed between developers of 35 projects involving 28,978 serviced sites and the Independent Development Trust (IDT).

The exact number of black developers who will participate in these projects had not been released by the IDT officials by late last night, according to a spokesman in Cape Town.

However, it is understood that the Fabco's affiliate, the African Builders Association (Abs) and Nafco's National Federated Builders Industries (Nafi) have been approached.

On the brink of signature are two more massive contracts for:
- 8,000 serviced sites at Soweto-on-Sea, Port Elizabeth.
- 4,000 serviced sites at the "Freedom Square" development near Bloemfontein.

By the end of this month up to 75 projects across the country are expected to be signed and sealed.

In terms of the scheme, breadwinners who earn less than R1,000 a month and have dependants living with them receive a site with water, sewerage and drainage services.

As each site is transferred to a qualifying individual, the IDT pays out a subsidy of R750.

The developers range from local authorities to private developers and include utility and community trusts. Prominent leaders in black communities are involved in the developments.

A feature of the IDT scheme has been the effective and responsible role played by community leaders in allocating sites to deserving individuals.

The demand far exceeds the supply and great skills are necessary in ensuring fair play.

Another feature has been the speed and ingenuity with which homes have been erected on serviced sites. Pride of ownership has also led to stand holders planting grass and trees on their sites.

The IDT's communications director, Mr Jolyon Nuttal, said yesterday: "Those who have been associated with the capital subsidy scheme have gained a great deal of know-how and expertise in the process.

"But, although we have allocated R750-million in total, it is only meeting about 10 percent of the need. We have been urging the authorities to make further funds available to us so that we can extend the scheme to thousands of other families."

This present allocation will give 100,000 people and their dependants - a total of about 700,000 in all - a site of their own.
Price increases ruffle feathers

SOWETO'S businessmen claim that they are being ripped off by Indian and white chicken dealers who have increased their prices significantly in the past months.

Mahlo Chicken Distributors said that the dealers have also refused to award them contracts to sell chicken to low-income families in the townships.

Live Cornish hens were selling at between R22 to R25 and these prices were unreasonable as they came after the introduction of Value Added Tax (VAT) which they claimed was having serious effects on the small businesses.

Major chicken sellers predicted that the future was bleak as prices will escalate because of the drought in the country.

They expressed these views after a survey of retail meat prices that showed chicken was still far and away the best buy for hard-hit consumers — the majority of them black.

Spectrum

The survey, carried out by Agrichicks, covered the market spectrum from corner butcheries in the low income areas to “smart set” supermarkets.

“Chicken prices have been increasing like everything else in these inflationary times,” managing director of Agrichicks, Mr Roger Meredith, said this week.

The secretary of Mahlo Chicken Distributors, Mr Sam Mohajane, said that black fowl dealers who depended upon middlemen — Indian and white farmers outside Soweto — for their supplies were shocked by the new prices.

He said the problem started with the introduction of VAT. In January, 1991, a fowl cost R13, in September it shot up to R17 and was now selling at between R22 and R25.

High prices

“The black businessman is finding it difficult to cope with high prices as we serve the disadvantaged community in squatter camps and other poverty-stricken areas,” Mohojane said.

He added that blacks depended largely on chicken for their food because they could not afford red meat.

No Indians, no whites depend on live Cornish hens to the same extent as blacks, who are the poorest section of the community.”

Major chicken dealers serving Soweto businessmen have exonerated themselves from the new prices, which they said was beyond their control.

The breeding manager of Festive, Mr Clive Jones, said that they severed relations with many blacks who had contracts with them because “they have simply let us down in terms of payments”.

Cash-flow

Many of them had cash-flow and transport problems. The company could not afford to lose money because “we have to feed and maintain the birds”.

He denied that VAT was the reason for the new prices.

Cassamia Chicken Dealers’ manager, Mr Bobby Cassamia, said in order to protect the birds they were forced to increase their prices. No business raised its prices as a result of VAT, he said, adding “we know the law and will not rip off our people”.

He predicted that the prices would rise as a result of the drought. Farmers would be hard hit by drought and be forced to keep their prices up.

A farmer, who did not want his name mentioned, said that the problem would be worsened by drought.
Call for end to violence

By JOE MDHLELA

The Centre for Black Economic Development has called for an end to violence so it could continue to promote "a spirit of entrepreneurship."

The CBED director, Mr Sam Muofhe, said his organisation's efforts were also hampered by unemployment and retrenchment, which had crippled the economy.

"We see our children living without proper nourishment, indeed, often going to bed with empty stomachs," Muofhe said. 28/3/92

He said the spirit of enterprise among blacks had to be nurtured through grassroots organisations like homel societies, mehodisomo clubs and societies (ISAA).

With violence so prevalent, it would be difficult to realise the vision espoused by the CBED, Muofhe said.
Provisions for small business disappointing

By JOSHUA RABOROKO

THE 1992 Budget was disappointing from the perspective of the job creation and growth potential of the small and medium enterprises.

This was said by the managing director of the Small Business Development Corporation, Dr Ben Vosloo, this week.

He said the contribution of R3.8 billion which the SBDC received for SMB compared unusally with the R2 billion voted for export incentives for big business, the R1.26 billion voted for regional industrial development and the R1 billion voted for agricultural relief.

He said: "It is significantly lower than the R283 million budgeted for industrial development or the R55 million budgeted for the promotion of tourism as the budget vote for the Development of Trade and Industry.

He reiterated that the SBDC believed that the SMB sector development would be of prime importance in addressing the pressing problems of economic growth and job creation.

"We are therefore disappointed that the Budget once again seems to promote high tech industrial development and exports as the cost of SMB sector development. "Clearly SMB development does not rank as a high priority in the development strategies and policies of the present Government."

"The time is overdue to realise that current priorities, policies and institutional arrangements as far as the SMB sector is concerned are totally inadequate in terms of what is required to build a better, more prosperous new South Africa. There is an urgent need for a national SMB development strategy."

According to SBDC economist Dr Edwin Basson, the Budget does not contribute in any way a general climate of growth as none of the four areas in which growth originates, namely consumers, government and investment expenditure or exports, will benefit from the Budget.

He emphasised that these incentives in the 1992 Budget that were going through to the business community, such as the change on article 37 (c) of the Income Tax Act for mineral beneficition, as well as the general export incentive scheme, would be of no advantage to the SMBs.

Basson felt that the increased tax burden that individuals must carry would limit the influence of their expenditure on economic growth.

Restricted consumer demand would have a dampening impact in the long run on production, specifically of luxury type items. The increased petrol price would also lead to a direct 0.5 percent inflation increase and approximately an extra 0.5 percent inflation increase in indirect price changes in the longer term. This would further limit the real level of expenditure that consumers could afford.

Exports contributed approximately 25 percent to economic growth. Manufactured exports were less than 20 percent. As the general export incentive scheme trend to promote beneficition, that is manufactured exports, the R2 billion that was voted for this purpose would have a very small effect on potential economic growth - probably less than a 0.5 percent impact on the growth rate itself.

Mohale Mahanye said NSB bursary fund would benefit technical students.
About 12 graduate students, armed with a unique MBA from the Information Business Training Trust (IBTT) will go about making their mark in the business world this week.

The qualification has become known as "the township MBA" as it meets the needs of informal sector entrepreneurs.

The programme's official name is One-Up Business Training. It is essentially user-friendly, bearing in mind that most trainees come from a severely disadvantaged background. Based on simple workbooks, it consists of eight modules covering the main aspects of informal sector business management.

This momentous day for the graduates has been facilitated by the Nedcor chairman's fund, whose sponsorship of R20,000 has paid for the costs of their tuition.

Nedcor's public affairs manager, Mr Theo Coggin was on hand to present the cheque to Mr Tony Davenport, the

IBTT executive trustee. Nedcor, a division of Nedcor, will become involved on the fund's behalf.

"With almost six million people unemployed we need to make a concerted effort to educate the informal sector businessmen with basic skills.

The SBDC estimates that this sector accounts for 30 percent of South Africa's gross national product (GNP), Coggin said at the graduation ceremony.

He said: "The One-Up Business Training is not just a course. It covers the basic skills needed for basic numeracy and literacy in the South African context."

"Calculator skills, costing, merchandising, managing cash flow, forms part of this month-long course — skills that are sadly lacking in areas like the spaza shops."

The course costs R300 for each student. Tuition fees are covered by sponsorship like that of Nedcor.
MORE than 300 blacks have been trained by the South African Lumber Millers Association to build their own basic timber-frame home units.

Building material depots in or near areas where millions of homeless people have erected temporary shelters were also established.

By the end of the year it was expected that a substantial number would be trained, the company’s head of community services, Mr Rulf Mahloko, said this week.

The Urban Foundation estimates that there is a shortage of about 1.2 million units in major metropolitan areas in South Africa today.

The foundation also says in order to eradicate this shortage, more than 61,000 units will have to be erected a month for the next 20 years. About 7 million people are living in informal housing, including backyards and squatters.

**Urban areas**

It contends that the situation might become serious as the population continues to grow and as a result of migration into the urban areas. According to the foundation, if the South African population continued to increase at a rate of 2.8 percent per year, by the year 2000 an additional 9 million people would need housing.

Mahloko said there were indications that this number might increase.

He added: “Only a total effort of all the people of this country as well as the Government and the private sector can eliminate this shocking housing backlog. We cannot afford this state of affairs. Unless progress is made with improving housing, a continuing conflict situation will result in our society that was traditionally divided along racial lines.”

At the request of communities, the company had established training facilities where more than 310 people were trained free of charge to build their own basic homes.

Secondly, he said, the company was assisting communities and groups to establish depots countrywide where most people have the greatest need in terms of decent, affordable building materials.

**Great interest**

Depots have been established in areas such as Soweto, the East Rand, Durban and eastern and western Cape. At the depots people can buy timber at almost cost price.

Black communities expressed great interest and many community leaders, especially civic organizations, have visited the company to hear the full story and to see for themselves what the timber frame homes look like.

The company’s public relations officer, Mrs Zizi Kauruwin, said that the many families in South Africa who live in informal settlement areas share a common dream that one day, they too would become homeowners.

But, she added, for the dream to become a reality, they have to go through a great deal of pain and humiliation. The fact that they do not own land, have no resources or skills, compounds their problem.

**The dream**

She said in that light, Salma decided to join the other actors already involved in the quest for “the dream.” The first thing the company did was to consult with the communities as well as getting them to participate from the onset.

“This approach has had positive results so far because the communities themselves are actively involved in making their dream a reality.”

Although this was still the beginning, she said, 1992 could prove to be a very busy year at Salma as more communities were hoping to participate in the training programme.
Naccasa calls for peace

THE National Association of Co-operative Societies of South Africa (Nassoc) has appealed for peace, stability and community support.

This was done in order to bring a spirit of entrepreneurship through burial societies, women’s and meholismano clubs.

"Let us stop the violence in the country and grow our economy," Nassoc’s executive director, Mr Sam Mouthe, said at a function this week.

He presented cheques to the value of R5 800 to bereaved families of members of the Nacsa Funeral Scheme who were killed in acts of violence in Meadowlands last week.

The cheques were received on behalf of Mr Samuel Matlou of the Know Your Neighbour Burial Society and Mr Steven Vilakazi, a member of the Tunguru Investment Club.

Mouthe paid tribute to the role played by the victims in their societies as well as their contribution made by all victims of violence in the country.

"Your spirits will encourage us to forge ahead in developing burial societies, women’s and meholismano clubs during these trying times," he said.

He added that the societies could be used to the benefit and future well-being of not only the black community, but the South African economy.

"We have seen the horrors of massive unemployment and retrenchments cripple the economy because of apartheid," he said, adding: "We have witnessed the slow death of communities - black and white - dependent on the growth of the economy."

He also appealed to the Government, Cosass, Peace Accord, political parties, business and liberation movements, to speak out against violence. Very few business people in the informal sector could afford to carry out their operations in the wake of the violence, he said, reiterating the call: "Let us stop the violence."
Plea for small business plan

A DEVELOPMENT strategy for small and medium business should become a key component in any new order for the future SA, SBDC MD Ben Vodloo said in Benoni last night.

Addressing a Benoni Chamber of Commerce AGM, Vodloo said the overall health of the SA economy depended largely on dynamic entrepreneurial activity in the small and medium enterprise sector.

"It is common knowledge that this sector can make a meaningful contribution to economic growth, employment generation and social progress," he said.

Of the about 810,000 formal business entities in SA, an estimated 91%, or 720,000 could be classified in this sector, he said.

He added "Their estimated share in terms of GDP stands at about 50% and they employ approximately 2.4 million people — 30% of all formal employment opportunities."

The figures exclude the informal small business sector who accounted for about 15% of GDP, he said.

He said there were indications that large corporations paid taxes at a lower average rate than this sector. He called on government abandon its bias towards large business.
SBDC earmarks small centre to help backyard businesses

The Small Business Development Corporation (SBDC) is to develop a small business centre in Retreat East with a range of small factories aimed at accommodating the upgrading of backyard businesses.

"The location and size of the site is ideal to allow for a wider range of businesses. Anything from retailing, wholesaling, factory shops, down to exhaust and tyre fitting can be considered," said Mr Wolfgang Thomas, regional general manager of SBDC in the Western Cape.

An important feature of this development might be the opening of a sectional title register which will let entrepreneurs buy their units.

"A need for business premises suitable for a wide variety of smaller businesses and providing accommodation of 50 to 200 sq m exists in this area," he said.

"In coming weeks we will be conducting a market survey in the area to establish the exact needs as well as consult with community and business leaders. Community participation is an important ingredient of a development process,"

SBDC has achieved significant success with the development of industrial hives throughout the country. This concept entails the sub-division of existing large factories into smaller units or the construction of individual small factory units.

These so-called incubators help entrepreneurs to develop their businesses in an affordable and supportive environment, often to the benefit of disadvantaged communities.

In the Western Cape successful hives or micro factory centres are operating in Blackheath, Paarl, Observatory, Athlone, Mitchell's Plain and Philippi. The latter is the latest development and serves mainly the communities of Nyanga, Crossroads, Brown's Farm, Mitchell's Plain and Mandalay.

Tenants have among other things been offered access to SBDC services such as loan finance schemes for viable businesses, networking opportunities, mentoring and training services and sub-contracts from larger enterprises.

For further information call Mr John Morrison at (021) 462 1910.
More join 'stokvel clubs'

MORE and more people are joining the Standard Bank Society Scheme, which works on the "stokvel" saving concept popularised by Andrew Lukhele, president of the National Stokvels Association of SA.

Standard Bank's John Holloway, divisional general manager of marketing services, said about the scheme: "The bank believes this to be a major step into a largely unexplored market but one which is considered to have exciting potential to narrow the gap between the informal and formal financial sectors."

One of the people who are excited by this new approach is Martha Ramotholo, treasurer of the Fangang Ditaola Society which has been operating from Diepkloof, Soweto, since 1979.

The group, with 35 families on its list, first operated on an ordinary savings account before learning about the new scheme.

Andrew Lukhele... Popularised scheme.

Ramotholo said all that was needed was to present your ID and signatures on the form. "You are also informed on how your money works for you," she said.

According to Alphonce Kgaraosi, treasurer of the Mandebele Bunal Society which operates from Molapo, Soweto, "There are no interest charges with the 'Grey Book' (that's what stokvel groupings call the book for the scheme). "We receive monthly statements and all members love it."
Small Business

Keeping the wolf from the door

The argument put forward by the Industrial Development Corp (IDC) for a greater say in the affairs of the Small Business Development Corp (SBDC) can hardly be said to be unreasonable in view of its being asked to contribute R750m of taxpayers' money over the next five years.

After all, the SBDC, while it operates on a much smaller scale, hardly lends money to the enterprises it is trying to nurture and then walks away. If it did, most of them would probably fail.

If the SBDC reasoned that it could ask for such a large sum and then have complete autonomy in its disbursement, it is out of touch with reality.

It doesn't matter that the IDC already owns half of it. The undertaking with the national resources and should call the tune. Surely that is a business principle that the SBDC instils in the minds of its flock.

IDC MD Carol van der Merwe says such a large commitment of funds justifies asking for more control: "The IDC has no problem with the current operation and mission of the SBDC."

"But the additional financing that was considered was of such a scope and duration that we would have to account for the application of these funds within the norms laid down by the IDC."

Part of the problem is really one of identity. In a new world of fewer controls and less government, the IDC will probably not be sanguine about its future. Former UK PM Margaret Thatcher made short shrift of the institution there that it most resembled.

The objective of the IDC was to foster investment in specific industries with economic or strategic merit. It is not there to foster employment in the informal sector. If its role is to change towards job creation, this should be the subject of careful study and decision by the Department of Trade & Industry.

Of course, to the SBDC, flushed with pride and not unconsiderable conceit, the IDC probably represents a vast repository of resources that it believes could better apply to its purpose, the creation of jobs.

As SBDC top man Ben Vosloo has often been known to murmur, in its first 11 years the SBDC helped create and maintain about 310 000 jobs at an average cost of R9 000 a job, using R1,3bn in funds loaned to 36 000 recipients.

"Comparatively speaking, creating one job on the Columbus stainless steel project would cost about R7m," he says, referring to the State-assisted project that will cost R23m and create 2 000 jobs.

That comparison is a dubious one. The IDC has helped create a productive industrial base with an appropriate infrastructure that has in recent years moved progressively into private sector ownership. The impetus that a resource of that size and nature can give to the macro-economy cannot be measured by the number of jobs its grassroots investments created.

It must be drawn wider.

The Democratic Party's Ken Andrew described the IDC's offer as "somewhat ominous. It would be highly undesirable for the IDC to take control of the SBDC. It would be against the existing partnership spirit between the State and the private sector under which the SBDC was created in 1981. An entrepreneurial culture is essential for the successful development of the small-and-medium-enterprise sector."

The SBDC is funded with share capital contributions made by the State and matched rand for rand by the private sector, with the State also contributing development funds. But the SBDC's board and executive committee are 75% controlled by the private sector - companies contributing R1m or more to share capital. If the IDC's offer had been accepted, it would have controlled 50% of the board and executive committee.

The controversy over the IDC's proposal may now be over, but it has highlighted an issue that occupies the minds of those who are wary of State intervention — should the State have any role in an institution as entrepreneurial as the SBDC?

Vosloo, a political scientist not a businessman, says the State may have to decide whether it prefers a 100% State-controlled small-business development corporation, a fully privatised profit-orientated body that would not be able to finance high-risk ventures, or the existing partnership.

Another issue is the SBDC non-executive director Jurgen Simat, who may be theorem that government should be seen controlling a successful development body.

If that logic applies to the SBDC, how much more should it apply to the IDC?

Trouble is, the SBDC may now have to turn to a World Bank agency for funds. And Washington bureaucracy may be worse than the IDC's.

Crossed Wires

After less than a week of public pressure, Telkom backpedalled this week and reinstated the five-minute metering period for local calls and pay-phone calls. Telkom had planned to reduce the metering period to three minutes, beginning April 1, resulting in a 91% hike in five minute local calls and a 69% hike in five minute payphone calls. The increases were first reported in the Financial Mail last week.

The views of Telkom MD Danie du Toit: "We are aware that Telkom's services and costs affect the lives of all South Africans and have therefore decided to respond positively to the way in which consumers reacted to our initial announcement."
Nasasa aims for empowerment

This is a response from ANDREW LUKHELE (right), president of the National Stokvels Association of South Africa, to comments by THAMI MAZWAI in his It’s My Business column.

We have discovered that most stokvel members are not covered against death through funeral policies. Even those who belong to burial societies have raised some reservations that the money is often insufficient to cover expenditure.

Launched

Nasasa has recently launched a funeral scheme of R6 a month per family which is meant to help to share the risk with an insurance company. The policy is in no way designed to replace burial societies, but merely to supplement them.

The next step is to protect our members from using their lucrative funeral scheme to benefit people who are not sensitive to the idea of serving them well.

Last year I received a letter from Avbob via Mr Jabu Mabaso, the managing director of the marketing arm of the organisation, which contained a proposal for a working relationship with Nasasa. The proposal came through a Fabcos coordinator.

Explore

The executive will explore involving our members in running funeral undertakers in a manner that will generate more income for them.

Our objectives are to assist and encourage stokvels in starting business ventures and co-operatives.

Nasasa will play a role in introducing stokvels to the world of business. We are totally committed to black economic empowerment.

AS an avid reader of Sowetan and the president of the National Stokvels Association of South Africa, I would like to commend this newspaper for constructive reporting.

We at Nasasa believe that the general public is entitled to access to information regarding our activities. It is in that spirit that we accept the invitation to clarify the deal in question with alacrity.

The Foundation for African Business and Consumer Services held a conference on how to translate black economic empowerment into reality in September 1990 at Mrldam, near Pretoria. Mr Thami Mazwai was there.

Theory

Reporting on the conference, the Sowetan (October 1 1990) stated: “They (Fabcos affiliates) specified areas in which joint ventures could get off the ground. This should happen frequently. For far too long we have had conferences on black economic empowerment which were all theory and intellectualism.

Resources

“Lack of resources and skills are a shortcoming of black business. On the other hand, whites have the capital and resources but do not have easy access to the black market.

“Black and white must now establish joint ventures and utilise each other’s strengths, to the benefit of both.”

Once again, hats off to Fabcos for a start in the right direction.

With regard to a business deal between Nasasa and Avbob, one fails to contain the frustration over the inconsistency being displayed when we look at the success of the Afrikaner nation as a role model in business.

When the Afrikaner built their nation, they formed the Broederbond, which was jeered and placed under suspicion by non-Africans. But it worked.

Today we have Afrikaner banks and other institutions, such as Avbob.

Opinion

It is very important that one should understand the depth of mistrust in the black community when it considers the role of white business during the apartheid era.

In my opinion, established business should aim to develop a new relationship between itself and emerging black business so as to help today’s informal sector become a significant player in the mainstream economy.

The process will not be easy. I am also aware of the past hostility between black and Indian funeral undertakers. In the middle of the cross-fost is the black bereaved family, or broadly, the whole community.

Ventre

I am not convinced that the Indian funeral undertakers operating in black areas have any joint venture relationship with blacks.

Last year on TV, a black man representing an umbrella body of black undertakers, refused to regard their operations as a business. I was not surprised when the “opposition” unashamedly stated that they are in business.

Who determines which undertaker the bereaved family should appoint? Does the colour of the undertaker or his service serve as the key feature to be considered?

Burial

One question raised by Sowetan was that as Nasasa represents stokvels and burial societies and does not have funeral undertakers as members, how does it benefit?
cut above rest
Joint Venture
Property
Building the Nation
A joint venture between the corporations in

[Image of a building with text overlay]

By Joshua Taboroko
Contractors form association

A GROUP of QwaQwa contractors have formed an association - the Tswelepele Building Association - with the aim of training black builders and building low cost housing in the rural areas.

There is a problem in that most local contractors in the building industry are stifled by lack of working capital and the QwaQwa Housing Corporation has established a working relationship with black contractors.

The corporation would assist the local contractors by providing bridging finance in the form of a short term loan at prime interest rates.

The corporation’s communications manager, Mr Michael Nhutu, said that although ownership of property as security was not a pre-requisite, contractors who owned property had an advantage in obtaining a loan.

About R2.8 million was granted to clients of local contractors for the construction of houses in the greater Phuthaditjhaba area in 1991.

As a variation of the scheme, the corporation provided building material, and the contractors supplied labour only.

Both schemes have proved to be effective in promoting viable business for the contractors.

In order to broaden the scope of involvement with Tswelepele contractors an agreement was reached for them to build about 100 low cost houses in Tshano district.

He said during the run of a project there were spin-offs for the surrounding communities.

One of these is the low cost of outlets for the informal sector.

In Qholombe, one of the corporation’s biggest projects, there have been up to 100 small business operators who sold food and other items to the large work force on site.

Many new house owners displayed entrepreneurship by converting part of their houses into “spaza shops”.

Improvements on the houses were soon evident after occupation.

One major advancement in quality was achieved through a change from self-climbing shutter concrete houses to conventional black structures.

One of the major contributing factors to the housing crisis in South Africa is the inability of its people to afford a house of their own.

About 64 percent of potential home-owners are unable to buy a house through conventional loan facilities.

“IT is evident, therefore, that innovative methods have to be applied to keep house prices as low as possible and to facilitate loan finance,” Nhutu said.

In financing low cost housing, the corporation is proud to have done away with red tape and other intimidating factors.

During 1991 alone, the corporation granted low cost housing loans to the value of R225.5 million.
Think small with 'micro factories'

The location and size of the site allowed for a range of businesses. Anything from retail, wholesaling and factory shops down to exhaust and tyre-fitting could be considered, he said.

An SBCD statement said tenants would benefit from premises at reasonable rates, as well as SBDC services such as loan finance schemes for viable businesses, networking opportunities, monitoring and training services and sub-contracts from larger enterprises.

"Some of the hives provide communal spray booths and workshops equipped with the kind of machines that cannot normally be afforded by start-up businesses. These facilities can be hired by tenants on a co-op-operated system," it said.

Project manager Mr John Morrison said phase one of the Retreat East complex could be completed by February 1993, depending on the results of the market survey.
Carts plan opens vista for vendors

A MOBILE vending unit which would save Johannesburg's 5,000 street vendors from selling from boards and bins would soon hit the streets, the Johannesburg City Council said at the weekend.

Dunny Pillay, the council's assistant director for informal sector development, invited the private sector to buy advertising space on these carts.

Mobile vending unit manufacturer The Munch Hut developed a cart with 16 advertising spaces. The Munch Hut MD Trevor Jones told the launch of the project on Thursday.

Jones said his company would rent advertising space to raise revenue to fund the manufacture of more carts.

Munch Hut would rent the carts to vendors at R3 a day, maintain and repair the trolleys and monitor them to see that standards were maintained. It would also hold promotional competitions among hawkers.

The company would, in conjunction with the council, provide training and support for the hawkers and try to obtain discounts for them through bulk buying.

The trolleys are designed to handle anything from food to textile goods.

Secure overnight storage facilities would be obtained within the CBD for the hawkers and cleaning facilities for trolleys would also be provided.

The SBDC would provide finance for renting and to vendors who chose to buy the units, which sold at between R200 and R500.

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Easter clashes on Reef feared

INKATHA and ANC officials have expressed fears of large-scale township violence on the Reef over the Easter weekend.

Inkatha officials claim major attacks on their supporters have been planned, and many migrant workers from Natal have cancelled trips home over the holiday weekend.

The ANC has vehemently denied it has any part in such plans and says the Inkatha statements are a bid to divert attention from the real perpetrators of violence.

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DURBAN OPPORTUNITY

I have fully equipped office/retail/storage I need product to sell

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Wilson Zwane

An ANC spokesman charged that hostel dwellers were planning a campaign of attacks on taxis in the townships.

Inkatha West Rand spokesman Humphrey Ndlovu said his organisation had information that Xhosa-speaking people, with the backing of Umkhonto we Sizwe, were bent on attacking hostelers and Zulu speakers on the Reef.

Ndlovu said recent attacks on the East Rand squatter camps of Crossroads in Katlehong and Zonkizweni near Vosloorus were a prelude to a 'big scale' attack on all 'places regarded as Inkatha strongholds'.

Inkatha national chairman Frank Mdlalose recently claimed the ANC was assembling weapons on the Reef to attack hostels over the Easter weekend.

The ANC repudiated the claim.

ANC PWV spokesman Ronme Mamoepa said at the weekend ANC members had been warned that taxis passing near hostels in the townships might be attacked from today.

Ndlovu said extra policemen and SADF members should be deployed in the townships to prevent violence.

Police spokesman Capt. Nina Barakhunzi said there were police patrols in unrest flashpoints and reinforcements would be sent to any township if requests were received.
Shebeens set to import their beer

SAB has welcomed the chance to compete with the National Taverners' Association, which has started importing a leading Zimbabwean beer.

The association — which represents shebeen owners around the country — will distribute Zimbabwe National Breweries' Zambesi Lager through its members.

And Zimtrade, a Zimbabwean trade organisation which led a delegation on a tour of SA last week, saw the deal as a "breakthrough".

Taverners' president David Mokoena said last week his association had sealed a deal making it the sole distributor of Zambesi Lager.

"The 340ml bottle is upmarket in price and in taste and we have had a good reception from the market," Mokoena said.

The beer won a "blind tasting" gold medal in Canada last year, he said.

Mokoena said his association was approached last year by Zimbabwe National Breweries to go into the venture with them. Final agreement was reached in February and the formal launch of the beer would take place tomorrow.

Zimtrade CEO Morrison Sifulani said it was wonderful to hear that the deal had been sealed. "It's a breakthrough for Zambesi Lager.

"The beer is our national pride and it has had significant sales in the UK," he added.

Mokoena said: "We are testing the waters and aiming for bigger sales."

SAB public affairs manager Adrian Botha said SAB had no problem if the NTA was bringing the beer into the country through a third party.

"We will treat them as any other competitor. We will see them at the market," Botha said.
COMPANIES

Republic of China scheme offered in SA

SA entrepreneurs wishing to establish
their own factories could benefit from a
low interest finance scheme offered by the
Republic of China for the purchase of plant
for more than 500 turnkey projects from
that country.

The scheme, already seven years old,
but offered in SA for the first time at the
Rand Show, has helped establish small to
medium businesses in more than 100 coun-
tries and regions around the world, repub-
lic representative Kehan Wu said.

The Republic of China Export-Import
Bank provides three main types of
medium- and long-term financing schemes
for a maximum of seven years through its
fixed rate relending facility, already avail-
able through SA's Standard Bank, Nedbank
and First National Bank.

The schemes provide financing for up to
85% of the contract value and require at
least 15% cash payment. Interest is fixed
between 7% and 8.5% SA banks also
charge a 1.5% premium a year.

Once a decision has been reached on
the product, the Republic of China govern-
ment and industry-backed Package Plant
Promotion Group provides detailed descrip-
tions on the manufacturing process, the
type of plant and equipment required,
number of employees needed and names of
suppliers of raw materials.

This enables the businessman to decide
on a project's feasibility, Wu said.

Until last week mostly blacks, particu-
larly from Botswana, had expressed an
interest in the scheme.

Wu said the Republic of China viewed SA
as having vast undeveloped manufacturing
depotential.
Bank City to allow ‘upmarket’ hawkers only

FIRST National Bank (FNB) is to set aside areas for informal traders’ stalls in the new Bank City complex in Johannesburg, but will attempt to attract more upmarket wares.

The more unsophisticated traders, people selling individual items on soapboxes, will be prevented from trading on the covered pavements surrounding the complex.

FNB has bought the pavements from the Johannesburg City Council.

A spokesman for the bank said yesterday a square with facilities for dozens of traders would be set up at one end of the complex. The bank would also provide vendors with barrows at selected street corners. But no trading would be allowed on the covered pavements themselves, or in the complex’s main piazza.

The pavements, which were narrow because half the width was occupied by flowerbeds, would become clogged if traders were allowed to operate there. And the piazza would be lined by shops, whose managers would be “understandably put out” if hawkers were allowed to operate there.

“We also intend to discourage the lower end of the informal business scale from trading there,” an FNB spokesman said yesterday.

FNB said its plans, which have not yet been finalised, were drawn up with the approval of the African Council for Hawkers and Informal Business (Achib). A chief executive officer Lawrence Mavundla would not comment on the plans yesterday.

The FNB spokesman said no policy decision had been made yet on how to keep unwanted traders out — “but in the end, it is private property.”
KENNISGEWING 344 VAN 1992

VERANDERING VAN SKIP SE NAAM

Ek, Louis Botha, van die Hoofdirektoraat Seëvsee-rye van die Departement van Omgewingsake, gee hiermee kennis dat as gevolg daarvan dat die huidige naam van ondergenoemde skip nie in lyn is met die nomenclatuur van departementele skepe nie, ek krag- tens regulasie 6 van die regulasies op die Registrasie van Skepe, 1977, aansoek gedaan het om die naam te verander en dit onder sy nuwe naam in die hawe van Kaapstad te registreer.

Ampeike nommer 19112
Bruto tonnemaat 625 57
Netto tonnemaat 247 11.
Huidige naam Ludovic Jego
Nuwe naam Algoa.

Naam en adres van eienaars: Departement van Omgewingsake, Privaatsak X2, Roggebaai, 8012
Enige besware teen die voorgestelde naamverander- ning moet aanhangig gemaak word by die Direkteur-generaal Departement van Vervoer, Privaatsak X193, Pretoria, 0001, binne 30 dae nadat die huidige kennis- gewing verskyn het.
(16 April 1992)

NOTICE 344 OF 1992

CHANGE OF VESSEL'S NAME

I, Louis Botha, of the Chief Directorate Sea Fishes, Department of Environment Affairs, hereby give notice that in consequence of the present name of the undermentioned vessel not being in keeping with the nomenclature of vessels adopted by the Department I have applied under regulation 6 of the Registration of Ships Regulations, 1977, to change the name and to have it registered in its new name in the port of Cape Town.

Official No 19112
Gross tons 625 57
Net tons: 247 11.
Present name: Ludovic Jego.
New name: Algoa.

Name and address of owners: Department of Environment Affairs, Private Bag X2, Roggebaai, 8012
Any objections to the proposed change of name must be lodged with the Director-General of Transport, Private Bag X193, Pretoria, 0001, within 30 days of the appearance of this notice.
(16 April 1992)

KENNISGEWING 348 VAN 1992

DEPARTEMENT VAN MANNEKRAG

NASIONALE MANNEKRAGKOMMISSIE VERSLAG OOR DIE INVLOED VAN RELEVANTE ARBEIDSWETGEWING OP DIE KLEINSASEKSECTOR

In opdrag van mr P G Marais, LP, Minister van Mannekrag, word 'n opsomming van begemelde verslag in die Bylae hieronder vir algemene inligting en kommentaar gepubliseer. Die volle verslag is op aanvraag verkrygbaar van

Die Sekretaris
(Vir aandag Mnr. N. Muller)
Nasionale Mannekragkommissie
Privaatsak X316
PRETORIA
0001
Telefoon (012) 3106-454
Telefaks (012) 320-2059

Enige kommentaar of op vertoe oor dié verslag moet binne 90 dae vanaf die datum van publikasie van hierdie kennisgewing op skrif by die Direkteur-generaal, Departement van Mannekrag (Vir aandag Mnr I Mulder), Privaatsak X117, Pretoria 0001, ingedien word

BYLAE

NASIONALE MANNEKRAGKOMMISSIE

OPSOMMING VAN 'N VERSLAG OOR DIE INVLOED VAN RELEVANTE ARBEIDSWETGEWING OP DIE KLEINSASEKSECTOR

1. INLEIDING
1.1 Algemene agtergrond

Suid-Afrika ervaar reeds vir 'n genuime tyd baie ernstige probleme betreffende hoe werksloosheidskoerse, lae lewensstandaarde en 'n baie ongelyke

NOTICE 348 OF 1992

DEPARTMENT OF MANPOWER

NATIONAL MANPOWER COMMISSION REPORT ON THE INFLUENCE OF RELEVANT LABOUR LEGISLATION ON THE SMALL BUSINESS SECTOR

By direction of Mr P G Marais, MP, Minister of Manpower, a summary of the above-mentioned report is published in the Schedule hereunder for general information and comment. The full report is available on request from

The Secretary
(Attention of Mr N. Muller)
National Manpower Commission
Private Bag X316
PRETORIA
0001
Telephone (012) 3106-454.
Telefax (012) 320-2059

Any comment or representations on this report must be submitted in writing to the Director-General, Department of Manpower (For attention Mr I Mulder), Private Bag X117, Pretoria, 0001, within 90 days from the date of publication of this notice.

SCHEDULE

NATIONAL MANPOWER COMMISSION

A SUMMARY OF A REPORT ON THE INFLUENCE OF RELEVANT LABOUR LEGISLATION ON THE SMALL BUSINESS SECTOR

1. INTRODUCTION
1.1 General background

South Africa has for some considerable time now, experienced very serious problems in terms of high unemployment levels, low living standards and a very
verdeling van rykdom en ekonomiese mag. Ekonomiese groei is die belangrikste wyse om hierdie probleme aan te spreek, alhoewel uteenlopende menings gehuldig word oor hoe presies 'n hoer ekonomiese groeikoer in Suid-Afrika bewerkstellig kan word.

Die rol van die kleinsakesektor kan nie gegeneer word nie gesien in die lig van die groot potensiale bydrae wat klein ondernemings kan lever tot ekonomiese groei en die voorsiening van werkgeleentheid in Suid-Afrika. Die bydrae van klein ondernemings tot die brutobinnelandse produk in Suid-Afrika vergelyke met sekere ander lande word as onvoldoende beskou en dit is noodsaaklik om hierdie sektor te volle potensiaal te ontwikkel.

Bo en behalwe ekonomiese groei, sal Suid-Afrika ook meer produksieregionering moet raak met meer mense wat betrokke raak by die eienaarskap van produksiemiddels. Dit impliseer dat meer ondernemers ontwikkel sal moet word, en dat meer ondernemings tot stand gebring sal moet word. Die eienaarskap van ondernemings is tans grootlits in die hande van 'n baie klein deel van die werksame bevolking gekonsentreer en dit is van die uiterste belang dat meer mense in die verband betrokke sal wees. Die skapming en daaropvolgende ontwikkeling van nuwe ondernemings is een baie belangrike manier waarop dit bewerkstellig kan word, alhoewel nie die enigste manier nie. Dit is voorhandelieg dat nuwe ondernemers ook die eienaars van hierdie ondernemings moet wees en dat eienaarskap nie beperk moet word tot bestaande (groot) eienaars van kapitaal nie.

Die stimulering van klein formele en informele ondernemings ten einde hul te laat groei, om meer werkgeleentheid en rykdom vir die bevolking van Suid-Afrika te skep, is daarom baie belangrik. Talle ander lande ervaar die sterk invloed van die kleinsakesektor in die sin dat hierdie sektor verantwoordelik was vir die skep van die meerdere werkgeleentheid gedurende die afgelope dekade in daardie lande.

Klein ondernemings verkeer egter in 'n moeilike posisie in vergeleke met groot ondernemings. Hulle ondervind gewoonlik 'n tekort aan kapitaal en is aangeewe op finansiële instellings vir kapitaal, wat teen hoer koers as aan groot ondernemings (wie boonop oor eie interne finansiële middel beskik) aangebied word. Klein ondernemings moet gewoonlik ook meer vir hul inkomste betaal aangesien hulle nie in grootmaat aankope kan doen nie. Die klein ondernemer moet voorts alleen alle funksies vervul wat in 'n groot onderneming deur gespecialiseerde personeel vervul word, bv algemene bestuur, finansiële bestuur, bemarking, produksie en arbeidsverhoudings. Kleinere ondernemings verkeer dus in 'n benadeelde posisie in vergeleke met grotere ondernemings en veral multi-nasionale liggange. Talle lande erken die spesiale omstandighede en structurele swakhede van klein ondernemings deur vir die spesiale behandeling van hierdie ondernemings te voorsien.

unequal distribution of wealth and economic power. Economic growth is the most important avenue for addressing these problems, although there are many diverse views as exactly how South Africa should achieve a higher economic growth rate (15%)

Given the large potential contribution small businesses can make with regard to economic growth and the provision of employment in South Africa, the role of this sector cannot be ignored. Compared with certain other countries, the contribution of small businesses to the gross domestic product in South Africa is considered insufficient and it is necessary to develop this sector to its full potential.

In addition to economic growth, South Africa should also become more production oriented with more people becoming involved in the ownership of the means of production. This implies that more entrepreneurs should be developed, and that more businesses should be formed. The ownership of businesses is at the moment concentrated largely in a very small proportion of the working population and it is of the utmost importance that more people should be involved in this respect. The creation and subsequent development of new businesses is one very important way in which this could be done, albeit not the only way. It is self-evident that new entrepreneurs should also be owners of these businesses and ownership should not be confined to existing (large) owners of capital.

The stimulation of small formal and informal businesses in order for them to grow, to create more employment opportunities and wealth for the population of South Africa, is therefore very important. Many other countries have experienced the strong influence of the small business sector in that this sector has been responsible for the majority of new jobs created in those countries during the past decade or so.

Small businesses are, however, in a difficult position vis-a-vis large businesses. They usually lack capital and are dependent on financial institutions for capital, which is provided at higher interest rates than for big business (who in addition have at their command own internal finance resources). Usually small businesses also have to pay more for their inputs because they cannot buy in bulk. The small entrepreneur furthermore is usually the sole person who performs all the functions which in a large business are undertaken by specialised personnel, e.g. general management, finance, marketing, production and labour relations. Smaller businesses are therefore at a disadvantage compared to bigger businesses and especially multinational corporations. Many countries acknowledge the special circumstances and structural weaknesses of small businesses by providing for special treatment of those businesses.
Dit word ook tot 'n beperkte mate in Suid-Afrika gedoen, bv by wyse van die stigting en subsidiering van kleinsakeontwikkelingskorporasies, spesiale handeling van ondernemings met 'n klein omset in terme van AVB (en BTW) bepalinge, die deregulering van die vervoerswet en vereenvoudiging van kiesverwysinge. Vanuit die sake sektor is daar die afgelope teenomenda, waarop daarop wyd dat arbeidswetgewing moontlik ook 'n beleemmerende invloed op die kleinsakesektor toetoe Alhoewel regulerings ook groot ondernemings in vele opsigt negatief beinvloed, word die klein onderneming in groot mate geraak wees by besondere sensitiewiteit vir die hoe koste wat die nakoming van wettlike vereistes as gevolg van regulerings meebring. Wat groot ondernemings as geregeerdegte regulerings beskou, kan deur klein ondernemings as "oorregulering" eraan word. Talle vertoe het daarom die skending tussen klein en groot ondernemings in wetsstelsel de beerplig, soos wat die geval is in verskeie ander lande.

Dit is in die lig hiervan dat die NMK deur die Minister van Mannekrag versoeke om onderzoek in te stel in welke mate die toepassing van arbeidswetgewing nadelige gevolge vir klein ondernemings inhou, en of beleid in dié verband verander behoort te word.

1.2 Opdrag

Die Minister van Mannekrag het die NMK op 7 April 1989 versoeke om onderzoek in te stel na en verslag te doen oor—

1.2.1 die koste wat die huidige proses van geskbep legting en litigasie ingevoeg de Wet op Arbeidsverhoudinge, 1956, ten opsigt van klein sakeondernemings tot gevolg het;

1.2.2 die invloed van arbeidswetgewing op die totstandkoming en funksionering van klein sakeondernemings en of dit nie tot werkloosheid bydra nie;

1.2.3 hoe die regte van individuele werkgevers en werknemers opgeweeg moet word teenoor die groter gemeenskaplike belang,

1.2.4 of deselde beginsels op groot sowel as klein ondernemings van toepassing moet wees, en

1.2.5 die moontlikheid van spesifieke wetswysings, indien nodig.

1.3 Doel van die onderzoek

1.3.1 Die doel van die onderzoek is om binne bo geboorne opdrag die invloed van relevante arbeidswetgewing op die kleinsakesektor te analiseer en om aanbevelings te doen oor die moontlike akkomodering ten opsigt van die onderrike arbeidswette van die besondere klein onderneming, soos in par 2.7 as 'n mikro-onderneming gedelimeer. Die doel is verder om veral procedures te vereenvoudig en die administratiewe las op die mikro-onderneming te verbeter sodra om die basiese regte van werknemers aan te las Die bedoeling is dus om die groei en ontwikkeling van mikro-ondernemings te stimuleer ten einde werkskappe optimaal te bevorder.

1.4 Onderwerpe nagevors: Bo en behalwe die aanbevelings wat hieronder bespreek word, is die volgende onderwerpe ook nagevors en in die verslag oor kleinsake opgeneem

1.4.1 Die belangskste redes waarom die groei van klein ondernemings in Suid-Afrika gestimuleer behoort te word,

1.4.2 'n kort oorsig van bestaande arbeidswetgewing wat 'n potensiële invloed op die kleinsakemaker kan hê.

This has also been done to a limited extent in South Africa, e.g. through the formation and subsidisation of small businesses development organisations, special treatment of businesses with a small turnover in terms of GST (and VAT), the deregulation of the transport industry and simplified licensing requirements. An increasing number of representations have, however, been received from the business sector pointing to the fact that labour legislation is possibly also hampering the small business sector. Although regulation also negatively influences large businesses in many respects, small businesses are affected to a greater extent because of their particular sensitivity to the higher costs associated with compliance with legal requirements resulting from regulation. What may be considered as justified regulation in large businesses could be considered as "overregulation" in smaller businesses. Many representations have therefore called for a distinction to be made between small and large businesses for purposes of legislation, as is done in several other countries.

It was in this light that the Minister of Manpower requested the NMK to investigate the extent to which labour legislation could be detrimental to small businesses, and whether policy in this regard should be changed.

1.2 Directive

On 7 April 1989 the Minister of Manpower requested the NMK to investigate and report on—

1.2.1 the costs incurred by small businesses as a result of the present process of dispute settlement and litigation in terms of the Labour Relations Act, 1956;

1.2.2 the influence of labour legislation on the establishment and functioning of small businesses and whether this leads to unemployment,

1.2.3 how the rights of individual employers and employees should be weighed against the greater interests of the community,

1.2.4 whether the same principles should be applied to large as well as small businesses; and

1.2.5 the possibility of specific legislative amendments, if necessary.

1.3 Purpose of the investigation

1.3.1 The purpose of the investigation is, within the scope of the above directive, to analyse the influence of relevant labour legislation on the small business sector and to make recommendations for the possible accommodation under the various labour laws of the particularly small business, which is defined as a micro-business in par 2.7. The purpose is, furthermore, to simplify procedures, in particular, and to ease the burden on micro-businesses without affecting the basic rights of employees. The aim is, therefore, to stimulate the growth and development of micro-businesses in order to promote the optimum creation of employment.

1.4 Topics investigated: Apart from the recommendations which are discussed below, the following topics have also been investigated and are included in this small business report

1.4.1 The most important reasons for stimulating the growth of small businesses in South Africa,

1.4.2 a brief description of existing labour legislation that could have a potential influence on the small businessman,
1.43 Die toegewings wat tans in arbeidswetgewing in Suid-Afrika sowel as in sekere oorsee lande ten opsigte van klein ondernemings gemaak word;

1.44 'n Bondige samenvatting van 39 Nywerheidshofuitsprake waarby klein ondernemings betrokke was ten einde vas te stel of die omstandighede van die klein onderneming in Nywerheidshofuitsprake in ag geneem word en

1.45 'n Samenvatting van die vertoe ontvange, gevolgtrekking asook aanbevelings wat reeds in ander relevante studies voorgestel is vir die wyssag van arbeidswetgewing ter akkommodering van klein ondernemings

Nota: Die volledige verslag is op versoek beskikbaar by die NMK-direktoraat

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2. AANBEVELINGS

2.1 Die aanbevelings in hierdie verslag moet gesen word in die lig van die toegewings wat reeds ten opsigte van die onderskeie arbeidswette gemaak word, soos in Hoofstuk 4 van die verslag bespreek.

2.2 Die NMK stel voor dat slegs baie klein ondernemings aanvanklik geakkomodeer word, wat mikro-ondernemings genoem sal word (kyk par 2.7 vir die omskrywing). Die term "klein onderneming" kan in hierdie verslag derhalwe verwys na 'n onderneming wat groter is as 'n mikro-onderneming, soos omskryf. Daar moet ook op gelet word dat die begrip "mikro-onderneming" die basiese uitgangspunt is vir die benadering wat in paragraaf 2.8 ontwikkel word. Alhoewel daar besef word dat die term "klein onderneming" die meer algemeen aanvaarde konsep is, is "mikro-onderneming" derhalwe vir doelendes hiervan verkeer.

2.3 Uit die staanspoor moet daar benadruk word dat 'n balans tussen die belange van werkgewers en werknemers steeds van die uiterste belang is. Die doel van die onderzoek is om die sake-ontwikkeling te stimuleer asook om werkgehe.Meetheid te skep sonder om afbreuk te doen aan die basiese regte van werknemers.

2.4 Dit is ook nodig dat arbeidswetgewing algemeen aanvaarbaar moet wees vir die breed publiek wat gewillig daaraan kan en mag voldoen. Indien nie, het dit dikkwels tot gevolg dat wetgewing geignoer en onseker word, en dit lei dikkwels tot onnodige kriminalisering van aktiwiteite. Indien wetgewing geignoer word omdat dit corrater en, sket dit minagting vir die reg Dit is dus noodsaaklik dat 'n onderneming in 'n posisie moet wees om aan arbeidswetgewing te voldoen, en dat alle onnodige beperkin verwyder moet word.

2.5 Verdere navorsing oor die mate waarin arbeidswetgewing die vesting en groei van klein ondernemings belemmer, word deur die NMK nodig geag en kan daarop dui dat arbeidswetgewing 'n groter of kleiner inhibeerende effek op die groei van klein ondernemings kan hê.

2.6 Current concessions in labour legislation in South Africa as well as in certain overseas countries with regard to small businesses.

2.4 A brief summary of 39 Industrial Court decisions that have a bearing on small businesses in order to determine whether the circumstances of small businesses are taken into account in Industrial Court decisions; and

2.5 A summary of representations received and conclusions drawn from these as well as recommendations in other relevant studies for amending labour legislation in order to accommodate small businesses.

Note: The complete report is available on request from the NMC directorate.

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2. RECOMMENDATIONS

2.1 The recommendations in this report should be seen in the light of the concessions already made with regard to the various labour laws, as discussed in Chapter 4 of the report.

2.2 The NMC proposes that only very small businesses should initially be accommodated, which will be referred to as micro-businesses (see par 2.7 for definition). The term "small business" in this report could therefore refer to a business that is larger than a micro-business as defined. It will also be seen that the term "micro-business" is the basic point of departure for the approach developed in paragraph 2.8. Although it is realised that the term "small business" is the more generally accepted concept, "micro-business" has therefore been preferred for present purposes.

2.3 At the outset it must be stressed that a balance between the interests of both employers and employees is still of the utmost importance. The aim of the investigation is to stimulate small business development and the creation of employment without detracting from the basic rights of employees.

2.4 It is also necessary that labour legislation should be generally acceptable to the broad public who can and may willingly comply with it. If not, this often results in legislation being ignored or circumvented, and this in turn often results in the unnecessary criminalisation of activities. If legislation is ignored because it is overregulation, this creates disrespect for the law. It is therefore essential that a business should be in a position to comply with labour legislation and that all unnecessary restrictions should be removed.

2.5 Further research on the extent to which labour legislation hinders the start-up and growth of small business is regarded by the NMC as necessary and may indicate that labour legislation could have a greater or lesser inhibiting effect on the growth of small business.
2.6 Die NMK stel die volgende benadering voor wat gevolg kan word ten einde klein ondernemings en mikro-ondernemings te akkommodeer:

2.6.1 Die huidige stelsel van aanbied om en toestaan van vrystelling moet in die eerste plek gehandhaaf word en moet meer toeganklik vir mikro-ondernemings gemaak word. Alle ondernemings (groot en klein) moet steeds in staat wees om aanbied te doen om vrystelling kragtens arbeidswetgewing Mikro-ondernemings moet steeds in staat wees om aanbied te doen om vrystelling van regulatories of hindernisse waarvan hulle nie outomatises vrygestel is ooreenkomstig die voorstelle in hierdie verslag nie. Paragraaf 2.8.1 verskaf meer besonderhede oor hierdie benadering.

2.6.2 'n Kantoor vir mikro-ondernemings moet binne die DMG ingestel word, en 'n faciliteerder, wat die belange van sowel mikro-ondernemings as hulle werknemers bevorder, moet aan die hoof daarvan staan. Die faciliteerder moet die stelsel van uitsluitings en de omskrywing van mikro-ondernemings monitor, maar dit moet slegs op aanbeveling van die NMK gevolg. Die faciliteerder moet die werk van die KSOK en ander soortgelyke liggende dupliër nie. Paragraaf 2.8.2 verskaf meer besonderhede oor hierdie benadering.

2.6.3 Die stelsel van individuele vrystelling slegs op aanbied moet ook aangevul word deur administratiewe en ander toegewings wat outomatises aan mikro-ondernemings toegestaan moet word. Hierdie benadering impliseer algemene uitsluitings vir alle mikro-ondernemings slegs met betrekking tot die aanbevelings in hierdie hoofstuk. Daar moet benadruk word dat die doel nie is om alles omvattende vrystelling van bestaande arbeidswetgewing aan mikro-ondernemings te verleen nie. Daar word beoog dat die NMG aanbevelings moet doen oor verdere uitsluitings of skrapping van bestaande uitsluitings, en interaksie tussen die NMG en die faciliteerder sal vir hierdie doel nodig wees. Paragraaf 2.8.3 verskaf meer besonderhede oor hierdie benadering.

2.7 'n Omskrywing van 'n mikro-onderneming

Die NMG besef dat dit bykans onmoontlik is om 'n universele omskrywing van 'n mikro-onderneming wat op alle nywerheidssektore toepassing is, te formuler. Die NMG stel voor dat die volgende omskrywing derhalwe as 'n minimum nagestreef moet word.

2.7.1 'n Mikro-onderneming is 'n onderneming wat—

2.7.1.1 'n onafhanklike regs- en ekonomiese eenheid is (dit sluit enige onderneming uit wat 'n filiaal van 'n ander onderneming is of wat op enige wyse met so 'n onderneming verbind is).

2.7.1.2 bestuur en beheer word deur 'n natuurlike persoon wat ook die eienaar van die onderneming is.

2.7.1.3 normaalweg nie meer as vyf permanente (voltydse of deeltydse) werknemers in diens het nie (ondernemings met enige aantal los werkers op 'n deurlopende basis, asook arbeidsmakelelaars, word van hierdie omskrywing uitgesluit), en

2.6. The NMC proposes the following approach that may be adopted to accommodate small and micro-businesses:

2.6.1 The present system of application for and granting of exemptions should in the first instance be maintained and be made more accessible to micro-businesses. All businesses (large and small) should still be able to apply for exemption under labour legislation. Micro-businesses should also still be able to apply for exemption from those regulations or hindrances from which they are not automatically exempted in accordance with the proposals in this report. Paragraph 2.8.1 provides further details concerning this approach.

2.6.2 An office for micro-businesses should be established within the DMP and should be headed by a facilitator who would promote the interests of both micro-businesses and their employees. The facilitator would monitor the system of exclusions and the definition of micro-businesses, but these should only be changed on the recommendation of the NMC. The facilitator should not duplicate the work of the SBDC and other such bodies. Paragraph 2.8.2 provides further details concerning this approach.

2.6.3 The system of individual exemptions on application only should also be supplemented by administrative and other relief which should be granted to micro-businesses automatically. This approach implies general exclusions of all micro-businesses regarding the recommendation in this chapter only. It should be emphasised that the aim is not to grant micro-businesses blanket exemptions from the existing labour legislation. It is envisaged that the NMC should make recommendations on further exclusions or the deletion of existing exclusions, and interaction between the NMC and the facilitator would be required for this purpose. Paragraph 2.8.3 provides further details concerning this approach.

2.7 A definition of a micro-business

The NMC realises that it is virtually impossible to formulate a universal definition of a micro-business that is applicable to all industrial sectors. The NMC proposes that the following definition should therefore be seen as a minimum guideline:

2.7.1 A micro-business is a business which—

2.7.1.1 is an independent, legal and economic unit (this excludes any business that is a subsidiary of another business or that is in any way connected with such a business),

2.7.1.2 is managed and controlled by a natural person who is also the owner of the business,

2.7.1.3 normally employs no more than five permanent (full-time or part-time) employees (businesses with any number of casual workers on an ongoing basis as well as labour brokers should be excluded from the above definition), and
2.7.1.4 'n jaarlike omset het van hoogtens R250 000 soos in 1990 gewaardeer, wat gereeld deur die DMK hersen moet word.

2.7.2 'n Mikro-onderneming mag nie die wet omsoe in dié sin dat dit nie geskep mag wees deur die verdeling van 'n bestaande onderneming of deur die uitkontraktering van sy dienste of produksieproses nie. Die eenaar van 'n mikro-onderneming mag nie die eenaar van 'n ander onderneming wees nie.

2.7.3 Bostaande omskrywing van 'n mikro-onderneming moet as 'n basiese (minimum) omskrywing beskou word. Daar word bescou dat 'n klusule soos wat reeds in die nywerheidsraadooreenkomste van die Natal Master Builders and Allied Industries Association vervat is, in alle nywerheidsooroenkomste ingesluit word. Die volgende is 'n voorbeeld van so 'n klusule:

"(a) Die doel van die Ooreenkoms is om die voordeele van elke werkstermer te erken, om geleentheid vir sy verdere vordering te bied en om vlekke van besoldiging en ander diensten as werkstermer van werksterspers deel te neem sonder om ondernemersinisië en ontwikkelingsgeleentheid en ondernemers inisië te beperk.

(b) Maar 'n werkstermer of 'n werkstermer van die Raad daarvan kan oortuig dat 'n werkstermer van die Raad aansoek doen om vrystelling van hierdie specifieke bepaling. Die Raad kan sodanige werkstermer of werkstermer van die Raad aansoek doen om vrystelling van hierdie bepaling en die Raad kan sodanige vrystelling verleen."

2.8 'n Meer uitvoerige ontleiding van die voorgesteelde benadering.

2.8.1.1 Die proces van aansoek om vrystelling.

2.8.1 Ten einde die groei van die kleinsakektor, ondernemersinisië en/of werkgeleentheid te stimuleer, word daar aanbeveel dat 'n klusule soos wat reeds in die nywerheidsraadooreenkomste van die Natal Master Builders and Allied Industries Association vervat is, in alle nywerheidsooroenkomste ingesluit word. Die volgende is 'n voorbeeld van so 'n klusule:

(a) Die doel van die Ooreenkoms is om die voordeele van elke werkstermer te erken, om geleentheid vir sy verdere vordering te bied en om vlekke van besoldiging en ander diensten as werkstermer van werksterspers deel te neem sonder om ondernemersinisië en ontwikkelingsgeleentheid en ondernemers inisië te beperk.

(b) Maar 'n werkstermer of 'n werkstermer van die Raad daarvan kan oortuig dat 'n werkstermer van die Raad aansoek doen om vrystelling van hierdie specifieke bepaling en die Raad kan sodanige vrystelling verleen."

2.8.1.2 Die existing procedures waarvolgens vrystellings versoek van die DMK en sodanige ander liggame as wat deur hierdie wette gebeur moet behou word, moet behou word, maar die stelsel moet vereenvoudig word, veral vanuit die oogpunt van aansoek. Die vrystellingsproses moet gemonter word tot ene eindiging van die vrystelling procces oor hoeveel aanmoediging om vrystelling in werklikheid ontvang is, hoeveel volle en gedeeltelike vrystellings toegestaan is, en hoeveel aanmoediging is, die faciliteerskantoor moet die vrystellings wat deur nywerheidsraad en die DMK verleen is, monitor. Hy moet afskryf en verkry van die weergangs en

2.8.1.4 has an annual turnover not exceeding R250 000, as valued in 1990, to be reviewed regularly by the DMP.

2.7.2 A micro-business should not evade the law in the sense that it should not have been created by the division of an existing business or by the contracting out of its services or production process. The owner of a micro-business should not be the owner of another business.

2.7.3 The above definition of a micro-business should be regarded as a basic (minimum) definition. It is envisaged that where there is agreement within a sector to change the definition according to the specific circumstances in that sector, such a proposal could be made to the facilitator. The NMC could then determine the basis on which such agreements recommend general changes to the definition.

2.8 A more detailed analysis of the proposed approach.

2.8.1 The process of applying for exemptions.

2.8.1.1 In order to stimulate the growth of the small business sector, entrepreneurial initiative and/or employment opportunities, it is recommended that a clause, as is already incorporated in the Industrial Council agreement of the Natal Master Builders and Allied Industries Association, should be included in all industrial council agreements. The following is an example of such a clause:

"(a) The purpose of the Agreement shall be to recognise the level of skill of every employee, to provide opportunities for his further progress and to establish levels of remuneration and other conditions of employment for employees without in any way restricting entrepreneurial initiative and employment opportunities.

(b) Where an employer or an employee can satisfy the Council that any of the provisions of this Agreement are restricting entrepreneurial initiative and/or employment opportunities, such employer or employee may apply to the Council for exemption from those specific provisions and the Council may grant such exemption."

2.8.1.2 The existing procedures according to which exemptions are requested from the DMP and other bodies, as are controlled by these Acts, should be continued, but the system should be simplified, particularly from the point of view of application. The exemption process should be monitored to provide information on how many applications for exemption have actually been received, how many full or partial exemptions have been granted, and how many applications have been refused. The facilitator's office should monitor the exemptions granted by industrial councils and the Department of Manpower. He should get copies of the refusals and statistics regarding those..."
statistieke ten opzichte van de wat verleent is. Dit is ook
belangrijk om te weet na watter bepalings die meeste
vervyns word in die aansoek om vrystelling, aangesien
dit 'n aanduiding kan gee van die mees probleematiese
bepalings.

28.1.3 In baie gevalle gaan mikro-onderneemings
blyd mank aan die kennis en vaardighede wat nodig is
om die verskillende vrystellingsvorms wat veres word,
in te vul. Daar word voorgestel dat nywerheidsraad en
afdelings in die DMK voorsien word van aansoekvorms
wat deur die faciliteerder opgestel moet word, wat
beskikbaar gestel kan word aan mikro-onderneemings
ten einde hulle meer bewus te maak van hulle regte en
vrpligtige in verband met die verkryging van vrystel-
ing. Dit moet egter slegs 'n riglyne wees en moet nie
voorskrywing wees nie. Die prosedure vir aansoek om
vrystelling en vir aanteken van appèl moet vir die
onderskeie arbeidswette dieselfde wees.

28.1.4 Die stelsel in coreenstemming waarmee
do Loonraad en die nywerheidsraad vrystelling of
verligting aan mikro-onderneemings verseen, moet
voortgesit en aangemoedig word. 'n Verslag rakende
besonderhede van vrystellings moet by die jaarverslag
van die DMK ingesluit word.

28.2 Die instelling van 'n faciliteerderskantoor.

28.2.1 'n Faciliteerderskantoor moet deur die
DMK ingestel word, met aan die hoof daarvan 'n senior
beampte in die Departement (voltyds of deeltjies-
d) die faciliteerder moet 'n tweeledige rol vervul deur die
belange van sowel die werkgevers as die werknomers
toen.

Daar moet volle interaksie met alle betrokke partye
wees, bv. vakbondes, nywerheidsraad, kleinsakorganis-
sasies, ens. Die faciliteerder moet geen uitvoerende,
ongekontroleerde bevoegdheid besit nie, moet nie
met die selfbestuur van nywerheidsraad kan immers
nie, en mag nie aansoek om vrystelling goedgekeur of
weer nie. Die faciliteerder moet 'n afskrif ontvang van
alle weermings van vrystelling en moet statistieke
rakende die uitslag van aansoek om vrystelling
monit. Hy moet bystand verleen met inligting en advies
oor die wetlike regte en pligte van mikro-onderne-
mings. Die faciliteerder behoort egter nie advies aan
individuele werkgewers te verskaf nie. Dit word beskou
as die taak van die streekdirekteure en ander perso-
neel van die DMK asook kleinsakeontwikkelingsorgani-
sasies.

'n Belangrike taak van die faciliteerder sal ook wees
om beperkings te ondersoek wat op klein onder-
mings geplaas is, en om sodanige inligting aan die
NMK voor te leë. Hy sal verder daarvoor verantwoordel-
lik wees om in samewerking met die betrokke nywer-
heidsraad siglyne aan die NMK voor te stel oor die
uitbreiding of verandering van die basiese omskrywing
van 'n mikro-onderneembing vir nuwe onderneemings
sodat hierdie onderneemings, ten minste gedurende die
eerste jaar in bedryf, automates vir die beoogde toe-
gewings kan kwaliﬁser.

granted. It would also be important to know which provi-
sions are most often referred to in applications for
exemption, as this might give an indication of the most
troublesome provisions.

28.1.3 In many instances micro-businesses simply
lack the knowledge and skill to complete the differ-
ent exemption forms required. It is proposed that
industrial councils and sections in the DMP be issued
with application forms (to be drawn up by the facilitator)
that could be made available to micro-businesses to
make them more aware of their rights and duties in
connection with obtaining exemptions. This should,
however, merely be a guideline and not be prescrip-
tive. The procedure for application for exemption and
for registering appeals should be the same for the
various labour laws.

28.1.4 The system in accordance with which the
Wage Board and the industrial councils offer exemp-
tion or relief to micro-businesses should be continued
and encouraged. A report concerning details of exemp-
tions should be included in the Annual Report of the
DMP.

28.2 The establishment of a facilitator’s office.

28.2.1 A facilitator's office should be established
by the DMP and should be headed by a senior official
within the Department (full-time or part-time) The
facilitator should fulﬁl a bipartisan role by serving the
interests of both employers and employees.

There should be full interaction with all parties con-
cerned, e.g. trade unions, industrial councils, small busi-
ness organisations, etc. The facilitator should have no
uncontrolled executive powers, should not be able to
interfere with the autonomy of industrial councils and
should not approve or refuse applications for exemp-
tion. The facilitator will receive a copy of all refusals of
exemption and will monitor statistics regarding the out-
come of applications for exemptions. He will assist with
the information and advice on the statutory duties and
rights of micro-businesses. The facilitator should, how-
ever, not give advice to individual employers. This is
regarded as the task of the regional directors and other
staff of the DMP as well as the small business develop-
ment organisations.

A major task of the facilitator would also be to investi-
gate restrictions placed on small businesses and to
submit such information to the NMC. He would fur-
ther be responsible for proposing guidelines to the NMC in
co-operation with the industrial council concerned,
regarding the extension of or changes to the basic deﬁ-
tion of a micro-business for new businesses so that
these businesses can automatically qualify for the
intended concessions, at least during their ﬁrst year of
operation.
28.3 The principle of general concessions for micro-businesses

28.3.1 Certain concessions for micro-businesses as defined should be embodied in labour legislation, especially regarding administrative requirements.

28.3.2 Small businesses could be considered for these concessions in the following ways

(a) Micro-businesses as defined would automatically qualify for these concessions. It would therefore not be necessary for them to apply to be certified.

(b) It is proposed that new small businesses that do not comply with the definition in paragraph 2.7 should also automatically qualify for these concessions, at least during their first year of operation. Employers and employees within industrial councils should determine an appropriate definition for their specific sectors in this regard (for example to increase the proposed 5 employees to 20). They could even decide to replace the basic definition with their extended definition for not only new but all businesses that comply with the criteria stated in their definition.

(c) Sound guide-lines should be drawn up by the facilitator in co-operation with the industrial council concerned regarding the extension of or changes to the basic definition in par 2.7, which should also be submitted to the NMC for a recommendation.

2.9 The NMC generally proposes that the administrative burden on small businesses, regarding the different labour laws, should be simplified. There should be less red tape and fewer formalities for all businesses, not only micro-businesses.

2.9.1 Representations have indicated that one way in which the administrative burden could be alleviated for new businesses, would be to have one address to which all information regarding labour legislation that is required to be submitted, could be sent. For example, when registering under the Workmen’s Compensation Act and the Unemployment Insurance Act much information is duplicated and has to be sent to both offices within 14 days after the commencement of business operations. In this instance the information that be sent to one address, from which it would be forwarded to the respective commissioners. This should apply to all new businesses. The application of this proposal to all existing businesses is not regarded as a practical alternative.

2.9.2 In the application by the DMP of the different labour laws, the specific circumstances (including the size) of small businesses should be taken into account, as is already done in some instances. An approach that is based more on assistance than regulation should be followed.
2.10 The NMC proposes that small businessmen should qualify themselves as far as possible by acquiring the necessary skills and knowledge to become competent in the field of labour legislation (S34).

2.11 The Labour Relations Act, 1956 (LRA)

Micro-businesses should not be excluded from the LRA. The following matters should, however, receive attention:

2.11.1 Possibly the greatest labour relations problem experienced by small and micro-businesses, is the lack of knowledge regarding the law. It is thus proposed that greater use should be made of guidelines that could constitute an extension of a general code of conduct, the latter of which the NMC foresaw could be presented in evidence in court. Guidelines for micro-businesses and other businesses on, for instance, procedures dealing with disputes, could be drafted by an expert in consultation with the President of the Industrial Court and other interested parties. Guidelines should not only be published and made available to the courts, but also be distributed through small business development bodies, employer organisations, etc., so that they can inform and advise their members accordingly. Considering the divergent nature of businesses, these guidelines may possibly be drafted to make provision for sectoral differences. There is also, however, much support for guidelines that are nationally applicable.

2.11.2 The NMC feels that if a micro-business is involved in a dispute, the parties concerned should also be encouraged (directly or indirectly) to negotiate or discuss their differences before referral to an industrial council or conciliation board. The party with a grievance should inform the other party and give that party the opportunity to respond before he resort to external mechanisms such as industrial councils, conciliation boards, etc. In the NMC’s proposals to the Minister of Manpower regarding the possible application of the LRA and Wage Act to farm workers, all members agreed that parties to a dispute should be encouraged to discuss, as a first step, their dispute at the lowest possible level, i.e., at the source of the dispute and that the employer and employee should primarily be involved at this stage. The majority of the NMC felt that there should, however, be no restriction on the worker (S35).

(2) It should be noted that proposals relating to the LRA have been compared to and in most respects have been brought in line with the proposals of the Technical Committee on the Consolidated Labour Relations Act as well as the NMC’s recommendations regarding the inclusion of farm workers under the LRA. This is done in order to ensure that the proposals regarding small businesses in the different investigations are congruent.
seifse nie op hierdie aanvang stadium nie, alhoewel sommige lede baie sterk gevoel het dat daar geen buite-inmenging op die aanvangstadium moet wees nie. Sommige lede het gevoel dat daar een of ander wyse moet wees om partye aan te moedig om hulle geskilke sonder buite-inmenging te bespreek. Aange- sien dit onprakties sou wees om dit as 'n onbûgsgiene vereiste in wetgewing in te stuit, behoort hierdie proses ingesluit te word in 'n kode of nkyngabe (soos voorgestel in par 211.1), wat deur die Hof in berekening gebbring moet word.

211.3 Indien die geskil nie by wyse van gesprekke nie tussen die partye beslag kan word nie, moet dit na mediasie of arbitrasie of na 'n Nywerheidsraad verwys word, of 'n Versoensraad moet ingestel word. Hierdie procedures sal verpligtend wees alvorens verdere aksies geneem word, by 'n staking, uitsluiting of verwyging na die Nywerheidskof Landdroste, plaaslike regspraktyse en seifse moontlik beampes van die DMK moet ook beskikbaar wees om as arbitres op te tree. Die meninge is egter uitgespreek dat plaaslike regspraktyse en beampes van die DMK nie op hierdie stadium kundig genoeg is om as arbitres op te tree nie. Om hierdie probleem reg te stel is dit van kardinale belang dat hulle spesiale opleiding in die verband ontvang. Dit is beklemtoon dat ten einde hierdie persone suksesvol as arbitres te laat optree, hulle oor die nodige legitimiteit moet beskik, d.w.s. deur beide partye ondersteun word. Die nkyngabe moet bepaal dat partye moet poog om ooreen te kom op 'n persoon om die geskil te besliss of te arbitreer, eerder as om die weg van 'n versoensraad te volg indien dit 'n reis oor lang afstande en hoe koste beheel.

211.4 Dit sal nie moontlik wees om 'n geskil na die Nywerheidskof te verwys nie, of om op 'n wettige staking of uitsluiting aanspraak te maak nie, indien die party wat die Hof nader of wat die staking/uitsluiting verklaar, nie die nywerheidsraad- of versoensraad-vergadering bygewoon het nie, tenby die Hof op goeie gronde die betrokke partye hiervan kwetskeld.

211.5 Die NMC stel voor dat mediasie en arbitrasie aangemoedig moet word as alternatiewe geskil- beslegtingsmechanisme, waar partye wat verkees om van arbitrasie gebruik te maak, deur die Staat gesubsidieer word. Die vooruitstappe met betrekking tot die rol van mediasie as 'n alternatiewe geformaliseerde geskilbeslegtingsmechanisme vis-a-vis nywerheidsraad en versoensraad, is in die verband in lyn met die voorstelle van die Gekonsolideerde Wet op Arbeidsverhoudinge Hangende die finale Gekonsolideerde Wet op Arbeidsverhoudinge, behoor die WAV gewyse na tekom om vir mediasie as alternatief tot 'n versoensraad of nywerheidsraad, voorstening te maak. Om arbitrasie vir staatsubsidie in aanmerking te laat kom, moet die partye die toepaslike kode of nkyngabe, soos voorgestel in paragraaf 211.1 herbo, gevolg het, aansoek gedaan het vir die subsidie en die subsidie moet 'n vasgestelde bedrag per arbitrasiewe es. Hierdie voorstelle, indien geimplementeer, sal vir klein ondernemings en hulle werknemers van groot hulp wees.
2116 Nywerheidsraad en die voorsitters van versoeningssrade moet 'n groter fasiliterende rol speel. Hulle kan selfs die rol van 'n mediator vertolkg indien albei partie daartoe instem. Die voorsitter moet ook in staat wees om 'n nie-bindende aanbieding te maak aangaande die beslissing van die geskikte indien beide partie hom daartoe versoek. Behoorlike opleiding behoeft aan die voorsitters van versoeningssrade geregte te word. Kommer is uitgesprok oor die hoe omset van die voorsitters van versoeningssrade, aangegee dit grootsklik bydra tot die gebrek aan kundigheid wat ervaar word.

2117 Oor die vraag of regsverteenwoordiging by versoeningssraad- en nywerheidsraadvergaderings toegelaat moet word wanneer mikro-onderneemings betrokke is, is die standpunt van die NNM soos volg: 'n Aamperdraer of beampte van 'n vakbond of werkgewers-organisasie mag as verteenwoordigers van die partye optree. 'n Regspraktyksyn moet slegs met die toestemming van elke ander party tot die geskik toegelaat word, tensy die regspraktyksyn self 'n party tot die geskik is. Indien geen ooreenkoms tussen die partye bereik word nie, moet die voorsitter van die versoeningssraad, arbiter, bemiddelaar, voorsittende beampte, ens. uitpraak gee.

2118 Die volgende aanbevelings met betrekking tot nywerheidsraad en hulle ooreenkoms word gedaan:

21181 Daar word aan die hand gedoen dat die algemene benadering moet wees om nie in te meeg met die selfbestuur van nywerheidsraade nie. Nywerheidsraad moet egter aangemoedig word om vrystellings op meriete toe te staan, waar die grootte van die onderneming een belangrike faktor moet wees.

21182 Waar partye by 'n nywerheidsraad die promulgase van 'n ooreenkoms versoek het wat lote reel, kan die Minister weier om dit te doen tensy die raad gepoog het om op versoek voldoende voorstelling te maak vir die akkommodering van die behoeftes van klein ondernemings, of tensy die raad vertoe deur die nie-partye (bv klein ondernemings) wat geraak word, aangevra en ongeweet het.

21183 Aansoekers om vrystelling van nywerheidsraadoreenkoms moet op 'n geformaliseerde wyse hanteer word, m.a.w. afskrifte van alle aansoekers wat geweier is, moet na die fasilitéerder se kantoor in die DMK gestuur word, maar slegs in sy inligting. Alle vereenings moet vergesel word van 'n brief aan die aansoekers waarin die redes vir die weening en die appelsproeë na of om die bestelling van die nywerheidsraad omkeer nie. Indien die bestelling omkeer moet word, moet die normale appelsproeë gevolg word.

21184 Die administratiewe las met betrekking tot nywerheidsraadvergaderings moet verlig word. Indien mikropartye ingesluit word of verkeers om ander 'n nywerheidsraadoreenkoms ingesluit te word, ongelaag of hulle partye of nie-partye is, moet die nywerheidsraad byvoorbeeld ooreig om versoening...
instance consider making provision for social security payments on quarterly or other bases. Industrial councils should also assume responsibility for advising micro-businesses on a regular basis concerning the money due and owing to the industrial council concerned. Industrial councils should investigate the streamlining of the system to alleviate these burdens on micro-businesses.

2.11.9 In the case of dismissal disputes the parties should have the choice of referring the dispute to the Industrial Court or to a proposed Small Labour Court. The Small Labour Court should also be available in outlying areas, for instance by appointing lawyers from neighbouring towns on an ad hoc basis as presiding officers. This would be to the advantage of micro-businessmen, in particular. Presiding officers should therefore (as also pointed out in par. 2113) receive special training (such training to be presented by the DMP) to enable them to be knowledgeable of decisions of the Industrial Court. This would to a great extent prevent conflicting judgments which are being experienced as problematic by small businessmen. If the parties have chosen to utilize the Small Labour Court, they should have no right to appeal nor to legal representation. A review should be possible. It should also be possible for the Small Labour Court at any time before judgment, on application or of its own motion, to refer any matter to the Industrial Court for its decision. The matter of Small Labour Courts is dealt with in greater detail in the NMC recommendations on the application of the LRA to agriculture.

2.12 The Workmen’s Compensation Act, 1941

The NMC has received substantial support for the undermentioned proposals. Because they relate very much to the simplification of administrative responsibilities, especially of micro-business employers, these are among the potential solutions that should, together with any other possibilities, be further investigated by the Workmen’s Compensation Commissioner.

2.12.1 It is proposed that all micro-business employers should also be covered under this Act, subject to the present limitations of maximum income and sector.

2.12.2 The Act should continue to apply at all times to employers and employees. The Act at present relieves employers of civil liability in respect of injury-on-duty claims covered by the Act. Any exemption of benefits granted to micro-employers would therefore leave them vulnerable to civil claims for compensation. It is proposed that the following sections of the Act, in particular, should be simplified in order to reduce the administrative burden on micro-businesses.

2.12.2.1 In terms of section 96 every employer operating a business in the Republic shall, within fourteen days of the date on which he commences business, furnish the Commissioner with the prescribed particulars of his business.
2.12.2.2 In terms of section 97 every employer shall in respect of all his workmen keep records of wages paid, time worked and payment made for piece-work and overtime, and of any other particulars prescribed and he shall at all reasonable times produce such records, on demand, to any person authorised under section 17 for his inspection.

2.12.2.3 In terms of section 68 every employer liable to assessment shall between the first and thirty-first day of March in each year, or if he becomes liable to be assessed after the last mentioned date, within one month after having become so liable, transmit to the Commissioner a statement in the prescribed form, certified by him as true, showing the amount of wages paid to his workmen during the period with effect from the first day of March of the immediately preceding year up to and including the last day of February of the following year, and such other information as may be prescribed or as the Commissioner may require from him. An employer who fails to comply with the provisions or with any requirement of the Commissioner shall be guilty of an offence.

2.12.2.4 Section 51 imposes the obligation on the employer to forthwith, after having been notified or having gained knowledge of the happening of an accident to a workman, report the accident to the Commissioner in the manner prescribed. Section 51 (4) (payment of a penalty), in particular, can place an unaffordable financial burden on micro-businesses. In terms of section 52 the employer shall supply such further particulars as the Commissioner may require of the accident to the workman, his injuries, his earnings, and such other matters as are within his knowledge. A workman or employer who fails to comply with the provisions of sections 51 and 52 shall be guilty of an offence.

2.12.2.5 Section 75 provides that an employer shall furnish and maintain such appliances and services, for the rendering of first aid to his workmen in case of an accident, to them as may be prescribed in respect of the class of business in which he is engaged.

2.12.3 Micro-business owners, as defined, should be able to pay an appropriate, fixed annual amount per worker direct to the Commissioner (or at any Post Office) to obtain full coverage for that year with minimum further requirements as far as record-keeping and the submission of annual returns are concerned. Particulars regarding injury on duty would however still have to be recorded. The practical implications of this proposal should be assessed in conjunction with the Commissioner.

2.12.4 When an employer registers, the particulars required in terms of the various labour laws should be forwarded to one address, from which they should be distributed to the various sections in the DMP.
2.13 Die Werkloosheidsversekeringswet, 1966

2.13.1 Die meerderheid van die vertoe wat ontvang is, het aangedui dat die toepassing van die Wet verpigtend moet wees vir die werknemers van mikrowerkigewers. Dit sal die moontlikheid van 'n vertoe aan inkomste wat voortgepruit uit werkloosheid as gevolg van beëindiging van dié, aekie, kraamverlof of die aanvra van kinders verminderm en sal voorsiening maak vir enkelbedragstalings aan afhanklikes van oorlede bydraers.

2.13.2 Daar word voorgestel dat die nakomingskoste vir mikro-ondernemings verlaag word deur hulle in staat te stel om 'n geseikte, vaste jaarlikse (of kwartaal) bedrag per werker direk aan die Kommissie (of by enige poskantoor) te betaal om volle dekking vir die jaar (of kwartaal) vooruit te verkry sonder verdere vereistes ten opsigte van die hou van rekords of die voorlegging van maandekse opgawes. Dit sal die Fonds versterk en uiteindelik die werkliges bevordeel. Die praktiese implikasies van hierdie voorstel moet in samewerking met die Kommissie bepaal word.

2.13.3 Daar word ook voorgestel dat veral die volgende artikels van die Wet vereenvoudigd (of indien moontlik herop) moet word om die administratiewe las op mikro-ondernemings te verlig.

2.13.3.1 Artikel 28 verplig elke werkgever wat in die Republiek sake doen, om binne veertien dae na die datum waarop hy sake begin doen het, aan die Direkteur-generaal op die voorliggende manier die voorliggende besonderhede van sy onderneming voor te lê.

2.13.3.2 Ingevolge artikel 29 moet elke werkgever 0.9% van elk van sy werknemers se loon aftrek en uit sy eie geld 0.9% van elke werknemer se loon die Fonds laat toekom.

2.13.3.3 Artikel 30 bepaal dat elke werkgever wat aanspreeklik is vir bydraes, binne tien dae na die einde van elke kalendermaand 'n veratoon van die die bydraes wat hy moet betaal, in die voorliggende vorm wat sodanig besonderhede ten opsigte van daardie maand bevatt as wat voorgeskryf is, aan die Direkteur-generaal stuur.

2.13.3.4 Kratgans artikel 32 moet elke werkgever ten opsigte van elke bydraer in sy diens aantekeninge hou van lone betaal, tyd gewerk en betaalig gemaak vir stukwerk of oortyd en van sodanige ander besonderhede as wat voorgeskryf is, en moet hy sodanige rekord van 'n tydperk van drie jaar na die datum waarop genoemde rekord gemaak is, behou.

2.13.3.5 Artikel 33 bepaal dat werkigers verslagkaarte moet behou vir al hulle werknemers wat daarop geregig is om kragsens die Wet voordele te ontvang.

2.13.3.6 As 'n werkgever nie tot die Fonds bygedra het nie, moet die verskudige bedrag ten bedreie van drie jaar se loon aan die Fonds betaal word.

2.13 The Unemployment Insurance Act, 1966

2.13.1 The majority of representations that were received, indicated that the application of the Act should be compulsory for the employees of micro-employers. This would counter the possibility of a loss of earnings, arising from unemployment owing to termination of employment, illness, maternity or the adoption of children, and would provide for lump-sum payments to the dependants deceased contributors.

2.13.2 It is proposed that the compliance costs for micro-businesses should be reduced by enabling them to pay an appropriate, fixed annual (or quarterly) amount per worker direct to the Commissioner (or at any Post Office) to obtain full coverage for the year (or quarter) in advance with no further requirements as to record-keeping or the submission of monthly returns. This would strengthen the Fund and would ultimately benefit the unemployed. The practical implications of this proposal should be assessed in conjunction with the Commissioner.

2.13.3 It is also proposed that the following sections of the Act, in particular, should be simplified (or if possible rescinded) in order to reduce the administrative burden on micro-businesses:

2.13.3.1 Section 28 compels every employer operating a business in the Republic to furnish the Director-General within fourteen days of the date on which he commenced business, in the prescribed manner, with the prescribed particulars of his business.

2.13.3.2 In terms of section 29 every employer shall deduct 0.9% from each of his employees’ earnings and out of his own moneys 0.9% of the earnings of each employee and remit this to the Fund.

2.13.3.3 Section 30 provides that every employer liable to contribute shall, within ten days after the end of every calendar month, transmit to the Director-General, together with the amount of the contributions he is required to pay, a statement in the prescribed form, containing such particulars in respect of that month, as may be prescribed.

2.13.3.4 In terms of section 32 every employer shall keep in respect of every contributor employed by him records of earnings paid, time worked and payment made for piecework or overtime and of any other such particulars as may be prescribed, and shall retain any such a record for a period of three years after the date on which the said record is made.

2.13.3.5 Section 33 provides that employers shall retain contributors’ cards for all their employees who are entitled to receive benefits in terms of the Act.

2.13.3.6 If an employer has not contributed to the Fund, dues totalling three years’ earnings must be submitted to the Fund.
2.14 Die Loonwet, 1957

2.14.1 Die NMC is van mening dat die Loonwet nie die funksionering van mikro-ondernemings ernstig belemmer nie, maar beveel aan dat die verestes vir die hou van aantekeninge vereenvoudig word.

2.15 Die Wet op Basiese Diensvoorwaardes, 1983

2.15.1 Die NMC beskou nie die bepalings van die Wet op sigsef as onnodig beperkend nie, en hy reken ook nie dat enige omvattende vrystelling van enige van die bepalings van die Wet nodig is nie. Die NMC stel voor dat die Wet as geheel vereenvoudig word, veral ten opsigte van die hou van aantekeninge. Die huidige stelsel van "ad hoc"-vrystellings moet egter behou word en deur die faciliteerder gemonitor word (kyk par. 2.8.2).

2.16 Die Wet op Masjinerie en Beroepsveiligheid, 1983

Die NMC se oorspronklike voorstelle ten opsigte van hierdie Wet was meer verrekkend maar het nie wese-
like steun ontvang nie. Daar was egter wye steun vir die volgende voorstelle:

2.16.1 Die Algemene Administratiewe Regulaties uitgevaardig kragtens artikel 35 van die Wet en afgerekend by Goewermentskenningsgewing R 2206 van 5 Oktober 1984.

2.16.1.1 Daar word voorgestel dat mikro-onder-
ernemings vrystel word van regulasie 15 (registrasie van fabriekse, 15A (nommering van asonderli
e werkplekken), en 15B (verteoning van vervangde kenningsgewings en tekens) van die Algemene Adminis-
tratiewe Regulaties.

2.16.2 Die Algemene Veiligheidsregulaties uitge-
vaardig kragtens artikel 35 van die Wet en afgerekend
by Goewermentskenningsgewing R 1031 van 30 Mei 1986

2.16.2.1 Die stiening van die NMC is dat al die Alge-
men Veiligheidsregulaties behou moet word, maar dat dit gestroomlyn word om aan die behoeftes van mikro-ondernemings te voldoen en 'n kluswille instel wat veres dat redeike maatreëls getref word om die veiligheid van werknemers te verseker.

2.14. When an employer registers, the particulars required in terms of the various labour laws should be forwarded to one address from which they should be distributed to the various sections in the DMP.

2.14.1 The NMC is of the opinion that the Wage Act does not seriously hamper the functioning of micro-
businesses, but recommends that the record-keeping requirements should be simplified.

2.15 The Basic Conditions of Employment Act, 1983

2.15.1 The NMC does not consider the provisions of the Act to be unnecessarily restrictive in themselves, nor does it consider any blanket exemption from any of the provisions of the Act to be necessary. The NMC proposes that the Act as a whole should be simplified, especially in respect of record-keeping. The present system of "ad hoc" exemptions should, however, be retained and should be monitored by the facilitator (see par. 2.8.2).

2.15.2 It is further proposed that guidelines should be drawn up regarding the granting of exemptions under the Act. The NMC agrees that the following factors should be important considerations: the nature of the business, whether an agreement existed between an employer and an employee, the size of the business and how long it has been in operation.

2.16 The Machinery and Occupational Safety Act, 1983

The NMC's original proposals regarding this Act were broader in scope, but did not receive substantial support. There was, however, wide support for the following proposals:


2.16.1.1 It is proposed that micro-businesses should be exempted from regulations 15 (registration of factories), 15A (numbering of separate rooms of workplace) and 15B (display of substituted notices and signs) of the General Administrative Regulations.


2.16.2.1 The view of the NMC is that all the General Safety Regulations should be retained, but should be streamlined to meet the needs of micro-businesses and should include a clause requiring that reasonable measures be taken to ensure the safety of employees.
2.16.3 Die regulaties uitgevaardigd krachtens artikel 51 van de Wet op Fabrieken, Masjinerie en Bouwwerk, 1941 (Wet 22 van 1941), en afgekondigd door Goewermentskennisgewing R. 929 van 28 Junie 1963, wat gegeen word krachtens artikel 35 (6) van die Wet op Masjinere en Beroepsveiligheid, 1983, gemaak moet wees.

2.16.3.1 Daar word voorgestel dat mikro-onder- nemings slegs die basiese faciliteite moet verskaf waaraan hulle kan voldoen en dat hulle gevolglik van regulases B3 (sanitêre genieue), B4 (wasfasiliteite), B7 (aantrekkammers), B8 (rus- en eetkamers) en B10 (voorsiening van sitplekke) vrygestel moet word.

2.16.4 Voorleggings du daarop dat daar ook oor- weging gegee kan word aan die vrystelling van mikro-onder- nemings van die regulases hieronder Hoewel daar 'n mate van steun hiervoor was, is dit die NMK se siens dat dit verder ondersoek moet word om die uitwerking daarvan op mikro-onder- nemings te bepaal. Alvorens sociaal ondersoek gedoen is, kan geen wesenlike aanbevelings gemaak word nie.

2.16.4.1 Regulase 3 (konstruksie) van die Elek- triese Installasie-regulaties uitgevaardigd krachtens artikels 35 van die Wet op Masjinerie en Beroepsveiligheid, 1983, en afgekondig in Goewermentskennisgewing R. 2271 van 11 Oktober 1985,

2.15.4.2 regulaties 2 (termese verersters), 3 (beligting), 4 (vensters), 6 (hushouding), 9 (geraas), 8 (maaTreens teen oorstraming) en 9 (brandmaatreeks en maniere van uitsig) van die Ongewoonsregulaties vir Werkplekke uitgevaardigd krachtens artikel 35 van die Wet op Masjinerie en Beroepsveiligheid, 1983, en afgekondig in Goewermentskennisgewing R. 2281 van 16 Oktober 1987.

2.16.4.3 regulasi 9 (gesoneerde gebiede) van die Asbesregulase uitgevaardigd krachtens artikel 35 van die Wet op Masjinerie en Beroepsveiligheid, 1983, en afgekondig in Goewermentskennisgewing R. 773 van 10 April 1987.

2.16.4.4 regulaties 2 (toesig oor masjinerie), 7 (aanmelding van insidente in verband met masjinerie), 8 (aanmeldbare stowwe) en 9 (inligting rakende regulaties) van die Algemene Masjinereregulaties uitgevaardigd krachtens artikel 35 van die Wet op Masjinerie en Beroepsveiligheid, 1983, en afgekondig in Goewermentskennisgewing R. 1521 van 5 Augustus 1983, en


2.16.5 Die NMK is van mening dat verdere onder- soek kan aantoon dat bykomende vrystellings en uitsluitings vir mikro-onder- nemings vereis word en moontlik kan wees. Daar word egter aanbeveel dat, ten minste, die vrystellings of uitsluitings beëindig word—

2.16.5.1 as 'n mikrowerkgever aan 'n midsnyf skul- dig bevind word krachtens artikel 28 van die Wet op Masjinerie en Beroepsveiligheid, 1983, wat voorsiening maak vir oortredings en boetes, of

2.16.3 The regulations made under section 51 of the Factories, Machinery and Building Work Act, 1941 (Act 22 of 1941), as published under Government Notice R. 929 of 28 June 1963, which are deemed to have been made under section 35 (6) of the Machinery and Occupational Safety Act, 1983.

2.16.3.1 It is proposed that micro-businesses should provide only the basic facilities with which they can comply and should therefore be exempted from regulations B3 (sanitary conveniences), B4 (washing facilities), B7 (change rooms), B8 (rest and dining-rooms) and B10 (provision of seats).

2.16.4 Representations have indicated that consider- ation could also be given to exempting micro-busi- nesses from the regulations mentioned below. Although these regulations have received some support, the view of the NMC is that this matter should be further investigated to assess the impact of these regulations on micro-businesses. Until such investigation has been undertaken, no substantial recommendations can be made.


2.15.4.2 regulations 2 (thermal requirements), 3 (lighting), 4 (windows), 6 (housekeeping), 7 (noise), 8 (precautions against flooding) and 9 (fire precautions and means of egress) of the Environmental Regulations for Workplaces made under section 35 of the Machinery and Occupational Safety Act, 1983, as published under Government Notice R. 2281 of 16 October 1987.


2.16.4.4 regulations 2 (supervision of machinery), 7 (reporting of incidents in connection with machinery), 8 (notifiable substances) and 9 (information regarding regulations) of the General Machinery Regulations made under section 35 of the Machinery and Occupational Safety Act, 1983, as published under Government Notice R. 1521 of 5 August 1988, and

2.16.4.5 regulations 2 (safety equipment) and 4 (notices) of the Electrical Machinery Regulations made under section 35 of the Machinery and Occupational Safety Act, 1983, as published under Government Notice R. 1533 of 12 August 1988.

2.16.5 The NMC is of the opinion that further invest-igation could indicate that additional exemptions and exclusions for micro-businesses are required and may be possible. However, it is recommended that, at the very least, the exemptions or exclusions should cease—

2.16.5.1 if a micro-employer is convicted of an offence in terms of section 28 of the Machinery and Occupational Safety Act, 1983, which provides for offences and penalties; or
2.16.5.2 Gedurende enige tydperk waarin sodanige werkgewer nie aan die kriteria volgens dié omskrywing van 'n mikro-onderneming voldoen nie.

2.16.6 Die NKM is van mening dat die Wet ten opsigte van sekere regulasies steeds te ingewikkel is, ten spyte van die vereenvoudiging van die Wet gedurende die afgelope paar jaar, en dat daar 'n groot behoefte aan verdere vereenvoudiging is. Sekere tipes werk, veral bedrywighede wat vir die gemeenskap skadelik kan wees, moet egter steeds voldoen aan geregu- leerd word.

2.17 Die Wet op Mannekragopleiding, 1981

2.17.1 Die NKM is van mening dat dit nie nodig is om met betrekking tot hierdie Wet 'n spesiale bedeling daar te stel of om mikro-ondernemings spesiaal te akkommodeer nie.

2.17.2 Aangesien mikro-ondernemings egter dikwels nie bewus genoeg is van beskikbare opleidingsfa- siliteite en hulle eie opleidingsbehoeftes nie, behoort die DMK en die kleinsakeontwikkelingsorganisasies te poog om hulle meer bewus te maak van die noodsaaklikheid van opleiding en behoort hulle nywerhede ook te stimuleer om hulle eie opleidingsliggame te vorm.

2.17.3 Daar word algemeen erk ken dat mikro-ondernemings 'n groot bydrae lever tot opleiding, veral ondernemingspleiding, en hulle verskaf ook waardevolle ondernemersontwikkeling. Die NKM is egter nie teen gunste van die subsidisering van mikro-ondernemers om hulle in staat te stel om self opleiding te verskaf nie, maar is sterk teen gunste van die vooruitseting van die subsidisering van kleinsakeontwikkelingsorganisasies, wat by die DMK moet registreer en opleiding verskaf aan mikro-ondernemers en die werknemers wat in hulle ondernemings in diens is.

2.18 Slotopmerkingen

2.18.1 Hierdie voorstelle verteenwoordig 'n poging deur die NKM om maniere te formuleer waarop die te saaklike arbeidswetgewing aangepas of hersien kan word. Uit vertoe blyk dit dat daar 'n wye verskilleheid van sowel werknemer- as werkgewersenighede is oor die verskillende aangeleenthede. Daar sal waarskynlik te- kortkomende in hierdie verslag wees, maar daar word gehoop dat dit nietsmoe sal bydrae tot die groei en ontwikkeling van mikro-ondernemings om die proses van werkvorskafing te bevorder, wat in belang van beide mikrowerkgewer-onderne- ming en hulle werknemers sowel as van Suid-Afrika in die bres sal wees.

(16 April 1992)

KENNISGEWING 349 VAN 1992

DOEANE- EN AKSYNSTARIEFAANSOEKE LYS 14/92

Onderstaande aansoek betreffende die Doeane- en Aksynstarie is deur die Raad van Handel en Nywer- heid ontvang. Enige beswaar teen of kommentaar op hierdie vertoe met binne ses weke na die datum van

2.16.5.2 during any period in which such employer does not comply with the criteria contained in the definition of a micro-business.

2.16.6 The NMC is of the opinion that the Act is still too complicated in regard to certain regulations, in spite of its simplification during the past few years, and that there is a great need for further simplification. Certain types of work, especially those activities that could be harmful to the community, should, however, still be regulated to a sufficient extent.

2.17 The Manpower Training Act, 1981

2.17.1 The NMC believes that it is not necessary to have a special dispensation or special accommodation for micro-businesses regarding this Act.

2.17.2 However, as micro-businesses are often not sufficiently aware of available training facilities and their own training needs, the DMP and the small business development organisations should endeavour to make them more aware of the necessity for training and they should also stimulate industries to form their own training bodies.

2.17.3 It is widely recognised that micro-businesses make an important contribution to training, especially on-the-job training, and also provide valuable entrepreneurial development. The NMC is, however, not in favour of the subsidisation of micro-entrepreneurs to enable them to provide training on their own, but is strongly in favour of the continuation of the subsidisation of small business development organisations, which would register with the DMP and provide training for micro-entrepreneurs and the employees employed in their businesses.

2.18 Concluding remarks

2.18.1 These proposals represent an endeavour by the NMC to formulate ways in which the appropriate labour legislation could be adjusted or reviewed. Representations indicate that there are a wide range of both employee and employer views on the various matters. Shortcomings may be found in this report, but it is hoped that it will nevertheless contribute to the growth and development of micro-businesses to further the process of job creation that will be in the interests of both micro-employers and their employees and also in the wider interests of South Africa.

(16 April 1992)

NOTICE 349 OF 1992

CUSTOMS AND EXCISE TARIFF APPLICATIONS
LIST 14/92

The following applications concerning the Customs and Excise Tariff have been received by the Board of Trade and Industry. Any objections to or comments on these representations must be submitted to the Chair-
hierdie kennisgewing aan die Voorsitter, Raad van Handel en Nywerheid, Privaat Sak X753, Pretoria, 0001, geng word Die aandag word daarop gevestig dat die skale van reg wat in die aansoek genoem word, dié is wat deur die appikante aangevaar is en dat die Raad, afhanklik van sy bevindinge, hoër of laer skale van reg mag aanbeveel.

Algemeen:

1. Skrapping van tariefsubpos 2904 20.30 deur die voorsienings by tariefsubpos 2904 20 te vervang deur die volgende:

<table>
<thead>
<tr>
<th>Subpos</th>
<th>Beskrywing</th>
<th>Skaal van reg</th>
</tr>
</thead>
<tbody>
<tr>
<td>2904 20</td>
<td>Derivates wat slegs nitro- of slegs nitroso-groep bevat</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Xyleemmuskus</td>
<td>vry</td>
</tr>
<tr>
<td>20</td>
<td>Ander muskus</td>
<td>vry</td>
</tr>
<tr>
<td>40</td>
<td>Trinitrotoluene</td>
<td>10%</td>
</tr>
<tr>
<td>90</td>
<td>Ander</td>
<td>10%</td>
</tr>
</tbody>
</table>

[RHN-verw T5/1/15 (920115)
mnr. G S Bester]

2. Wyssiging van die voorsienings by tariefsubpos 2517 41 deur vervang van die bestaande voorsiening deur die volgende:

<table>
<thead>
<tr>
<th>Subpos</th>
<th>Beskrywing</th>
<th>Skaal van Reg</th>
</tr>
</thead>
<tbody>
<tr>
<td>2517 41</td>
<td>Van marmer</td>
<td>vry</td>
</tr>
</tbody>
</table>

[RHN-verw T5/2/5 (920107)
mnr. G S Bester]

3. Wyssiging van die voorsienings by tariefsubposte 2917 19 30 en 2917 19 40 deur die vervanging daarvan deur die volgende:

<table>
<thead>
<tr>
<th>Subpos</th>
<th>Beskrywing</th>
<th>Skaal van Reg</th>
</tr>
</thead>
<tbody>
<tr>
<td>2917 19 30</td>
<td>Ander</td>
<td>10%</td>
</tr>
</tbody>
</table>

[RHN-verw T5/2/5/5 (920136)
mnr. D Potter]

General:

1. Deletion of tariff subheading 2904.20.30 by the substitution for the provisions under tariff subheading 2904 20 of the following:

<table>
<thead>
<tr>
<th>Subheadings</th>
<th>Description</th>
<th>Rate of Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>2904 20</td>
<td>Derivatives containing only nitro or only nitroso groups</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Xylene musks</td>
<td>free</td>
</tr>
<tr>
<td>20</td>
<td>Other musks</td>
<td>free</td>
</tr>
<tr>
<td>40</td>
<td>Trinitrotoluene</td>
<td>10%</td>
</tr>
<tr>
<td>90</td>
<td>Other</td>
<td>10%</td>
</tr>
</tbody>
</table>

[BTI Ref. T5/1/15 (920115)
Mr G S Bester]

Applicant:

Die Commissioner for Customs and Excise, Private Bag X47, Pretoria, 0001

2. Amendment of the provisions under tariff subheading 2517 41 by the substitution for the existing provision of the following:

<table>
<thead>
<tr>
<th>Subheading</th>
<th>Description</th>
<th>Rate of Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>2517 41</td>
<td>Of marble</td>
<td>free</td>
</tr>
</tbody>
</table>

[BTI Ref. T5/2/5 (920107)
Mr G. S. Bester]

3. Amendment of the provisions under tariff subheadings 2917 19.30 and 2917 19.40 by the substitution therefor of the following:

<table>
<thead>
<tr>
<th>Subheading</th>
<th>Description</th>
<th>Rate of Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>2917 19 90</td>
<td>Other</td>
<td>10%</td>
</tr>
</tbody>
</table>

[BTI Ref. T5/2/6/2/1 (920136)
Mr D Potter]

Applicant:

The Commissioner for Customs and Excise, Private Bag X47, Pretoria, 0001

Lys 13/92 is by Algemene Kennisgewing 330 van 10 April 1992 gepublisereer

(16 April 1992)
Cheap shebeen snacks

THE South African Taverners Association (SATA) and Tongaat subsidiary Funa Foods, have launched a joint venture.

Working with Promosales, the company that put them together, they have developed a menu for shebeens.

Promosales managing director Peter Stephen Shumpton says the tavern and shebeen owners are developing their own brand names and packaging for the products they will serve.

He says the deal should ensure that tasty and nutritious food is served in shebeens for less than R3.
Cosatu backs growth strategy

Plans to ease labour law for small business

The National Manpower Commission has recommended the easing of labour laws and regulations applicable to small businesses as part of a strategy to encourage economic growth.

The call for a special dispensation for small business has the support of Cosatu, whose commission representatives have signed the report.

In the report, a summary of which was published in the Government Gazette last week, the commission said a balance between employer and employee interests was "of the utmost importance.

The aim of the investigation, commissioned by the Manpower Ministry in April 1989, was to "stimulate small business development and the creation of employment without detracting from the basic rights of employees."

The commission was therefore opposed to granting small businesses blanket exemptions from labour legislation — including wage-regulating instruments. But its recommendations would streamline the process by which they were exempted if they could provide adequate reasons for their exemption and adhere to a minimum red tape involved in complying with labour law.

Acting commission chairman Frans Barkley said yesterday that, while the recommendations were not dramatically far-reaching, he hoped they would encourage a process which would bring more concessions in the future.

The initial draft was more drastic, but it had to be adjusted in an effort to seek consensus, he said. Not only the unions, but also big business which feared unfair competition, were opposed to comprehensive exemptions for small businesses.

The recommendations, if accepted, would apply to "micro businesses" defined as units employing no more than five people with an annual turnover of up to R25,000 as measured in 1999 terms. They should be independent, and managed and controlled by the owner.

The report proposed that each industrial council agreement include a provision stating that its purpose was not to restrict entrepreneurial initiative. Where it could be shown that this was occurring, the council could grant exemptions from specific provisions of its agreement. Unless the councils complied with this, or agreed to call for and consider representations from small businesses covered by them, the Minister should refuse to promulgate wage-regulating agreements.

As regards the Basic Conditions of Employment Act, the commission proposed the retention of the existing ad hoc system for granting exemptions to the Act's minimum standards, except that a set of guidelines be drafted. These guidelines should take into account the nature of the specific business, its size, how long it had been in operation and whether an agreement existed between the employer and employee.

The commission proposed that micro businesses and new small businesses (employing, say, up to 20 people) should be automatically exempted from particular provisions of the Act, especially administrative requirements.

This should apply only to industrial council requirements, but also to particular laws. For example, there could be rationalisation of the repetitive information which had to be provided in terms of

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Small business

the Unemployment Insurance Act and the Workmen's Compensation Act.

The commission recommended that, to lighten their administrative burdens, micro businesses be permitted to pay their Unemployment Insurance, Workmen's Compensation and Industrial Council imposed social security contributions quarterly or even annually.

The report suggested the appointment of a "facilitator" to monitor the exemption process and recommend improvements.

The report also proposed a simplified dispute-settling procedure in terms of the Labour Relations Act. Greater emphasis should be placed on alternative dispute resolution through mediation and arbitration — subsidised by the state — rather than the normal procedures involving industrial councils, conciliation boards and the Industrial Court.

It also proposed that micro businesses be exempted from aspects of the Machinery and Occupational Safety Act, including regulations relating to sanitary and washing facilities, dining rooms and provision of seats. Further investigation was required into regulations on lighting, thermal requirements, noise, windows and fire precautions.

The Manpower Department has called for comment and representations on the report within 90 days.
Jobs is the thorny issue

The development of the economy, including the stimulation of small business, is an essential ingredient in the changing South Africa. In the present climate of political change, it becomes imperative to ensure that there is parallel economic development, according to NaBBev's corporate social responsibility report released this week.

The report describes some of the company activities over the past year in the fields of the informal sector, business development, education and community development.

Problem

In the opinion of NaBBev and the Bottlers of Coca-Cola, the most pressing problem facing South Africa is unquestionably jobs. Thousands walk the streets with little or no hope of finding employment in the formal sector of the economy, the report states.

It says approximately 500,000 people enter the job market each year, of which the formal sector creates 35,000 extra jobs a year.

The remaining 465,000 unemployed are left with two options: join the informal sector and be self-employed, or starve.

Thus, the report says, has resulted in the rapid growth of the informal sector and is one of the most important reasons for the Coca system's involvement in this sector.
How government boosts unemployment

Early last year, Rex Williams bought a caravan and set up a general dealer's shop in his backyard in a coloured township near Vryburg in the Cape Williams — unemployed for nearly five years — ploughed his life's savings and a great deal of hard work into the venture. Business boomed for the father of two.

Then came some unwelcome attention from the municipality.

Williams was operating with a valid hawker's licence, but the municipality won an interdict in the Supreme Court against his operation in mid-December and halted his livelihood. The council argued that Williams' caravan operation contravened the Town Planning Scheme which prohibits trading from a residential site. Instead, the council wants him to trade only from a few market areas. Williams argues, there is hardly any market.

Williams is appealing with the help of the Small Business Development Corp (SBDC), but, almost five months after he was forced to stop trading, he has no idea when the matter will be resolved. So he and his family wait patiently and survive on his wife's meagre earnings.

Government has taken several major steps in recent years to help entrepreneurs like Williams. In particular, the Businesses Act, passed last year, abolished trading licences for most businesses, lifted restrictions on shop hours and allowed hawkers greater freedom.

But regulations continue to harass small businesses, often blocking entry to the marketplace. Unnecessary laws still restrict the acquisition and use of land, and the production and distribution of foodstuffs and liquor. Some businesses have been penalised by the high interest rates on loans at far below the level that banks can profitably lend to this sector.

Government bureaucrats, fearful that deregulation might endanger their jobs, also frustrate the reform process. In the case of the Businesses Act, President F W de Klerk has been asked to hasten its implementation to avoid further delays by foot-dragging local authorities.

It is illustrated by the Williams case, where a Supreme Court interdict was obtained despite provisions in the Businesses Act.

Says the SBDC's Johan Naudé, "Our current statutory framework is still bent on controlling and restricting access to business opportunities." Deputy Trade and Industry Minister David Graaf, however, stresses that government is committed to continued deregulation, though administrative bottle-necks are a problem.

Still, many argue that a stroke of the legislative pen would immediately free conditions for countless businesses and create much-needed jobs.

In any economy, while large corporations get most of the attention, small businesses create a large percentage of the jobs. In SA, small and medium businesses contribute an estimated 45% to GDP, according to SBDC GM Ben Vlok.

This sector can be stimulated in many ways.

Take, for instance, property ownership. While the demise of the Group Areas Act ushered in greater property ownership rights for blacks, the procedures and requirements for obtaining ownership are still complex, unrealistic and costly.

This is particularly so for an entrepreneur trying to acquire a house in a township. Naudé says: "An applicant can obtain ownership only through a cumbersome method. In even, where the applicant has occupied the property for 20 years."

He explains that there is a mechanism that allows the occupant the first option but this is subject to the cost. "The administrator can intervene and allow the occupant's tend to lower than another tender. But the participant's tender cannot be less than the cost of the property — an amount determined by the cost of services and the market value." In reality, this mechanism provides scant relief and much uncertainty.

Applicants must approach the administrator in a delegation — a lengthy and costly procedure that, at the end of the day, doesn't guarantee anything, he says.

Laws restricting the use and zoning of land also hamper many businesses. The mixed use of land — for residential and business purposes — is mostly prohibited. Rezoning is costly, lengthy and usually unsuccessful.

An application to rezone takes an average of six months. Naudé says, "We need a system that provides for the flexible usage of land for business and residential purposes. Successful economies rely on mixed usage, with nuisance standards (such as for noise) acting as the only control measure." He points out that this was the route adopted by countries such as Taiwan, Japan, South Korea and Hong Kong.

The entrepreneur who manages to clear the first hurdle to find premises then faces a host of statutory controls regulating the production and sale of agricultural products.

Naudé says: "Almost 30 marketing boards control small producer and trader involvement in a manner that restricts competition and results in unnecessary costs." He suggests that quality control can take place without stringent controls on marketing.

One note of encouragement:

The Law review Project's Louise Tager says the standards imposed by health authorities also hamper small businesses. "Requirements are unnecessarily high and involve large capital expenses, effectively barring entry to the market."

But health authorities have long argued that the regulations are essential to ensure quality control on products and services. For example, a person wanting to start a food outlet must ensure the premises comply with rules on lighting, tiling, ablation and many other factors.

Naudé says all that's needed is one set of standardised regulations for the manufacturing, distribution and selling of foodstuffs that would replace the various costly by-laws. "Regulations tend to overregulate by providing for every theoretical risk. Legislation needs to provide only minimal regulation. We can deal with the exceptions as they arise."

Tager says regulations to impose health requirements based only on cleanliness and hygiene are now under consideration.

Another area that restricts small business is labour law. Many of the hard-won labour gains enshrined in the numerous Industrial Council agreements hamper rather than help small businesses.

Naudé points out that small businesses are disadvantaged by the centralised bargaining in forums dominated by larger businesses. "As a result, agreements impose requirements more suitable to big companies.," Naudé says.

He suggests that a differentiated approach is needed to cater for small businesses. In this regard, the proposals of the National Manpower Commission, published in last week's Government Gazette, go some way to alleviating the plight of small businesses.

Tager admits that mediation to encourage small business will always be at the cost of labour rights. She suggests an economic forum is needed to resolve this issue.

"It's a sensitive issue requiring debate and consensus."

Deregulation this entrepreneur could sure use some
Soweto developers unite to fight whites

The Soweto Development and Builders Forum was launched last week and has launched a challenge to the monopoly of white real estate developers in the townships.

The Forum's secretary, Mr. Chris Jeyne, said that the Forum would ensure that black entrepreneurs were in a position to take on the construction industry.

The Forum disapproved of the traditional practice of white developers holding the monopoly of building contracts in the townships.

The Forum has also launched a programme for the development of housing in black areas.

The Forum is demanding that there be an end to the practice of black builders and builders' labourers being used as "bush boys" to do the work of the white builders.

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Give loans, banks urged

STATE President FW de Klerk has urged South African banks to help expand the informal sector by granting them loans.

Speaking at the official opening of the new Bankcity of the First National Bank, he said banks could not disregard the emergence and the expansion of the informal sector and the very special financial needs of its participants.

He said stokvels, for example, were already bringing the informal sector into the banking world and were already meeting needs in which the formal sector might have failed.

"It is encouraging to note, therefore, that this Bankcity complex is providing special facilities for the recognition and accommodation of informal economic activities."

"This demonstrates that the banking community is not aloof to the needs of small operators in the world of business."

He said the opening of the complex, with all its modern facilities, was not only an important event for the bank: it was also a symbol of progress and of confidence in the future of the country - a country involved in a major programme of reform and economic development.

It was encouraging to hear that South African banks were making use of the new opportunities that were now opening up for them, by establishing their presence in major international financial centres, as well as in developing African countries.

These developments brought responsibilities with them: in many respects the foreign branches, subsidiaries and offices of South African banks were perceived to be representative of the prevailing customs and standards of the country.

It was imperative that they should carry with them the sense of discipline and the high moral ethics for which South African financial institutions had become known.

"The changing environment of banking is not confined to the international scene. Exciting challenges are also emerging in the changing domestic environment."

"Banking institutions have very special responsibilities. They are the most important custodians of the savings of the public and they manage the cash reserves and the payments system of the market economy, he said.

"In fulfilling these functions, banks have to meet the financial needs of all the people of the country, the rich and the poor, the have and the have-nots, the lenders and the borrowers. Any banking system that caters only to the wealthy is looking for trouble," he said.

De Klerk said that South Africa was looking to its bankers to help lead it into a new cycle of prosperity. On its part, he added, the Government accepted its responsibility to create an environment conducive to overall political and macro-economic stability, as well as sound international relationships.

However, the daunting problems of unemployment, poverty, low economic growth, the uneven distribution of wealth and income and growing expectations, even to the point of unrealistic demand, had to be faced together.

"I have no doubt that the banking sector will play a significant part in finding solutions to these problems," he said.
Boost for the small guys

A MULTI-million rand Business Entrepreneurship Initiative (Be-In), aimed at involving the entire South African business community, was launched by the Small Business Development Corporation (SBDC) with the backing of Nedcor, the founding sponsor.

The aim is to create and foster an entrepreneurial culture in South Africa through large-scale media involvement and expansion of business skills training facilities and opportunities.

South Africans will be introduced to the project on May 1 with a daylong Eduspectrum programme on CCV Television, one of the major participants in the project.

Cash prizes of up to R20 000 could be won on the day by viewers who phone in with the brightest ideas for job-intensive business enterprises.

An exciting “Ned Enterprise millionaires Competition” for innovative small and medium enterprises (SME) will also be announced.

South African entrepreneurs who have a proven record of success will share their secrets with viewers.

By JOSHUA RABOROKO

Other elements of the initial stages of the campaign include a Future Finders Fair and Career 2000 road show and the large-scale expansion of business skills training courses through the newly founded small and medium size enterprises (SME) Training Foundation.

SBDC’s managing director, Dr Ben Vosloo, said “The main aim of the Be-In project is to promote self-employment as a viable and exciting career opportunity and to establish an environment in South Africa in which entrepreneurship can thrive.

“South Africa has to follow the example of the world’s most successful economies, such as the Pacific Rim countries, which are based on vibrant SME sectors. In these countries the SME sectors have proven themselves to be the fastest and most cost-effective job creators and that is exactly what South Africa needs to counteract poverty and unemployment.”

Mr Neville Edwards of Ned Enterprise said that his division was established to nurture entrepreneurship; its objectives are in line with the aims of the Be-In project, making it the ideal vehicle for participation.

“It is time that South Africans wake up to the fact that, unless adequate action is taken, the country will be heading for socio-economic collapse. Close to 60 percent of our population are living below subsistence level.”

“In addition, the formal employment sector will only be able to absorb 7 percent of all matriculating school leavers in 1992. The only answer is the rapid development of the SME sector.”

The SBDC will invest an initial R2 million in this project and is inviting South African business community to take part.

“We believe that the private sector’s involvement in the Be-In project will be an investment in the development of a stable, prosperous and growing South African economy,” he said.
SOWETO black entrepreneurs believe that vast funds allocated to black housing and upgrading of township projects should be channelled directly to black builders.

The secretary of the Soweto Developers and Builders Forum, Mr Chris Jyane, said that they made proposals to the local authorities and the Department of Education and Training (DET).

They held discussions with the Soweto City Council about the allocation of sites, building of homes and upgrading and improvement of projects in the townships.

Recognising problems inherent in this situation, the council requested the local builders to form a community-based organisation to represent black builders and developers in Soweto.

The forum proposed to take jobs such as improvement of roads, building and renovation of homes, schools and recreational facilities.

By so doing, he added, the forum would create wealth for entrepreneurs and jobs for the poor families, already reeling under the escalating cost of living and at a time when the country’s unemployment rate is swelling daily due to the recession.

It is estimated that about four to six million people are unemployed in South Africa, according to unofficial reports, while the government puts the figure at a million.

Jyane said that the forum aimed at generating employment and business opportunities for black builders, developers and allied traders in the townships.

“We also aim to educate our people in all aspects of home ownership,” he added.

Many school buildings in Soweto were dilapidated with broken windows and rafters destroyed as a result of unrest and mayhem in the townships.

“We have appealed to DET, through the funds available from the Government, to give contracts to black builders and developers to repair damage at schools,” he said.

He added that the forum had emphasised to the authorities that it was vital to give such contracts to blacks to enable them to earn a living.

During the course of these events, he said, the forum would engage and teach youths how to fit windows as well as to instil the sense of belonging and responsibility in the community.

“We also hope they will earn money to further their education,” he added.

Jyane said black builders knew best what sort of houses to provide as well as opportunities that existed for small builders in their areas.
Negotiate terms of your lease with care

Before you sign a lease, read it very carefully and consult your professional adviser. All terms are negotiable.

To a large extent, the lease you obtain will depend on the state of the property market at the time and on the negotiating strength of the parties involved.

In particular, can you negotiate:
- A lower initial rental?
- Reduced annual escalations?
- A rent-free period?
- Payment by the landlord for improvement or refurbishment?
- Payments by the landlord of any of the outgoings (for example, rates and taxes) associated with the property?

Weighing up conditions

Ensure that the lease clearly defines the extent of the premises being let.

The term of the lease is important. A long lease may reduce flexibility. A shorter lease with an option to renew might be preferable, although this depends on current economic conditions.

Find out who is responsible for insurance, property taxes and maintenance.

How do rent, rates and service charges (on a rand/sq m basis) and annual escalations and rent-review clauses compare with other premises?

You must expect to pay a deposit (normally, one month's rental) and you may be required to sign a personal guarantee (avoid this if possible).

Remember that a verbal lease, binding on both parties, is recognised in law. These should be avoided and all agreements should be in writing.

Does the lease permit an assignment or the sub-letting of premises? Many do not.

Remember, if the premises include living accommodation the tenants would normally be very difficult to remove.

You need to consider the tax implications of your choice of premises. Lease payments are normally fully deductible for tax purposes.

There is an annual allowance of 5 percent on the cost and improvements commenced on, or after, January 1, 1989.

Allowances only apply to buildings used in the process of manufacture — but where the "non-manufacturing" content of the building is less than 10 percent measured by floor area, then allowances are given for the whole building. You need to be careful, therefore, about the allocation of space on your premises.

Next week: Buying an existing business
**TRENDS**

Helping you keep up with the future

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**BUYING ‘GREY’ PRODUCTS IS CHEAPER**

JUST imagine if local dealers were scratching each other’s eyes out to cut profit margins and bring us better prices on imported products. It sounds too good to be true, but it’s happening.

South African importers, long protected by manufacturer-authorised sole national franchises, are slowly waking up to a painful new culture called parallel importing.

Parallel or ‘grey’ importers are those retailers who buy the national distributor and buy stock directly from overseas, usually from mega-wholesale stores in the Far East.

This means goods such as video machines, compact disc players and computers go through fewer South African middlemen. And their margins and the profit margins are paid and the item itself is not a fake.

The parallel market first emerged in the late 80s when Japanese manufacturers, struggling to move stock on recession-hit world markets, started bypassing their own distributors and dumping wares at wholesale dealers in Hong Kong, Singapore and the US.

Consequently, authorised distributors in search of better prices have increasingly become a part of the international retailer’s armoury.

The Durban Supreme Court smiled on the free-trade ethic in 1999 when Reupsound Brothers Ltd, who were importing TDQ tapes directly, won a landmark case against official distributors Frank and Hirsch (Pty) Ltd.

Two Appeal Court decisions later that year confirmed the principle: no dealer can use a trademark as a badge of control to monopolise import or distribution.

Beyond government intervention, parallel trade looks set to flourish here where large profit margins, devalued currency and punitive import duties have made standard Western “mod-cons” into luxuries.

It is believed there are already hundreds of local grey traders. Some retail through their own shops and many operate through flexi markets – prices are normally tied to the wherewithal of the grey market.

The KX-F969 Panasonic fax machine, usually sold for about R1800, is now available through some dealers at no more than R1000. It was originally priced above R4000 in major chain stores.

A National G10 Video camera normally sells for about R3900. Grey traders sell it for R2500. The price of a Sharp 6500 video camera has been cut from R5900 to R3900.

Not surprisingly, the grey market has caused a sharp rise in advertising campaigns from official dealers who try to warn the public off cheaper merchandise.

Errol Guggenheim, managing director of Frank and Hirsch, says grey imports could destroy the local consumer electronics business.

“Companies invest millions in a brand name product – advertising, printing, direct mailers, and newspaper ads. When the name has been established in the market the parallel import brings it in and reaps the benefits without incurring any of the costs.”

“Costs are built up to sell service centres, keep staff and keep the competition in line to serve niche market niches.”

“Because of the current economic hardships the consumer is blinded by price discounts, but who will make the long-term investments?”

“Suddenly, people will find there is no longer the same service infrastructure to keep products going. Inevitably, the consequences of the brand name deteriorates and everyone suffers.”

Parallel importer Yoush Karam, whose shop at Klerksdorp is regularly swamped by priest wise marketers, says a world distribution operations between five and 10 per cent (profit margin) these days, local agents are squeezing because they are quoted to their 40 to 45 per cent.

“The big agents must not seek protection from free market principles, or dictate prices to the retailers. They must tighten up their operation, reduce their large structures and bring their margins into line.”

“They talk about service but what we offer is better protection at not so great. We offer a better guarantee and we’ll swap or repair everything we stock.”
Row after flea mart evictions

Staff Reporter

ABOUT 160 flea market traders, many of whom are dependent on Sunday trading, have nowhere to go after being evicted from the Muizenberg pavilion yesterday.

Municipal beach constables approached the traders shortly after they set up their stalls yesterday morning and told them that their lease had expired at the end of April and they had to leave.

This started a war of words, with disconsolate traders claiming city council discrimination against them and the assistant city administrator disputing the marketers’ version of the row.

Ms Samantha Pettifer, whose mother was the leaseholder for the Muizenberg flea market, said a council official had told her trading could continue until a proposed redevelopment of the pavilion commenced.

However, last Thursday she was told by the city council that the flea market was not allowed to trade. Ms Pettifer said she then contacted Assistant City Administrator Mr Ben van Rensburg, who told her trading could continue.

When the traders were confronted by the beach constables yesterday Ms Pettifer again called Mr Van Rensburg, who told her that she was not allowed to trade at the pavilion.

Mr Van Rensburg vehemently denied Ms Pettifer’s allegations, saying the decision to end flea market trading was made by the council, and he did not have the authority to allow trading.

“Not even the town clerk can give them permission,” he said.

The council had also not received a written application for an extension of the lease, Mr Van Rensburg said.

The stallholders, some of whom have traded at Muizenberg for five years, were up in arms over the council decision.

“Where will we go?” one said.

“There’s no business in Hout Bay, and no space in Green Point.”

“It’s a disgrace,” said another.

“There is a lot of unemployment, and when people try to employ themselves they are closed down.”

Many of the traders have just purchased stocks. They demanded to know whether the city council would compensate them for their losses.

“A flea market generates a lot of business. They’re putting people out of a livelihood,” Ms Pettifer said, contending that businesses in the area benefited from the amount of people who wandered the flea market.

Spokesmen from the nearby Mike’s Kitchen and Milky Lane restaurants agreed with this, saying the loss of the flea market would markedly affect their Sunday business.
A week to focus on small business

Theo Rawana

About 100 business organisations and institutions would take part in at least 400 events in the 1992 Small Business Week (SBW) at the beginning of October, SBW national committee chairman Tom Kedzierski said yesterday.

Addressing an introductory week in Johannesburg, Kedzierski said this year's event, with the theme "Our Key to Wealth," was aimed at making decision-makers aware of the importance of small business.

"Local authorities countrywide are going to get involved in the campaign, which will give the country one week to focus on small business," he said.

The SBW's six regional committees would engage in events ranging from trade fairs, exhibitions, breakfast seminars, flea markets to workshops and competitions.

"The idea is to promote a culture of entrepreneurship among South Africans so that they will see self-employment as a viable career prospect.

"We would like to change the perception that small business means small profits and encourage a larger sector of our community to get involved in informal sector activities to help them progress to the formal sector and medium-sized business," said Kedzierski.

The following companies and organisations are represented in the national coordinating committee: First National Bank, Standard Bank, Anglo American and De Beers, Southern Life, Fabco, the Get-Ahead Foundation, the National Association of Women Business Owners, Wits University and Potchefstroom University.
EXPERTS from 13 foreign countries will be addressing South Africa’s first international conference for the small and medium enterprises (SME) sector from May 17 to 19 in Johannesburg.

The theme of the conference is “Prosperity for Africa, the Small Business Way” and is organised by the International Council for Small Business (ICSB) and the Small Business Development Corporation (SBDC).

Eight speakers from Europe, South and North America and Asia will exchange their knowledge on SME development with their counterparts from South Africa and seven other African countries.

The opening address will be delivered by SBDC’s managing director, Dr Ben Vosloo, and a gala dinner for speakers and delegates will be hosted by Mr Jan Burger, the mayor of Johannesburg.

The European experience will be presented by Professor Hans Pfeiffer, director of the Swiss Research Institute of Small Business Administration at the University of St Gallen; Italian small businessman Mr Alfredo Fava Minor; Dr Petrus Thys, president of NCMV (the organisation for independent entrepreneurs) in Belgium, Mr Clive Woodcock, British publisher and visiting Professor for small business at Stirling University, Scotland, and Dr Vihan Patel, director of the Entrepreneurship Development Institute of India.

Vosloo said “The success achieved in Pacific Rim countries over the past decade or more by focusing their economic strategies on their SME sectors, emphasise the fact that the “Small Business Way” is also the answer to Africa’s economic and unemployment problems.”

He said the SBDC was bringing speakers from abroad to the conference to encourage greater interaction regarding SME development between Africa and other countries.

“We believe that Africa has a lot to learn from the SME strategies in other countries and we hope that a conference of this nature will give impetus to the process of getting a national SME strategy implemented as an integral part of South Africa’s economic policy.”

The president of the International Council For Small Business — Southern Africa — said that the greatest challenge facing Africa over the next decade was to create a continent-wide small business culture.

“Progress has been hampered by economic factors such as low productivity levels and high entry barriers to overseas markets. Many theories have failed in practice, one being that African economies should be kick-started with big investments from abroad,” he said.

Bookings and queries should be addressed to The General Secretary ICSB-SA, Mr JAJ van Rensburg, PO Box 7780, Johannesburg, 2000 Tel (011) 645-7251 or fax (011) 632-2791.
Stokvel unit trust on the way

By CIARAN RYAN

THE National Stokvels Association of SA (Nassas) is to launch a unit trust for stokvels.

Stokvels are savings clubs in the black community. Surveys suggest there are 24,000 stokvels in major metropolitan areas and as many as 800,000 countrywide with a total membership of 10-million.

Their cash flows are estimated at more than R206-million a month, most of which is placed with financial institutions.

A stokvel unit trust could provide a better return on savings and allow members greater access to formal borrowing.

Stokvel members are generally drawn from poorer sectors of the community. They are a poor credit risk in banking terms.

But some fund managers suggest there is no need for a stokvel unit trust. Existing unit trusts can handle this business.

Stokvel members complain that they are denied access to formal borrowing because their savings are lent to relatively wealthy whites with good credit ratings.

Nassas spokesman Stephen Japp says: "A unit trust will give stokvel members a better return on their money. They will be able to offer unit trust money as collateral against loans from the financial institutions."

But some fund managers suggest there is no need for a stokvel unit trust. Existing unit trusts can handle this business. There is nothing to stop stokvel members from collateralising their investments through unit trusts. It is estimated that 30% of unit trust holders are black.

Syfrets and Nassas will teach stokvel members how the JSE and unit trusts operate. Together with Old Mutual, Syfrets is preparing a package to show people how to profit from shares and unit trusts.

Syfrets has agreed to administer stokvel funds at a reduced price.

*See page 4.*
Black business loses millions

By Joshua

1324

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Small businesses need help
Year's prosperous and
Hedonistic, rich
Sharing, who would

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Starting a business

COMMENTS made about a business also apply to the purchase of a company or close corporation (the difference between these types of organisations was described earlier in this series).

In particular, you must obtain professional advice and the necessary finance before you commit yourself to purchasing a company or close corporation.

The financial statements of a limited company are required by law to be audited.

This means that an independent expert has to examine the financial statements and much more reliance can therefore be placed on audited, as opposed to unaudited, financial statements.

This may make the valuation of the business easier, as the financial information on which it is based is more reliable.

The financial statements of a close corporation do not have to be audited, but must be reviewed by an accounting officer.

This provides some degree of comfort as to the accuracy of the figures in the financial statements.

Before committing yourself to buying a business, your accountant should examine the last three years’ audited financial statements as well as up-to-date management accounts and projections (if available) particularly as regards the valuations of assets, contingent liabilities, and the company’s tax position.

Remember that when you are buying a company or close corporation, you acquire everything that it owns and owes, including all liabilities, whether disclosed or undisclosed.

It may be preferable to acquire certain specified assets, rather than all the assets of the company. Your accountant will be able to advise you in specific instances.

Beware of people trying to sell a “tax loss” as an asset.

It is true that, in normal circumstances, tax losses can be set off against future income, but there are anti-avoidance provisions contained in the Income Tax Act.

Share transfer

A change in shareholding accompanied by even a relatively minor change in the nature of the business could cause the company to lose any tax loss benefit.

When a share in an existing company is transferred, stamp duty is payable on the fair market value of the consideration. This is generally payable by the purchaser.

Always make sure you have adequate finance (see later articles in this series) before committing yourself to the purchase. This applies to purchasing a business, a company, or a close corporation.

□ Next week Franchising and other opportunities
Home is where this hearty brew is ...

Migrant workers say only 'umqombothi' can quench their thirst - for friendship and for home. Sabata Ngcaci reports.

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URTHLY, migrant workers make the 'umqombothi' their first stop when they arrive in townships, to quench their thirst and enjoy the company of others.

The traditional brewing of 'umqombothi' involves a series of steps that are passed down through generations, often performed by women who are considered the keepers of the tradition.

The process begins with gathering the ingredients, which can include maize, beans, and other vegetables. These are then cooked and mashed, followed by the addition of water and other ingredients, such as sugar or honey. The mixture is then left to ferment for a period of time, during which it develops its distinctive flavor.

Once the fermentation process is complete, the 'umqombothi' is ready to be consumed. It is often served in traditional containers, such as gourds or clay pots, and is shared among friends and family.

In recent years, 'umqombothi' has gained popularity among urban residents who are seeking a taste of tradition in their daily lives. It is often served at social events, such as weddings and funerals, and is a favorite drink for gatherings with friends.

Despite its growing popularity, 'umqombothi' remains a deeply rooted tradition in South African culture, and its origins can be traced back to the Xhosa people, who have passed down the art of brewing this delicious beverage from generation to generation.

For many migrant workers, 'umqombothi' is more than just a drink; it is a symbol of home, community, and a reminder of their cultural heritage.

Photo: Yunus Mohamed
Training centre for small business

A small and medium enterprise training institute has been established by the Small Business Development Corporation to meet SA’s urgent need for business training, MD Ben Vosloo said yesterday.

He told the International Council for Small Business of Southern Africa conference in Johannesburg that insufficient attention had been paid to the self-employed owners and managers of small and medium enterprises. These were major stimulators and creators of job opportunities and economic growth.

The SMS Training Institute would focus on developing entrepreneurial, administrative, business and management skills. Vosloo said the SBDC had tried to create an “entrepreneurship culture” over the past 10 years and to do this training had to be accessible, affordable and relevant to the needs of the community.

SBDC Cape Town GM Wolfgang Thomas said the pendulum in Africa was swinging away from state intervention towards private enterprise, decentralised government and self-employment and had dramatically increased interest in the role of the entrepreneur. But to grow, Africa needed a larger reservoir of experienced, self-confident and well-motivated entrepreneurs.

The stock of non-African entrepreneurs was also inadequate and their role in development was still impaired by the “inadequate integration between them and the African entrepreneurial groups.”

Enterprise magazine reports the SBDC has granted more than 29 000 loans totalling more than R1.5bn over the past 11 years.
SBDC launches training institute

JOHANNESBURG — A small and medium enterprise training institute has been launched to meet the country’s urgent need for business training, the Small Business Development Corporation announced yesterday.

The SME Training Institute would focus on developing entrepreneurial, administrative and business and management skills.

SBDC MD Dr Ben Vosloo said insufficient attention had been paid to the self-employed owners and managers of small and medium enterprises — who were the major creators of jobs.

“There is a vast need for appropriate training which is accessible.”
US boost for black business

A United States congressional grant of $240 million (about R600 million) to promote black small business development in South Africa should materialise within two months.

The latest edition of Finance Week says the SA-American Enterprise Fund will be facilitated by a Bill put before Congress by House of Representatives Africa Subcommittee chairman Mervyn Dymally, a leading member of the Congressional Black Caucus.

The Bill preamble says the fund will "promote equitable participation in a competitive free market in SA by the black population, including the ownership of business concerns, participation in the agricultural sector, and joint ventures between US persons and black citizens."

— Staff Reporter
Big Problems for Small Businesses

The Weekly Mail, May 22 to 28, 1992

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Franchising and other business opportunities

You may have the skills and experience to set up your own franchise, or you may have run a business in the past. The key is to identify what type of business you want to run and what profit you can expect. You may also consider running a franchise under a different name to avoid direct competition.

You may have the skills and experience to run a franchise, but you may need to do your own market research to find a suitable location. You may also need to invest in additional training or equipment.

In any business opportunity, you need to consider your comfort level and your ability to invest. You may want to get advice from a professional before making a decision.
Extremely low disposable income is one of several reasons investors have been reluctant to finance shopping complexes in the townships. But this pattern may be changing, argues Macdonald Temane:

Can South Africa's black majority sustain regional shopping centres? The answer is yes and no.

Unfortunately, there would be enough people per square kilometre living around such centres. However, the disposable income in these areas is extremely low.

Shopping centres in black townships compete with attractive centres situated nearby.

One should remember that travelling to the other centre is part of the weekend entertainment of township residents, given the limited entertainment and sports facilities in most black townships. Many townships' last income earners in the higher groups following the abolition of the Group Areas Act. This does not affect spaza shops once higher-income centres do not buy there anyway.

It does, however, affect spending levels at regional shopping centres inside the township.

Business premises are scattered in an unplanned fashion. Thus, regional shopping centres are usually not located in good spots.

The consumption and buying patterns of township residents are either obstacles regarding the economics of large shopping centres. Most residents buy small quantities frequently, with buying periods peaking in the early morning and late afternoon.

Notwithstanding these factors, there can be little doubt that quantities consumed in the major townships are very high. South Africa's recent political history has created a climate where public opinion for or against a shopping centre can easily be influenced by pressure groups.

In particular, the participation of anchor tenants -- the major national consumer chains -- is still a serious issue, with spaza-shop operators regarding large shopping centres as a threat to their livelihoods.

This is essentially the same type of opposition found among white and coloured entrepreneurs during the early 1990s when hypermarkets were introduced in the urban areas.

We all know the added benefit of a regional centre is the general stimulation of local shopping areas such as Sandton and Rosebank near Johannesburg are proof of this phenomenon.

Yet, spaza-shop operators are aware that such supplementary "buying" of supermarket clients hardly extends to those in the lower-income range who consume basic goods. Thus, what undoubtedly is an advantage to an up-market clothing boutique in the Sandton area does not apply to a poorly organised and highly-priced spaza operator close to a new Pick 'n Pay hypermarket in the townships.

The opposition from retailers in the townships is based on the reasoning that they and the anchor tenant carry similar mandates.

This latter view may be short-sighted, yet one should bear in mind that about 80 per cent of the disposable income of township dwellers is spent outside township borders.

Money is, in fact, spent where it is earned and new regional shopping centres would compete for the 20 per cent of the disposable earnings that reach the townships.

Established retailers in the townships may actually have a point. Only if the overall pattern of job creation, income generation and consumer spending change and a greater balance is achieved between black and mixed areas, can one expect a change in attitude from the township operators.

The situation is not static, however. The population in the township increases rapidly and so does the disposable income of blacks in South Africa. The increasing effectiveness of collective bargaining further increases disposable income among township residents.

With the rapid political changes, changing influence on the spending of pension fund savings will also mean have an effect on the investment pattern of all.

While these factors of change are in progress, township communities may also be changing their attitudes. Visible signs of successful partnerships between white and black entrepreneurs, the spreading of franchises, and successful diversification of black-owned enterprises around some of the regional shopping centres may lead to such changes.

Thus, it may be too early to reach a conclusion on the future of regional shopping centres made the black residential areas.

Macdonald Temane is managing director of the Soweto Investment Trust Company. His article appears in the latest issue of The South African.
This doll's gotta lotta style!

She built a mansion out of a molehill

By KATE MAMABOLO

SHE was retrenched three times. Today she's a hotshot.

From a small office and three machines in 1987, Luona Mothiba, 43, has risen to the post of managing director of her own firm.

Besides running her thriving interior decorating company, Luona has founded an interior decorating school.

Her company caters for big names like designer Ronald Sanders, with whom she shares premises.

Besides the orders she does for interior companies, Fabric Library also uses her services in their showroom. In 1990 Luona designed for Sun International.

Luona said interior decorating was a rare service in our society.

She said: "Luona is not only a business to me, but a talent. I have not gone to school for what I am doing. I did not even finish my high school. But the work that I do encourages my creativity. Give me anything to work on, and you will be amazed at what I can do."

"A high percentage - 99 percent - of my clients are white. All my clients are satisfied and refer others to me. Only a few black people use my services."

She said that while blacks had mastered the art of elegant dress, "we cannot dress our homes in the same fashion."

And yet, she said interior decorating could be inexpensive.

"Old furniture can be beautifully refurbished by applying a few simple but effective techniques."

Confirming her talent, Luona's stand at last year's Matchmaker Sagnostics was judged best out of 100 exhibitors.

Her busy little factory in Eastgate Extension 11 is run by three employees operating four machines. This obviously means plenty of hard work and overtime during busy times.

Students of her interior decorating school in Marlboro do a year-long course.

Lucia said that the would-be decorator's basic requirement was taste before creativity.

Northern Venture Capital Trust takes care of the expenses such as machinery.

Behind every successful woman there's a man - in this case it's her husband, James.
**Unite, top banker tells businessmen**

BLACK businessmen should not let petty business differences separate them if they wanted to hasten economic growth.

This was said by Mr Solly Makole, Free State and Lesotho regional manager of the African Bank, at the opening of the 28th conference of the Free State African Chamber of Commerce in Thaba Nchu at the weekend.

Makole said it was important for blacks to take part in all sectors of the economy in order to alleviate problems facing them.

He said blacks should not restrict themselves to businesses such as taverns and informal trading stores.

Also speaking at the conference, the national deputy president of the National African Federated Chambers of Commerce, Mr Archie Nkonyeni, said South Africans should avoid what befell the rest of Africa where political liberation did not go side by side with economic liberation.

He said there was still much needed to be done to redress economic problems. - Sapa
**UN renews plea for Mozambicans**

**LONDON —** The UN yesterday renewed its call for the SA government to grant refugee status to 100 000 Mozambicans who have fled across the border.

A spokesman for the UN High Commissioner for Refugees (UNHCR) in Geneva said it had asked government to extend their mandate in SA to cope with the growing crises in the refugee camps.

In September last year, the UN signed an agreement to assist in the repatriation of 15 000 exiled South Africans. The operation began in December — marking the first time in 30 years that a UN body had been allowed to operate in SA.

Now the UNHCR was trying to persuade SA to give the refugees UN protection, said Christien Bertheau, the head of the UNHCR's office in Geneva.

The drought and civil war in Mozambique has resulted in a continuous stream of exiles — in spite of the forced repatriation of up to 50 000 people a year.

BBC news yesterday highlighted the plight of the refugees who walk for days and risk their lives crossing the electrified border fence into SA to escape drought, famine and civil war.

According to the BBC, SA has maintained that giving Mozambique's exiles UN refugee status is not an option.

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**ANC, govt agree to more meetings**

**SAINT LUCIA —** A panel of senior government and ANC leaders who met on Monday night said that more bilateral meetings should take place in an effort to bridge differences that had emerged at Cosida's previous meeting.

The meeting, attended by government's senior negotiators and a host of senior ANC members, was held in an effort to clear the air after more than a week of vociferous public debate.

The decision to hold more bilateral meetings is perceived as one method of ensuring the progress of negotiations, which currently hang in the balance following the impasse at Cosida II.

More bilateral meetings between the ANC and government are held, the focus of negotiations will inevitably move away from Cosida to these meetings between the two leading members of the two main blocks at Cosida.

The focus of discussions at the Monday night meeting was the outstanding disagreements which emerged during discussions in CODESA's working group 2 which was dealing with the form of the interim government and the constituting-making bodies.

However, no solution was proposed to any of the major outstanding disagreements between government and the ANC. Neither did the parties broach the thorny issue of the percentage required for a new constitution to be passed.

The issue of the CODESA forum which will decide these issues was also not agreed, although it is known that government is in favour of merging CODESA working groups two and three which have the task of discussing transitional government.

There is some hope that agreement on the outstanding issues will be reached before the current session of Parliament ends in June, and both government and the ANC have publicly stated their intention to pursue this goal. However, the chance is considered small.

The meeting was held in a friendly atmosphere and the damaged relations between the two sides, exacerbated by the series of accusations and counter-accusations, were partially healed, a source said.

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**Informal sector in anti-AIDS project**

**AMERICAN Duncan Earle, director of Population Services International (PSI), is planning to use the informal sector to distribute 4-million condoms a year in the AIDS-stricken Natal province.**

Business development magazine Enterprise reports that Earle will mount the first phase of the project with extensive research to establish a new brand of condoms that markets within the culture of SA.

A private, non-profit organisation, PSI has launched health and family planning programmes in 20 developing countries around the world, including about 12 in Africa.

Earle aims to enlist an "army of wholesalers" who will make condoms and vital health information available in shebeens, bars, spaza shops, factories, transport depots and through pavement hawkers.

These retailers will also act as advisors and will be equipped with basic training, says Earle.

He plans to get the condoms on sale throughout Natal by mid-year and go nationwide next year.

The main thrust of the condom programme is to curb the spread of the HIV virus which leads to AIDS, and which is particularly prevalent in Natal, says Earle.

Earle says that at R1 each condom is too expensive for the average South African, so PSI intends slashing the retail price between 15c and 20c a piece, or 50c for a pack of three.

While parent company PSI-USA has pledged substantial funding, PSI has also been negotiating with a number of top SA companies for financial support.

The entire project is being run by Earle from his office in Durban.

He was responsible for launching similar projects in Cameroon, the Central African Republic and Benn.

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**Gambler cites Act in reneging on debt**

**CAPE TOWN —** A Sea Point casino has sued a Constantia man for a R75 000 gambling debt which he refuses to pay, claiming it is not enforceable by law and that he lost the money playing an illegal game of chance.

Highbet Entertainment, trading as The Club, claimed in the Supreme Court in Cape Town on Monday that Ruby Rutenberg of Daw Avenue had stopped payment of a cheque for R75 000 in settlement of losses for one night's gaming and demanded immediate payment with interest.

In an affidavit Rutenberg admitted stopping the cheque, but said he was entitled to do so.

He said he issued the cheque to The Club in settlement of a gambling debt which was not enforceable by law and which he was not obliged to pay because the transaction was in contravention of the law.

On April 21 he went to the casino and arranged for The Club to provide him with credit. Before being given his chips he had to sign a blank cheque which would prevent a gambler from later refusing to pay.

He was provided with chips worth R75 000 and by the end of the evening he had lost the lot.

He played a game called ace high which was a variation of blackjack.

The game was "predominantly one of chance", as even a skilled and experienced player could do little when he had a weak hand, Rutenberg said.

Although it was sometimes contended that "card counters" — players who had the rare ability to count and remember which cards had been dealt — could predict with some accuracy what most of the remaining cards would be when the game had progressed to a certain stage, he disputed this. — Sapa.
SA growth hinges on small business focus

BY AUDREY D'ANGELO
business Editor

Both the government and the private sector have called for more support for small businesses in the country. However, implementation of these policies has been lacking, resulting in a lack of growth in the small business sector.

The government has introduced various initiatives aimed at supporting small businesses, such as tax incentives and access to finance. However, these initiatives have not been implemented effectively, leading to limited impact.

Private sector players have also been active in supporting small businesses, through various forms of investment and mentorship. However, the participation level of small businesses in these initiatives is still low.

In conclusion, while there are efforts to support small businesses, more needs to be done to ensure effective implementation of these initiatives. This would help in driving growth in the small business sector and contribute to the overall economic growth of the country.
Investment product being tailored for stokvel members

STOKVELELS and a major financial institution are edging closer to producing a new investment product for stokvel members.

And a number of investment companies in the US and Britain have signalled they would invest in the product, provided it yielded good returns and was "benefiting the people on the ground".

National Stokvels Association of SA (Nassco) president Andrew Lukhele recently announced that his organisation planned to help alleviate the black housing crisis by diverting millions from banks to unit trusts, which would serve as collateral for home loans since banks were reluctant to lend money to township residents.

Lukhele said the arrangement would allow black savings to be ploughed back into black communities, rather than having the money lent to affluent whites.

The latest Marknor survey of the informal financial sector indicates a 62.5% growth in the money collected by stokvels in urban areas.


Nassco consultant and Tremsen Broker Services MD Stephen Japp said yesterday although some Nassco members had invested in Syfrets-administered unit trusts, the services group was unable to produce "the type of product which Nassco wants".

Nassco had, therefore, entered into a joint venture with a major financial institution with a view to developing a "unit trust product tailored to meet the needs of the stokvel members".

Japp would not name the financial institution, but said it was anticipated that the unit trust product would be available within three months.

Lukhele said the recent De Loor Commission report on housing supported Nassco's conviction that stokvels could play a role in meeting the black housing backlog.

'Affirmative quotas fail'

AFFIRMATIVE action programmes fail in SA because they are geared towards meeting recruitment quotas rather than developing the potential of blacks and women.

This is the view of human resources consultant Linda Human in a paper to be delivered at next month's fourth annual conference of the Institute of Personnel Management's (IPM) human resources development division.

She says other reasons for the failure of affirmative action programmes are:

- That blacks and women are expected to function in a white male world which remains uncommitted to people development;
- A lack of commitment on the part of top management.

"It is time for managers to accept their responsibilities in relation to the disadvantaged... it is also time for blacks and women to accept responsibility for their own development," says Human.
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LIKE HAWKERS BUSINESS

There's no business

BY CHRIS MAGUCA, EDITOR
Impress financiers with a good business plan

Before starting your business, you need to make sure you will generate enough cash so that you can pay your creditors, expand the business and, of course, enable you to live. To start with, you will probably need to borrow some money (to be discussed in the next article) so the providers of finance will expect to see a business plan.

This will help you decide how much money you are going to need and also provide a yardstick against which you can measure your performance.

Standard layout

If you have had no previous experience of writing a business plan, your accountant will help you, but you must appreciate the key financial details of the business and the basis on which the plan is prepared.

You must tailor your business plan to the business you are going to operate. A standard layout for a business plan just doesn't work.

Nevertheless, essential features are an income statement, balance sheet and cash-flow forecast.

While the details of these may change, the broad outline will not.

Although the writing of a business plan is fairly involved, requiring professional advice, try to let your own enthusiasm for your venture express itself in your plan.

You can broadly split the ideas for your plan into:

- Estimated figures, which are your estimates about such items as sales, and administration expenses.
- Assumptions, which forms the basis of your plan and might include:
  - Level of projected sales and any increases in volume
  - Gross margin
  - Expected level of inflation
  - Expected rate of taxation.
  - Expected trend of interest rates
  - Capital expenditure and its timing
  - Stock turnover
  - Debtors' collection period.

- Creditors' payment period
  It is tempting to be overly optimistic with your assumptions. Don't - you will never meet the demands imposed on you.
  Have you considered that your business could have seasonal fluctuations? Take these into account when preparing projections.
  Have you thought about your set-up costs?
  There will be a period when you have 'significant' cash outflows which are not compensated by any inflows of revenue. This period may be longer than expected.
  When specifying the type and amount of finance that you need, err on the side of caution. Financiers will not be impressed if you come back shortly after starting, asking for more money. Things often go wrong in business. Allow for leeway in your budget.

- A bank, or other source of finance, will require projections for at least a year and, if possible, you should go beyond this. A satisfactory projection might be:
  - First year - monthly projections
  - Second year - quarterly projections
  - Third year - annual projection.

- Your projections should include a cash-flow forecast, a balance sheet and income statement.
  This not only indicates whether you are seeking to fund a profitable organisation, but proves the arithmetic accuracy of the figures that you have produced.

- A micro-computer can help you immensely in setting up projections and you will find that you can change your assumptions easily and assess the effect of these.

- A one or two-page "executive summary" gives the reader an overview of the business. This should indicate the background to the venture, brief details of the product, what the finance is required for, the amounts required and projected results.

- The plan should cover the points mentioned above, but should not be excessively detailed. A potential backer will not want a long report.

- If your proposed plan exceeds 10 to 12 pages, try to make it more concise.

- It is difficult to specify exactly what you need to include in your business plan, but you ought to consider:
  - Your products
  - The premises from which you intend to operate
  - Relevant extracts from the curriculum vitae of each member of the management team
  - Your marketing strategy
  - Your competition
  - Past performances (if any)
  - Financial projections and assumptions relating to them
  - The financial resources required and what changes will be necessary if your assumptions prove either pessimistic or optimistic.
  - Your assessment of the risks involved in the project.

Answer questions

We need to stress again that while it is important to get professional advice when preparing a business plan, you must be personally involved yourself. It is your plan.

You will be asked about the features of the plan and must be prepared to answer questions on it.

One of the main reasons for a business venture failing to attract the finance that it needs is a poorly presented business plan.

A proposal for bank finance requires specific information and has to be structured to ensure its maximum impact.

- Next Source of finance
The little guy who serves the nation

Joe Low talks to a man who has found life selling in the city.
Small business to get help in crucial labour relations field

SMALL and medium size businesses are losing money because they lack labour relations skills, says Mr John Naudé of the Western Cape region of the Small Business Development Corporation (SBDC).

He says the most apparent areas are badly motivated workforces, low productivity, time wasting from inadequate disciplinary and grievance procedures, and the resultant costly legal and other expenses in the event of disputes.

"Indications that unions have targeted small and medium businesses for membership drives have heightened the need for employers to improve their basic labour relations skills," says Mr Naudé.

"It is unfortunate that many businesses still do not appreciate that proper techniques can, for example, prevent industrial court litigation and contribute to an improved bottom line."

The SBDC has now developed a training course "Labour relations for the small business" which is suitable for businesses employing between five and 100 people.

The next course will be held on Mondays and Wednesdays each week, from 6pm to 9pm, running from June 8 to July 8.

It will be presented in the SBDC offices at 60 Sir Lowry Road, Cape Town.

Participants will receive a comprehensive course manual on registration and a certificate of achievement upon successful completion of the course.

Further details are obtainable on (021) 462 1910.
Unionising small business

THE impact of trade unions on small business and the need to link small and big business were the major themes at this year's National Industrial Chamber held at the Jan Smuts Holiday Inn at the weekend.

The NIC, which is an affiliate of Nafo, represents more than 4,000 small manufacturers, industries, parastatals and large corporations in South Africa.

Co-ordinator Mr Phal Machaba said that the intention of the conference was to link big and small manufacturers because of the important role they would play in the post-apartheid South Africa.

Speakers included: Barlow Rand's Mr Robert Robb, Habakuk Cane's Mr Habakuk Shikwane, and representatives from trade unions.

The impact trade unions have on small manufacturers was also discussed.

"Many entrepreneurs see the unionisation of their labour force as an area of concern, especially in the prevailing climate of widespread unemployment," Machaba said.

According to Get Ahead, informal manufacturing in South Africa accounts for half of that found elsewhere in Africa, for example in Marcus and Nigeria.

NIC's president said they intended putting black manufacturing on the map as people usually associate black business with retailers or taxes.

He said the critical unemployment situation in South Africa meant there was a need to learn how to maximise small business promotion.
Blacks to get a cash boost

THE United States Congress is to decide soon on a grant of millions of rands to promote small business development among blacks in South Africa.

The proposed grant is the subject of a Bill now before Congress and introduced by House of Representatives Africa sub-committee chairman, Mr Mervyn Dymally, who is a leading member of the Congressional Black Caucus.

It is understood that his sponsorship of the Bill arises from meetings in Washington earlier this year between South African businessmen, Congressmen and members of the South African-American Business Council.

Members of the council include ANC president Mr Nelson Mandela, economist Mr Maxwell Sisulu, Fabcos chairman Mr Gaby Magunonela, Soweto Investment Corporation's Mr Macdonald Temaile, and director of Consumer Behaviour (Pty), Mr Eric Matuna.

Matuna, who is interim chairman of the business council, said the aim was to foster a closer working relationship in the areas of business and economic development between "dispossessed" South Africans and Afro-Americans.

It was also aimed at transferring technology and skills to underprivileged South Africans.

The new South Africa would be helped through joint ventures, networking, lobbying and capital formation efforts.

There would be a review of investment and business proposals from US corporations planning to locate or relocate in the country in order to assure appropriate "Affirmative Action Guidelines" were adhered to and respected.

"The purpose of these guidelines will be to ensure that each investment contributes to the overall economic cen..."
Small business in a crucial position

SMALL business is a crucial part of economic development.

However, in South Africa small business was very limited in number and scope as opposed to other countries in Africa such as Kenya.

Addressing a seminar on labour relations on small business, Cosatu's Dr Benne Fanaroff said the trade union's view was that "we should achieve economic growth through redistribution."

He said that meant "we must stimulate the economy and create jobs by providing the basic goods and services which people do not have."

The two most crucial projects are housing and electrification, he added.

The building of houses and the installation of electricity must be done in a way which encompassed the community.

It must create opportunities for work and for local entrepreneurs in the community, so that both money and skills were left in the community. Building must not just be done by big companies using industrial methods.

The electrification programmes, for example, should be able to have a spin-off of new job opportunities and there must be small business development programmes to take advantage of new opportunities created by electrification.

Fanaroff said it had been proven overseas that electrification projects create job opportunities. Local electrification projects should be done in a way which involved many entrepreneurs.

There should be self-managed work teams by Escom. In that way the company would not only provide electricity, but would contribute to community skills.

"Cosatu, Nactu and the civic association have driven the development of the National Housing Forum and the National Electrification Committee."

"The civic association together with some unions have proposed the establishment of a Bank of Re-construction which may be able to offer finance to small business initiatives. This bank will not be dominated by big business and Government," he said.

The unions were also fighting for a very large programme of training and skills development which must be based on modules, and there must also be adult basic education together with the technical training.

"Workers who are re-trenched must be re-trained so that they have skills to take into the community," he added.

Cosatu recognised the existence of small businesses.

However, "we are not prepared to see a development of small businesses based on exploitation. The trade unions are fighting for a ban on re-trainments and against job losses. They are negotiating to re-structure the industries to create more jobs.

"We believe that the time has now come for the labour movement to talk formally with small business in order to support each other instead of being in opposition to each other," he said.
SBDC opens a hive in Phillipi

MORE than 60 small businesses ranging from clothing manufacturers to welders have taken units in the Phillipi Small Business Centre in the Western Cape.

The majority of these have "graduated" from backyards and are operating from formal premises for the first time.

The centre, a landmark on the Cape Flats, was bought by the SBDC after it became aware of the need for suitable and affordable premises in the developing communities.

SBDC's senior manager Mr Johan Naudé said they were challenged to buy redundant factory premises and sub-divide them into mini-factories and have units of between 50 square metres to 20 square metres, ideally suited for small enterprises.

The centre also incorporates a bank, a first for the townships as well as doctors' and dentists' surgeries and a chemist. Other commercial activities such as spaza shops and a dry cleaning depot are due to open soon.

The SBDC envisaged an integrated business complex on the site, with a shopping centre being an option for consideration in Phase 2 of the development.

Project manager Mr Ken Briggs said that training and mentoring services were available at the centre and were regarded as a priority to upgrade business skills.

"Mentors are assisting tenants with financial aspects such as record-keeping and costing, as well as technical skills," he said.

Basic business training was also provided, and a training centre was being planned for the complex, he added. These services were available to businesses in surrounding areas.

Future developments in the area were crucial in order to meet the job creation challenges for residential areas such as Nyanga, Crossroads, Brown's Farm and Matche's Plam.
THE nation-wide network of 35 industrial hives created by the Small Business Development Corporation have provided the launch- ing pad for about 2 000 small enterprises.

The total would grow still higher with the start of six more hives in the pipeline, the SBDC's managing director, Dr Ben Vosloo, said yesterday.

Each one was regarded as a bridge from the informal to the formal sector of economic activity - allowing breathing space to make the transition.

He described the hives as incubators where a new generation of entrepreneurs could be hatched and nurtured while they tested their production and management talents.

The "industrial hive" is a phenomenon created by the SBDC.

Apart from providing basic accommodation at reasonable rentals, tenants are provided with the SBDC's collective support services.
Ibec’s micro-loans put businesses on their feet

By FERIAL HAFFAJEE

At the end of 1990, four destitute women from the Eastern Cape approached the Informal Business Enrichment Centre (Ibec) for loans of R1 500 each.

They got the loans and bought shoes from a wholesale outlet. Then they set up a colourful shoe stall on the highway to Mdantsane, a sprawling township near East London.

Business flourished and at the end of January 1991, they managed to repay their loans and needed a further loan to expand.

The story of these women illustrates Ibec’s mission “We deal at a grassroots level and make access to finance easier,” says Ibec executive director Reggie Naidoo.

Ibec’s success rate speaks for itself. Its bad debt rate is only two percent and more than 90 percent of the 420 businesses it helped start continue to flourish.

Ibec is geared to assisting mainly informal and emerging businesses. 350 informal businesses got start-up loans from Ibec and 70 emerging or manufacturing businesses were also helped by the organisation.

Most of the country’s unemployed live in the Border region. Ibec was started in December 1990 specifically to find some solution to the unemployment crisis in that region.

Mercedes Benz provided funding of R200 000, the Mobil Foundation gave R40 000 and Tiger Oats gave money toward infrastructural costs.

Ibec’s loan book is small (only R500 000) and its access to funds even smaller. For this reason, it gives only micro-loans, the average loan is R1 000 but it can go up to R5 000 if the business does well.

Behind the success of this small enterprise is the motto that “we are a development not an assistance organisation”, says Naidoo.

Education is central to the programme. All successful applicants must go through a variety of courses run by Ibec before they are given a cent. “If applicants don’t pass the test, they have to start again,” says Naidoo.

Education for the entrepreneurs includes motivational courses, business awareness classes, skills training and commercial courses run in conjunction with the Fort Hare Institute of Management.

And while Naidoo is proud of Ibec’s reputation as a non-governmental organisation, it is run along strict business principles “We are not a hand-out organisation,” says Naidoo, explaining Ibec’s strict feasibility studies.

The Mobil Foundation says “The Ibec has made exceptional progress over the past year.” The foundation is particularly impressed with the careful and successful links Ibec has launched with the formal sector.

In addition to arranging training from a variety of businesses for its clients, Ibec has also brokered a number of mutually beneficial contracts between formal eastern Cape businesses and its clients.

Naidoo attributes the success of the organisation to the fact that it closes off its offices every three months and goes into the field to evaluate all the businesses it has funded. It also has regular audits and costs are watched carefully.

Ibec’s success has persuaded the organisation to go national and during this year it opened offices in Johannesburg and Durban.
Killed in Violence
18 Achiib Members

SOWETAN BUSINESS

BY JOSEPH MADZOKO

AT least 14 people were killed in the last three days of violence in the PWV and several others were injured.
Looking for a job? Why not become a boss?

By Johan Naudé

Much in Made of the benefits of a strong and vigorous small business sector to the economy of a country. In recent years, countries where an "enterprise culture" exists have been at the forefront in terms of economic growth and job creation — examples that come to mind are Taiwan, South Korea and Italy.

Great emphasis is placed on entrepreneurship education in order to provide the necessary skills that people are going to need for success in business. In South Africa, we have to be more successful in generating entrepreneurs — with our employment problem we need more employers, not employees!

Most scholars and students about to enter the job market traditionally envisage themselves as being employed by someone — a government department, city council, large company or factory and in a professional capacity as an accountant or attorney.

It is apparent not enough job opportunities exist here. The self-employment option therefore warrants serious attention.

This of course also applies to those that have lost their jobs because of businesses closing down or redundancies.

What steps could be considered when preparing for self-employment?

Get a good basic education at school, and, if possible, at a college, technical or university. It should give you general skills and strengthen your self-confidence.

Acquire some specialized skill, craft or profession — something you are good at in competition with others. This can be a simple craft or something requiring more practice, anything from the repair of motor cars or computers to skillful dressmaking or running training sessions.

Use every opportunity available in holidays or over weekends — at school or during training — to promote self-employment, participate in business games or learn while doing odd jobs for small businesses.

Confidence in enterprise management comes from practical experience, and diversity strengthens one's experiences.

Continuously scan the market for business opportunities — once again starting in your area.

How do people get into business? Why are some successful and why do others fail? What makes the small business tick? What do you need to start a particular business? Where can you get capital, licences, raw materials, markets, advice etc.? With whom can you exchange your dreams?

Do not discourage your colleagues about a future self-employment career, but build upon your self-discipline, drive and tenacity to be able to tackle the problems and challenges likely to confront you when you are on your own.

Finally, systematically build up a network of friends and contacts helping in mind that access to such contacts constitutes one of the most valuable factors in successful business start-ups.

You will never be able to solve all the problems yourself — but you shouldn't take too long to find out who can give help or information.

The Small Business Development Corporation offers a wide range of services which will assist people embarking on self-employment. These include:

- Business information and business advice
- Publications on starting a small business
- Training and consultation services
- Mentoring

For further enquiries call (021) 462-1910.
Taximen delighted but hawkers dubious

By Peter David

Those who regard the present Bree Street taxi and bus ranks as a dishevelled, dangerously overcrowded magnet for mug-
gun will welcome the ambitious new Metrorail transport, retail and entertainment complex.

The complex hopes to cope with 100,000 people, 9,000 taxis and 1,000 buses daily.

The multimillion-rand centre has 17,500 m² of retail space available for shops, banks and fast-food outlets. The perimeter of the proposed hi-tech rectangle extends to Sim-
monds, Bree, Pim Extension and West streets.

But others are less enthusiastic about the development.

The corner of Bree and Sauer streets — where jetting

throng of commuters swarm during peak hours — is the street-hawker's domain. Stalls range from muti-
coloured tarpaulin tents to a single sheet of plastic on the ground. Wares include fresh fruit, snuff, bubblegum, ciga-
rettes, toilettries and bags of coloured popcorn.

Some hawkers are afraid the new centre will put them out of business.

"This development is both good and bad," says Augustine Tshuma, who has owned a hawking stall since 1936.

"More shops would create work for more people. But what if it puts us hawkers out of work? Nobody asked us about this. They should give us first choice for a supermarket or fast-food place if we can afford the rent. Our customers know us well. We have helped develop this place."

Taxi driver M.J. Nkwe welcomed the new complex.

"As long as I know I can pick up my passengers safely, I welcome this move. It will make the city look beautiful."

and healthy. Sometimes this rank here can be dangerous.

The Bree Street taxi rank has long been regarded as a notorious area for mugger

But a visit to the rank showed that perhaps it does not deserve such a reputation.

At the head of the queue for taxis destined for Randburg is a piece of yellow string tied to a pole. Attached to the string are two bunches of keys, an ID book, a worker's access card, a purse and a baby's blue leather shoe.

"People lose things, so we just leave them here until they find them. Sometimes the items hang here for weeks. Nobody ever tries to steal them," said one taxi driver.

So stop searching, Marjorie Busfield — your ID document awaits collection from the Bree Street taxi rank marked Randburg-Jan Smuts."
Franchisors’ sales grow

CP Reporter

WHILE the last two years have seen a massive increase in liquidations, a recent survey conducted by the South African Franchise Association (Safa) among its member companies, shows that its members not only survived but, in most cases, recorded growth in real terms.

Of 55 respondents to the survey, 53 reported higher unit sales for the past year and definite plans for further expansion during the current year. Between them, the franchisor companies that responded operate through a total of 2,800 outlets. They attribute their success to a combination of factors:

- Skills transfer from their well honed franchise systems to their handpicked, well trained and constantly supported franchises;
- The power of an established brand name; and
- The significant advantages of bulk purchasing and group advertising, which franchising offers to the inexperienced franchisee.

The findings are neither a flash in the pan, nor a specifically South African phenomenon. Most of the western world finds itself in the grip of a recession, and across the board, franchised businesses prove themselves to be the most resilient.

Nonetheless, Safa is quick to warn that the word “franchise” in itself does not confer any magic powers. The aspiring franchisee must select a proven concept, and once accepted, must work hard to ensure success.

It is essential to undertake a careful check on the credentials of the prospective franchisor. In the absence of any legislation controlling SA’s franchise scene, membership to Safa is a definite plus-point. Safa scrutinises its members carefully prior to acceptance, and each member is obliged to adhere to Safa’s “Code of Ethics and Business Practices”, designed to protect the investor.

In addition to reputable franchisors, Safa’s membership also includes an “affiliate category” — companies providing professional services of the highest ethical standard to franchisors and franchisees alike. One such member is the Small Business Development Corporation, which has recognised that franchising is an excellent route for the accelerated, yet sound, expansion of small businesses.

Finally, Safa presents low-cost seminars and produces publications designed to familiarise the general public with the exciting opportunities available to them. The Association’s secretariat is happy to provide a listing of publications and services on offer.
Looking for a job? Why not become a boss?

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Looking for a job? Why not become a boss?

By John Hinde

South

13/6-17/692

Much is made of the mind’s ability to learn, South Korea, and how

18 South Business
Quality key for the small man

IN Das Kapital, Karl Marx describes the main German business of his time as consisting of “petty retailers and hawkers serving the big foreign wholesale trade”.

Smaller German manufacturers of his time were producing poorer imitations of goods made in Britain.

To protect the British public from buying those German imitations, the British Parliament legislated that all goods imported to Britain should indicate the country of origin.

Germany was the target and German goods had to have the mark, “Made in Germany”.

The German response did not follow the socialist teachings of Marx.

Education, training and hard work, mixed with deep patriotism in producing the best possible quality products, became their top priority. The government provided all the necessary support to the work-giver and the work-taker.

That is why, as Dr Theo Wassermaar acknowledges in his book, Assault on Free Enterprise, the term bureaucrat is more respectable in Germany than in all capitalist countries.

The German approach has definitely paid. “Made in Germany” is internationally accepted as a mark of quality.

Germans are more productive, with very good working conditions for employees, even in foreign lands.

The Receiver of Revenue in Germany is not disliked as in other countries. Church taxes are even paid to him directly from workers’ wages and salaries, together with the normal income tax.

African business is nowadays similar to that of Germany during the time of Karl Marx.

Praises in favour of hawking and backyard manufacturing are sung by bureaucrats but with little support, or none at all on the major problems facing the smaller manufacturers.

For them, the number one is quality and this needs technical training so that Made by Smaller Manufacturers should also mean Best Possible Quality.

Our technical colleges and technikons, with support from institutions like the SA Bureau of Standards, should consider relevant technical courses for the entrepreneur, to improve his skills.

Exorbitant

Smaller suppliers charge exorbitant prices, thus compelling the SMs to produce poorer quality products to compete in price with the big manufacturers.

There are big suppliers who have bent their rules and do supply smaller quantities to the SMs but...
Move will bring prices down

Nacassa launches coffin company

The National Association of Co-operative Societies of South Africa (Nacassa), representing local societies, women's and members' clubs, launch its first coffin manufacturing company in Ekwatini, in KwaZulu-Natal.

By JOSHUA RABOROKO

The move was towards black economic advancement so that members would be able to get coffins at reasonable prices. He said that they had consulted black organizations, including the National African Funeral Undertakers Association (Nafua). This idea is the birth of the association's business sector, Léctów In-vestment Corporation (LIC), which aims to empower black businesses.

The chairman of LIC, Dr. Shomah Molokeng, said that the project would be a milestone in that it was now the first black-owned manufacturing company in South Africa.

We must make the black man circulate at least once among black people before it goes to the coffin manufacturing companies, Molokeng said.

A lack of community confidence will frustrate black businesses in the black business sector. This is why we are using community funds to finance this operation.

"We want to be at the helm of the business. We want to be the ones who control it, not the ones who are just consuming it," Molokeng said.

The association has formed in the funeral scheme, the Nacassa 4000 Funeral Scheme, which had since inception paid more than R60 000 to members.

By consulting with local funeral undertakers, the association was willing to make sure that they got coffins at reasonable prices.

"Black economic empowerment has been a buzzword in many sectors but it has been beneficial to the white owning businesses. We want to empower black people and the factories will be one of those steps towards this," he said.

Black businessmen should get out of the dependency syndrome and should start looking for themselves, he said adding, "We want to stop being beggars who are prepared to receive hand-outs from our masters."

The association had made contributions to many projects, he said for example, when the SABIC workers went on strike, we were the first to donate to the relief fund for the workers.

"We used the support of every black to make sure Molokeng added.

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Nhlanhla Mbabane tells his story.

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SBDC plan to create jobs worth second look

Though there were deep frowns in many corporate boardrooms this week as computers busily calculated the cost of production losses caused by the big stayaway on Soweto Day, the general atmosphere was relieved by the relative calmness of Day One of the ANC mass action programme.

Even so, it did little to ease the pervasive anxieties of businessmen over the state of the economy.

With spreading gloom about the prospect of a third successive year of stagnation, new investment has slowed to a crawl.

As pointed out by Naas Steenkamp in a presidential address at the annual meeting of the Chamber of Mines, South Africa's investment attractions are still more than counter-balanced at present by the image of rampant violence, the unsetness of transition and universal uncertainties about the future scenario.

South Africa, he said, must confront the blunt fact that the horn of plenty is not about to flow in the form of cash injections from overseas.

"We shall have to start developing our industry and our economy ourselves," he said.

One starting point may be a strategy devised by the Small Business Development Corporation, which it estimates could create or expand as many as 50,000 or more small and medium business enterprises — and in the process create 2.6 million new job opportunities in the next five years.

The key, says SBDC senior general manager Jo Schwenke, is the mobilisation of venture capital in a joint exercise by government and financial institutions.

He suggests an initial budget of around R600 million a year from private sector institutions (after all, equal to no more than one percent of annual cash flows in pension companies and pension funds) and R2 billion a year from government.

To allay fears in the business community at this cost, it could be launched as a modest pilot exercise with, say, R50 million from the institutions and R200 million from the government.

The SBDC, now with a 10-year track record of success with venture capital schemes, is willing to act as fund manager to select entrepreneur candidates and monitor progress.

It is a possible initiative that deserves serious examination if South Africa is going to show a bit more economic dynamism.
Centre boosts businesses

By JOSHUA RABOROKO

THE Sanlam Centre for Small Business Management was officially opened by the company's senior marketing manager, Mr Piet Craven, at the Technikon Northern Transvaal.

Sanlam is donating R15 000 to the centre for a period of five years. This year an additional R50 000 will be donated which makes a total of R125 000.

Craven said that the development of business skills for small business was "very important for the future of our country".

He said small and medium size enterprises provided employment for 24.5 percent of the economically active...
Plan to teach job skills to street children

By DIANA STREAK

The Child Welfare Society is to teach street children employment skills to make them "marketable" in the informal sector.

Director Alan Jackson said the society had seen a need several years ago to extend their services to the street children beyond simple residential care.

"An alternative school was set up by the Salesian Order of the Catholic Church to educate street children," he said.

"But we also recognize," said Mr. Jackson, "that many children we are accommodating and caring for will never be able to obtain a job in the formal sector. So what we are launching is a training programme to teach street children skills which they would be able to market in the informal sector."

He said these would be largely skills requiring the children to use their hands in fields such as building, making wooden toys, and washing cars.

He said the training would depend on the individual child's capabilities and the society would have to check in the open market what skills people were looking for, particularly in self-run businesses.

In terms of the Child Care Act any child under 15 may not be employed or provide work, and Mr. Jackson said his organization would be very careful not to employ children under age.

"We are not in the business of child labour," he said. "To be able to train younger children they would need more flexibility of the law."

He said the street children were very keen to learn practical skills which would make them employable. Although formal education was available at shelters not all children were capable or interested in learning.

"We will move as many as we can through normal schooling but many won't be, so we need the Job Creation Skills Programme."
City budget aims to help business

JOHANNESBURG City Council's R2bn budget, announced today, is expected to include incentives for businesses.

The average increase in tariffs for non-domestic consumers, including electricity and water rates, is likely to remain below inflation and possibly under the state Treasury's recommended 13% limit on local authority budget increases.

It is believed this is the first time any major municipality in SA has managed to keep tariff increases below the Treasury limit. Assessment rates in Pretoria increased by 27.1% for the coming financial year, while Cape Town announced a 15.5% rate increase.

"We have been particularly conscious of the economic environment in which we live and, in compiling the budget, have sought to keep proposed expenditure levels down," management committee chairman Ian Davidson said yesterday.

"We are very aware that we need to provide a cost-effective environment with adequate services and infrastructure to support the local economy and encourage foreign investment," he said.

Consultations were held with a number of bodies, including Sacoh, the Afrikaanse Nasionale and civic associations, during compilation of the budget.

Small businesses in particular would be likely to benefit from the 1992/93 budget, with a restructuring of tariffs and demand charges serving to ease previous budgetary discrimination against this sector.

There is considerable support in local government circles for a reassessment of the regional services council's payroll and turnover levies.

Davidson said the levies were defective and needed to be refined to resemble more closely local income and sales taxes.

Steep increases businesses are likely to face, possibly up to 20%, include sewage and refuse tariffs. The refuse increase had been in response to requests from several organisations to clean up the CBD, while a major R6bn upgrading of the city's sewerage system had necessitated that tariff increase.

Businesses provide about 28% of the Johannesburg municipal region's assessment rates income.
It's my business

Keeping the lolly at home

AFTER months of negotiations, black-owned Letsema Investments has acquired a coffin manufacturing company.

This acquisition is black economic empowerment for we are further up the production line instead of being at the end. Moreover, it is blacks using their own resources.

The much-talked about spaza shops are not economic empowerment but survival economics.

Government and some people in the corporate sector wax lyrical about these spaza shops simply because they still see us as little peddlars here and there while they hog the big lolly.

Well, Nkhato Molana, Bobby Makwetu and Sam Mabuza, who control Letsema, won’t have any of that.

Incidentally, if we talk of spaza shops and hawkers as economic empowerment, it means I was also involved in economic empowerment while at Orlando High.

I used to sell peanuts, especially when the school went out on sports trips. Mr Cyprian Mahlaba, the Cyprian Mahlaba you know, was sports master.

I used to pass him a packet of peanuts now and again and he would look the other way when I sneaked into the bus when the school went on a sports trip.

However, the amount we are talking about between Mecer and myself is only a tuckey, two and half cents in today’s currency. I must specify this in case someone wants to equalize our little scheme with what happens in Government.

Government officials do not go for anything less than a million, it is below their dignity.

Continuing with my Orlando High story, as soon as I got into the bus I sold my peanuts and the profits were good.

On one occasion there was a slight hiccup when the late Mr Arthur Tsoteng, then deputy principal, saw me in the bus and ordered me to get off. However, when the students pleaded with “papa” (as he was known) he relented.

Meanwhile, accounting teacher Mr Mthulintshali was speechless for he had checked those getting into the bus and should have stopped me.

He was speechless when I told him that I had got in through the window. All he said was: “You mean that fffot Mazwai, lesa Sdudla, Umabumbum, got in through this smolanyana window?”

He was pounding at the window at the time, incredulity written all over his face. He shook his head and, gesturing wildly with hands, said: “Well, I am beaten. This Mazwai needs a doctor abakhile, ba overseas.”

Sojourn

This was my sojourn into black, rather student economic empowerment.

Coming back to the business of the day, Letsema will employ our young artisans from the technikons and technical schools.

It is thus going to play a prominent role in the development of black skills. When artisans get a block of wood and mould it into a usable product, a coffin in this case, they are adding value.

This is what wealth creation is about. Letsema has joined the glorious company of skills developers and job providers.

How did they do it? Dues paid into the “stokvel’’ and burial society they run were used to buy the coffin company.

When death strikes at the home of a stokvel or burial society member, the funeral undertaker will buy the coffin from the Letsema outfit.

This is keeping the money at home. Letsema must join hands with black livestock farmers and National Sorghum Breweries who now produce indigenous foods.

In this way the funeral industry in the townships will be in black hands from A to Z. Circulating the rand in our townships is the way to go.
New hawkers hit the streets

Weekly Mail Reporter

The streets of Johannesburg have become home to a new breed of street hawker — the Taiwanese.

In Johannesburg's Eloff Street alone, a quick Weekly Mail survey turned up 10 Taiwanese pavement peddlers. Whether they are legal residents, illegal immigrants or tourists combining business with pleasure is unclear.

Their scant knowledge of English, or any local language, does not stop them from aggressively marketing their wares. People walking past are greeted with "Watch. Very cheap, my friend."

The prices of their wares — displayed on small suitcases — are rock bottom. Watches, jeans and t-shirts go for as little as R5.

In the past hawkers — predominantly black — were treated as criminals, regularly raided by the police. Now informal trading restrictions have been relaxed, opening the way for more and more people to make use of the street corner markets.

Anyonw who wants to trade can now do so. They simply have to go to the local licensing department, fill in a form, pay R10 and collect their hawkers' licence.

One such hawker is Chung Shu, who sells watches and t-shirts imported from Hong Kong outside the Johannesburg Sun Hotel.

He came to South Africa from Tai China five years ago when he could not get employment as a civil engineer in Taiwan, he says. He claims to be a legal immigrant.

Chung Shu turned to hawking when he could not find an engineering job because he was a foreigner — he has no intention of taking out South African citizenship. He plans to remain in the country for the next three years, he says, until his two children complete their schooling.

To many hawkers, however, the new traders are a threat. Some have accused them of "taking the bread out of the mouths" of locals.

Hillbrow hawker David Motton says there should be some control over the number of foreign traders doing trade in the streets.

And what they should do is control immigration — not just any body in.

"South Africans should get first preference and only if there is no alternative should they let foreigners in," he said.

But he says he respects people who "get off their backsides and do some work rather than sitting thereucking out their hands".

For some, the arrival of the Taiwanese traders has been a godsend. George Makubane from Soweto, who spent two months searching for a job, now works for a Taiwanese businessman hawking jeans and t-shirts. The 18-year-old earns R180 a week.
A star with gumption

Sowetan 26/1/92

By JOSHUA RABORO

Mr Jose Ribeiro Isidro is one of many Mozambicans who risked being savaged by animals and killed by Renamo bandits while entering South Africa through the Kruger National Park.

He was arrested on several occasions and sent back to his Maputo home, but his stick to find employment in South Africa never stopped and he subsequently settled in Manzini, near Mbabane.

Mr Isidro has eight years of struggle to get his documents fixed: he still hasn't got proper working papers, but he has dedicated all his time to a successful furniture business.

He started the business while a tenant in the backyard of a house in the township. A second shop was later opened.

He paid the landlord of the matchbox house R1500 a month. Together with his wife, Elisa, and another man as staff, the business is doing well.

He approached the Gift Aford Foundation and received a R5000 loan to buy wood and machinery and the orders started pouring in daily.

He moved in 1990 to larger premises and has set up new employees in the excellent furniture furniture that is styled in Cape Dutch.

Gift Aford sponsored him at the Matchekele Fair and he received many big orders and in 1991 he moved again to bigger premises with 10 employees.

One order alone accounts for 200 chairs and four desks. He has just received a R2000 loan from the foundation again, after paying the first advance.

Jose manufactures a variety of furniture, including bedroom and dressing room units, built-in wardrobes, coffee tables, TV stands, and display cabinets, to name a few.

He was born in a demotic family and was forced to leave school at an early age as a result of the liberation struggle against colonial rule in Mozambique.

However, he managed to acquire skills in carpentry from his parents who lived like nomads because of the war in the country at the time.

Life was difficult during those times. As the struggle raged it was not easy to acquire the skill because we were always on the run. Money was also a scarce commodity," he told newsmen.

In recent times, he has been faced with many allegations of being a political candidate, although he maintains some criticism is unfair.

He repaid the loans on time with the money he was paid when he was paid Lesotho.

He has succeeded in the business operation in the backyard of a Mbabane home.

But a ray of light is beginning to show at the end of the tunnel because local authorities and the Gift Aford Foundation are encouraging him to work permit as well as citizenship.

Jose is optimistic that with the reforms taking place in South Africa he will succeed and sell his products all over the African continent.

This article qualifies for the Sowetan/Sunday Times Enterprise of the Month Competition. The content is part of the newspaper's Nation Building campaign.

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JOSE RIBEIRO ISIDRO: Risked his life by walking through the Kruger National Park.

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WANZI: 27 Shop Centre, BURNS CR Market & Cooperage Sts
WINDSOR: 25 Market St and 35 Market St

GINTA: 27 Shop Centre, BURNS CR Market & Cooperage Sts

SOWETA: 27 Shop Centre, 25 Market St

SOWETAN Business 26/1/92
Informal sector flourishes as red tape diminishes

IN LINE with its policy of freeing the local economy from red tape, Pretoria has recognised an important contribution will have to come from the informal and small business sectors in the future.

Small Business Development Corporation economist Edwin Basson estimates that Pretoria and KwaNdebele between them are responsible for about 5% to 10% of all informal activity in SA.

That represents only about 0.75% to 1.5% of total GDP, compared with a contribution by Johannesburg's informal sector of up to 2%.

Small though that contribution is, it should be recognised that many thousands of people are employed in this sector of the economy and that there is considerable scope for expansion.

A city council memorandum notes the "inherent power of the informal business sector" which it envisages growing as regulation is reduced.

One of Pretoria's deputy town clerks, Charles Anderson, believes the council should seriously look at encouraging smaller producers to supply the council to help promote the small business sector.

Basson says a unique feature of the informal sector in Pretoria is the number of whites entering it, particularly those offering what he terms "high-level services".

He says in the current climate many trained people are entering the informal sector to relax.

One reason why this is happening more in Pretoria than in other centres is the city's more relaxed approach towards businesses conducted from private homes.

In the small business sector, Basson says Pretoria has a "fairly active" wood-working sector, while the many motor car component manufacturers appear to be readying themselves for a role in supplying the motor industry.

Consultant Francis Galloway has proposed to the city council that it encourage interaction between the large and small business sectors
RAPHADU MASHAO who wants the small business sector to grow.

3 want to help small sector

**By JOSHUA RABOROKO**

THREE Daveyton men have launched the East Rand Tuckshop and Hawkers' Association to expose the viability of the small business sector.

ERTHA's president Mr Raphadu Mashao said their main objective was to stand for the rights and interests of the small business sectors.

They aim to show that they can play a very important role in the consumption of goods in the market place.

**Problem**

The association, formed after investigating the problems of the informal sector in Daveyton, would embark on a recruitment drive and affiliate to one of the major informal sector organisations.

The other executives are general secretary Mr Phillip Mqeke and treasurer Mr Winston Letshoko.

The trio became friends when they started selling fruit and subsequently opened tuckshops on the East Rand.

"We are not political, but we aim to work hand in hand with other market players in order to sustain our credibility and that of the small business sector," Mashao said.

Their services include acquiring buying cards, financial loans, education and training for members and to participate in community-based projects.

For further information contact Mashao at (011) 424-7082 or Mqeke at (011)-424-7625.
BLACK women were far more likely to resort to property as an investment than their white counterparts, the chief executive officer of Focused Finance Group, Mr Chris Nixon, said yesterday.

Nixon told Sowetan Property "Although investment has always been an essential dimension to a balanced portfolio, white South African women adopt a remarkably conservative approach and tend to acquire property through marriage or divorce."

His argument is based on the large number of black women who are active participants in the burial societies, women's and men's and meloisan clubs, stokvels and in the informal sector in South Africa (excluding the "independent" homelands).

Nixon said as often when a woman retired her portfolio consisted of insurance policies with an occasional share or unit trust investment.

"When they do acquire capital sums they put it in the bank or buy a new car instead of actively seeking ways of investing for maximum return.

"Good investment property is one way of achieving inflation linked income growth coupled with sound capital growth," he added.

A recently retired executive secretary who several years ago followed his advice to invest this way is now set to enjoy a good return from the rentals on a number of flats acquired over the years, he added.

Nixon said the usual argument against that sort of venture was the risk of bad tenants, but one sometimes had to take a calculated risk to make money.

Even that, he added, could be minimised by forming a syndicate to buy property and appointing an agent to manage it.

On the other hand, he said, black women, have long used the "syndicate" system to their advantage.
Social investment is our business...

not only a matter of conscience.

Development Bank of Southern Africa
The courage of Mary Ratala

FIfty-nine-year-old Mrs Mary Mphosi Ratala wishes she had gone further than Standard 3 at the Rustenburg school she attended.

But that does not seem to have held her back.

Her determination and hard work have seen her being the owner of Mphosi Design and Dressmaking Shop at the Pennyville Industrial Park Shop near Johannesburg.

**Jerseys**

She makes jerseys, blankets, bedspreads, leather and cloth bags, curtains, track suits, women's hats, dresses and traditional garb.

She was born of a poor family in Rustenburg.

She wanted to be a social worker because “I always loved to be involved in community affairs,” she said. But she abandoned the idea because her parents could not afford to pay for her education.

“I want to help others so that they can improve themselves,” she said.

A typical example of her commitment to help others was indicated when she taught her daughter, Miss Poli Ratala, how to make dresses.

Poli has now opened a dressmaking shop at the same industrial park.

Mphosi started the business while staying with a relative in Naledi in 1963. Her uncle gave her the sewing machine after he realised that she had an eye for fashion.

**Demand**

As the demand for her products grew, she acquired a house in Zone 9, Meadowlands in 1970.

She went from door to door selling her products which included fashion jewellery. The orders increased by the day.

With the money she made, she built a shack in her backyard to have more room for her growing business.

But this did not solve her problems. So she moved to the industrial park in 1987.

Ratala said she experienced a lot of problems when she arrived at the industrial park. She was getting many orders and could not cope with the demand.

She got a loan from the Small Business Development Corporation (SBDC) to buy more machines and material.

“But my headache is still money,” she said.

“For example, I have a big order to make aprons for a firm in Louis Trichardt but cannot cope because I have insufficient funds and material.”

**Loans**

She cannot make further loans because “that will be tantamount to committing suicide,” she said.

“I am hoping that God will help me,” Ratala said.

Ratala has six other chil-
Hawkers, farmers to link up

THE African Council of Hawkers and Informal Business (ACHIB) will get together with farmers in a bid to work out a joint strategy on the marketing of fruit and vegetables to townships.

The aim is to stop farmers from selling their fruit and vegetables at township entrances. Hawkers will buy from farmers, and then sell to the consumers.

ACHIB has organised a two-day conference for hawkers and farmers at Klerksdorp in the Western Transvaal on July 11 and 12 to discuss plans to implement the new scheme.
SBDC opens Jo'burg stalls

THE SBDC officially opened 11 new stalls for informal traders in Johannesburg's CBD yesterday.

The Klipspruit Street Market Stalls were part of a R50 million national campaign last year, which the Standard Bank pumped R1,5m into, said SBDC senior GM Jo Schwyzer.

The stalls, between Noord and Plein streets, each feature a blue, Victorian-style corrugated iron roof and a concrete slab on which traders can display their wares.

Projects under way include two sites being developed in Khutsong (Carletonville) and additional sites are planned for Yeoville, Khayelitsha and East London.

SBDC MdC Ben Vosloo said: "We estimate that the informal sector currently consists of 2.5-million enterprises, employing about 3.5-million people"
BUSINESS PROFILE  Mother-of-three builds a new life

Queen of garments

By Joshua Raboroko

Queen Rathebe quit teaching and became a rag trade legend.

Failing everything Mrs Queen Nomvula Rathebe (46), a former schoolteacher in Soweto, on the road to a successful business career.

After quitting the teaching profession, she took to knitting jerseys, skirts and overcoats and sold them to schoolchildren in the townships.

But she also had to give up knitting because her vision was becoming worse.

It was strenuous without electric light in her "matchbox home."

However, Rathebe never despaired and bought a sewing machine because "I did not want to sit at home and do nothing."

She made herself a smart costume and this encouraged her to get involved in the dressmaking and designing trade.

Her determination and enthusiasm drove her to attend sewing lessons and dressmaking seminars.

Then, armed with this knowledge, she opened the Queen's Country Wear, which specialises in traditional garb, children's clothes and curtains.

The success reached a climax when she featured in the Matchmaker Services '91 - a trade fair dedicated to "matching" black entrepreneurs with business opportunities.

Nomvula was born in Sophiatown and obtained a teacher's diploma in Venda in 1966. She taught for a year, but left the profession because of low pay and ill-health.

She wanted to be a nurse. But she could not get a vacancy and worked for several companies as a computer processor and switchboard operator in Johannesburg.

Through perseverance, she also obtained a diploma in marketing and cost-accounting.

The business grew daily and her house soon became a "clothing industry" as customers' demands grew.

Because of space and demand, she moved to the Small Business Development Corporation's Tower Hive in Industria, Johannesburg, and obtained two loans from the SBDC.

"I have big orders from companies in the United States where my friend is marketing my products," she said.

"I plan to open a dressmaking school." This article will qualify Nomvula for the Sowetan/Sanlam Entrepreneur of the Month Competition, which is part of the newspaper's Nation Building campaign.
**BUSINESS**

- Helping to settle exiles
- Contact Kenya "a huge success"
- Mobil offers help

**Market opportunities for exiles**

**BUSINESS OPPORTUNITIES**

Loans available from repatriation.com

mittee help exiles start own 'businesses'

RETURNING EXILES in the Eastern Cape are being encouraged to set up small businesses.

Mr Joe Jongolo, the regional coordinator for the National Co-ordinating Committee for Repatriation (NCCR), said they were being given loans of up to R6 000.

This was in terms of an agreement with the Small Business Development Corporation (SBDC), which has made R1 million available for this purpose.

Jongolo said 61 applications had been received by a screening committee, of which 27 had been approved and 13 had actually received money.

The enterprises included taxis, hawking, trading, hair salons and importing and exporting businesses.

Support was in the form of a loan, in order to develop responsibility and creativity among the returnees.

The loan covers start-up costs like initial stock, raw materials, tools and equipment. "So far we have received strong interest from returnees as some of them have exhausted their grants," Jongolo said.

Returns were encouraged to identify projects in which they had experience, or in which they had worked while in exile.

The committee was sensitive to the possibility of creating "hostility between the settled communities and those who are coming from exile."

The NCCR had dealt with about 2 000 returnees in the region since the start of the programme in January 1991.

Returnees had a wide range of educational backgrounds, ranging from professionals to skilled and unskilled workers.

The majority were members of Umkhonto WeSizwe (MK), and had no skills, he said.

Jongolo said professionals like doctors, economists and lawyers were easily absorbed into the market.

He said the entire MK cadreship was unemployed and some would like to be placed in the military.

He said housing was the main problem. There was a massive shortage, and even long-time residents had difficulty in getting houses.

Jongolo said the next-of-kin of the returning exiles had helped by providing minimal accommodation.

Unemployment, of course, remained a serious problem.

The national information officer of the NCCR, Mr Mbulelo Masi, said it was difficult to say when the process of repatriation would be complete.
**Loan boost for returnees**

RETURNING exiles in the Border area are being encouraged to set up small businesses.

Regional co-ordinator for the National Co-ordinating Committee for Repatriation (NCCR), Joe Jongolo, said applications for loans of up to R6 000 were being considered.

The loans are administered by the NCCR in terms of an agreement with the Small Business Development Corporation (SBDC). The SBDC has made R1-million available for this purpose.

Jongolo said 61 applications had been received by a screening committee, of which 27 had been approved and 13 had actually received money. The enterprises included taxis, hawking, trading, hair salons and importing and exporting businesses.

The NCCR was only able to give returnees small grants, and this was why the NCCR had become involved in income-generating projects, he said.

Returnees were encouraged to identify projects in which they had experience, or in which they had worked while in exile.

Jongolo said the committee was sensitive to the possibility of avoiding "hostility between the settled communities and those who are coming from exile".

The NCCR had processed about 2 000 returnees in the region since January 1991.

Jongolo said returnees had a wide range of educational backgrounds.

Professionals like doctors, economists and lawyers were easily absorbed into the market. The only problem was that sometimes their foreign qualifications were not recognised. There were about five doctors trained in Cuba and Bulgaria in the Border region. These doctors had previously practised in African countries, and in ANC camps.

Jongolo said the entire MK cadreship was unemployed. Some of the trained members would like to be placed in the military.

He said housing was the main problem area. There was a massive shortage, and even long-time residents had difficulty in finding housing.

Unemployment remained a serious problem. Most children had been placed in schools, he said. Those under 15 who started schooling in exile were mainly placed in English schools due to language difficulties, and those who started in SA before they went into exile were able to attend schools in the townships. "This was one of our most pleasing experiences NCCR paid their fees and some of them are doing diplomas while others are in various universities."

Jongolo said the particularly "vulnerable" groups among the returnees were receiving extra assistance. These include single parents, senior citizens and handicapped people.

NCCR national information officer Mbulelo Musi said it was difficult to say when the process of repatriation would be complete. "We are more or less in the middle," he said.

He added that half of the total number of exiles were still outside the country. The situation in the country, including the violence, had caused many to delay their return. - Veritas
As Inflation-Beaters, Unit Trusts Are Tops.

FINANCES
BUSINESS  A new lease of life for Johannesburg’s burgeoning informal market

Hawkers get a boost

SHOT IN THE ARM Johannesburg’s informal trading complex is expanded by 11 covered sites for hawkers: 15/7/92

By Joshua Raboroko

Hawkers were given a boost when trading stalls were handed over to them in the Johannesburg city centre.

About 11 were formally handed over bringing to 17 the total number of trading sites between Klein, Noord and Klein Streets.

Each stall features a blue, Victorian-style corrugated iron roof and a concrete slab for the display of wares.

The Klein Street hawker stall project, a joint venture between the Small Business Development Corporation and the Standard Bank, was launched in 1990.

The managing director of the SBDC, Dr Ben Vosloo, said “We estimate that the informal sector presently consists of 2.5 million enterprises employing 3.5 million people.”

The SBDC and the bank have jointly developed hawker trading sites at Ixopo, Empangeni and Cathcart.

Two sites are being developed in Khutsong, Carletonville, while additional sites are planned for Yeoville and Khayelitsha in East London.

Other efforts are a special mini-loan financial programme, the provision of basic business skills training, campaigning and lobbying for the removal of unnecessary legislation.

The project has been welcomed by the president of the African Council of Hawkers and Informal Businesses, Mr Lawrence Mavundla, who said the stalls would provide shelter for the “new breed of street vendors”.

However, he said that hawkers’ associations needed to be consulted when such projects were undertaken.

He said some of the stalls expose hawkers to adverse weather conditions.
Profile — A former teacher who fell in love with business

Kumalo finds niche in manufacturing

By Joshua Raboroko

D ISGONNED Mr Matthews Sokola Kumalo of Soweto quit teaching because of low pay and tried his hand at business.

But things did not go well and his empire Munzeni Funeral Parlour fell flat on its face as a result of poor management and misunderstandings with his partner.

After the collapse of his business in 1989 Kumalo became ill, suffering from epilepsy.

But a determined Kumalo did not despair. He joined the Soweto Epileptic Self Help Association, where he ended up as executive member helping the disabled.

It was during this period that he fell in love with handicrafts and tried his hand at manufacturing cane furniture, vases and beadwork.

Today his backyard is a beehive of activity. A small industry strewn with grass mats, bedside lamps, beaded-cushions, clay pots, wire works, sculptures and woodcraft.

He uses old tree trunks to manufacture bedside lamps and disused planks to do lamp stands and tables.

Selling on the Reef

His products are sold at flea markets and shopping complexes on the Reef and he employs three people to whom he has taught basic manufacturing skills.

Kumalo was born in Ngapal and qualified as a teacher at Botshabelo Training College.

He worked for several companies in Johannesburg until he ventured into the funeral parlour business using the premises of a friend in Soweto.

Kumalo said his aim was to create more jobs but finding finance was his biggest problem.

This article qualifies Kumalo for the Sowetan/Sanlam Entrepreneur of the Month Competition which is part of Sowetan's Nation Building campaign.

Sanlam
NATION BUILDING Our business competition winner has a problem — he’s been evicted

Not business as usual!

BIG ACHIEVER

Meet a furniture maker who is too determined to be put off by setbacks:

By Joshua Raboroko

The winners of the June Sowerman/Sanlam Entrepreneurship of the Month Competition, Mr Jose Manuel Isdoro (33), an auto mechanic, and his wife Elise and three children, have been evicted from the small business site where he operated his Antique Furniture Repairing and Manufacturing Company.

The family has also been left stranded because they have been ordered to vacate their home, situated in the same premises.

He is one of six tenants who have been ordered to quit the site, 300 meters west of the Mamelodi police station.

Eviction order

The other tenants who have received the eviction order are Mr Simon Mhletwa, Ms Shabana Ramokgopa, Mr Mike Mokgina and Mr Shadrack Modise.

The reason for the eviction is that the site is to be developed to the tune of about R250 000 by a trade union to provide employment for hundreds of retrenched workers from the steel and metal industries in the Pretoria area.

It is estimated that the project will bring relief to hundreds of workers retrenched by the steel industry as the announcement comes to one deeper in South Africa.

Isdoro told Sowetan last Saturday that the union intended to develop the site into a small industrial site for the unemployable and the illusionists.

Projects to be undertaken include panelbeating, spray painting and welding in an attempt to create jobs.

“I am still struggling to get my documents fixed,” he said.

Orders are also pouring into the business, but getting more money is the problem.

“A臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊臊皶

“We pitted them because they had no accommodation. We even allowed them to stay there without paying rent and other services. Now we need the place,” Tibane said.

“We have no option.”

“We are aware that Jose has created jobs for many youngsters in his business, but we have no option,” says one of the many Mozambicans who raked being savaged by animals and killed by Renamo dissidents while crossing into South Africa through the Kruger National Park.

He was arrested on several occasions and sent back to his Mozambique home, but has stuck to find employment in South Africa, he said.

Mamelodi

Jose manufactures a variety of furniture, including bedroom and dinningroom suites, built-in wardrobes, coffee tables, TV-stands and display cabinets. He was born into a destitute family and was forced to leave school at an early age as a result of the liberation struggle against colonial rule in Mozambique.

A spokesman for Get Ahead Foundation said that they were working round the clock to find him alternative accommodation as well as “fix” his documents.

“I am proud to be associated with the nation building campaign, which among other things, is aimed at developing the spirit of entrepreneurship among the disavantaged,” he said.

He had been ordered to quit the site, 300 meters west of the Mamelodi police station.
Border business knits its way to success after loan boost
Bank in dark over hawkers’ threat

FIRST National Bank had denied any knowledge of hawkers’ threats to trample flowerbeds on the pavements surrounding its BankCity project in Johannesburg, divisional GM John Collett said yesterday.

“We know of no dissatisfaction among hawkers, on any threat by them. We are talking to the Johannesburg City Council about leasing the pavement space surrounding the development,” he said.

Temporary hawkers’ areas would then be established outside the BankCity complex until it was possible to move them to a new informal trading square planned by the bank.

However, a source in the council’s informal trading, health & housing department said the bank’s security personnel were chasing hawkers away and informal hawkers plans had not yet been settled.

“Hawkers are threatening to trample the flowerbeds occupying half of the pavements and to set up shop regardless,” he said.

Collett said the bank would develop an informal trading market in the square between the mosque, FirstCard House and the BankCity development in the CBD.

“This will take up a quarter of a city block, bounding on the southwest corner of Fraser and Kerk streets, but spilling up towards BankCity, the mosque and FirstCard House,” he said.

The bank felt it was better to have all the hawkers together in one place rather than spread about the complex and would provide facilities like overnight storage, water, toilets and electricity.
Investment that caters for the small man

The Star Monday July 20 1992

Friends in need. Unit trusts and stokvels have much in common — but a direct comparison shows unit trusts have more going for them from the ordinary investor's point of view.

A unit trust has many features in common with a stokvel, the most common kind of saving mechanism in the townships.

But a direct comparison between the two investment instruments shows the unit trust to have more going for it from an ordinary investor's point of view. The stokvel is widely used as a means of raising funds for a variety of purposes, ranging from social functions to a convenient and effective savings vehicle for its members.

The unit trust similarly caters for the small man, being geared to accommodate modest monthly contributions pooled and invested in a spread of blue chip shares on the stock exchange.

Most stokvels abide by a constitution containing the rules by which it is managed, enabling would-be investors to assess it.

The majority of stokvels put the money entrusted to them into a bank or building society account and control and monitor the funds carefully.

Unit trusts are also generally carefully managed, as they are managed by specialist fund managers and blocks of shares are regularly reallocated in accordance with trends in the stock market, so as to get the best returns for investors.

Both the stokvel and the unit trust are geared to release investors' funds at short notice, but the unit trust is greatly superior in that it will pay out within 48 hours of a request being lodged, whereas stokvel members wanting to draw funds have to wait longer — in some cases more than a week, where all the signatures need to get together to sign bank withdrawal forms.

Some stokvels are dedicated burial societies holding and accumulating members' savings to ensure that burial expenses are fully covered when needed.

In addition, some packages, such as ICI Life's Complete Savings Plan, even have a premium waiver on disability, on both the endowment policy (life product) and unit trust portion.

Both the stokvel and the unit trust, because of the relative accessibility of funds compared with long-term savings plans such as endowment policies, are a useful resource for large purchases such as a car, an appliance or a deposit on a house.

In addition, they can serve as emergency funds.

Both savings vehicles can also cater for the provision of loans to investors but unit trusts, as the more widely recognised of the two, enjoy greater acceptance by banks to stand as collateral against loans.

However, should a stokvel invest in a unit trust, then the members can benefit from bank loans.

Finally, the decisive issue is how stokvels and unit trusts compare as inflation-beaters. Here the unit trust is the hands-down winner, as unit trusts have consistently yielded an annual return of 20 percent a year for the past two decades.

Stokvels, though, as with the majority of savings vehicles in South Africa, have also suffered from the ravages of inflation.
Starting a successful manufacturing business: A job with Adib and six to hire to make yogurt.

Success is so sweet.

Mother of three builds a new life for herself. Your business dream.
Spaza men
get pep-up

By Joshua Raboroko

A BUSINESS seminar in Soweto yesterday urged "spaza" shop owners to acquire managerial skills.

Addressing more than 100 members of the informal sector, special projects coordinator of the Centre for Entrepreneurial Development and Training, Mr Reggie Malope, said small business people should obtain access to buying.

The seminar was also addressed by representatives of the Small Business Development Corporation, Future Bank, GetAhead Foundation, SA Perm, Tiger Oats Group, ABI, Ebony Management Consultants and Price Club.

Future Bank's Mrs Lundi Kubeka said they would strive to help the "small man".
'Crucial role for small businesses'

Job-creation in post-apartheid economy

CLIVE SAVER
Staff Reporter

POLITICAL movements — among them the SA Communist Party — see small business as having a crucial role in job creation in the post-apartheid economy.

This is according to a survey by academics from the universities of the Western Cape and Natal.

One of the academics, UWC Institute for Small Business director Dr Kobus Visser, said it was widely recognised that small businesses were a cheap way of providing jobs.

He said a final draft of the survey had not been completed, but it seemed movements across the spectrum — with the exception of some Africanist organisations — favoured a key role for small business.

Even those with jobs in the formal sector were "moonlighting" to augment their income.

This had been aided by deregulation, he said.

"The Receiver of Revenue may not like the unrecorded income, but the benefits will find their way back into the economy," said Dr Visser.

Nevertheless, this year liquidations of unincorporated businesses and insolvencies of individuals and partnerships had hit record levels.

Of small businesses that failed, 55 percent did so in their first five years.

"While people may have technical skills, they fail because of a lack of managerial and marketing expertise," he said.

Some small businesses had access to informal savings resources such as stokvels, but many had problems getting credit from formal sector financiers.

"Owners and managers therefore have to look at other means of survival, by controlling cash flow, marketing products and services properly, getting their staff behind them and cutting costs," he said.

He said owners and managers tended to operate in isolation from each other, seldom comparing experiences.

But in spite of the depressing outlook and grim forecasts, some small businesses were thriving.

"To survive, immediate drastic action is a prerequisite," he said.

Small firms had to make the best use of their resources, or see time, effort and perhaps their life-savings fading away.

The Institute for Small Business is to host a two-day seminar on surviving the recession at the Eastern Boulevard Holiday Inn on Monday and Tuesday from 8pm until 3am.

Inquiries 959 2620 or 959 3248.
Turbulent times
boost stokvels

THE economic downturn and
township violence had given stok-
vels a shot in the arm, National
Stokvels Association of SA (Na-
sasa) president Andrew Lukhele
said at the weekend.

Last year stokvels in urban
areas throughout the country col-
clected an estimated R65m a
month compared with R52m in
1999, according to a recent Mar-
kmar survey. Membership also
grew by 46% from 500,000 in 1999
to 953,000 last year.

"The recession and the ongoing
violence in the townships have re-
sulted in stokvel members curbing
down on big parties. The money,
which would have been used for
these parties, is now invested for
rainy days," Lukhele said.

Under their "big family" philos-
opoly, many stokvels were helping
their out-of-work members to
start small business ventures.

Lukhele said financial institu-
tions were now beginning to
recognise the role stokvels could
play in benefiting people on the
fringe.
Recovery will come from inside

By Joshua Raboroko

AFRICA'S economic recovery will depend on the rapid development of the indigenous sector, according to the Africa Project Development Facility's annual report for 1991, released in Washington this month.

APDF, which was established in 1986, provides advisory assistance to sub-Saharan Africa's small and medium-sized businesses.

According to coordinator Mr Alexander Keyserlingk, those businesses are vital to economic development in the region.

Keyserlingk is expected to be one of the speakers at the Sowetan Small Business and Entrepreneurial Development Conference that is to be held at the Ekurhuleni Technical College in Midrand from September 13. APDF helps entrepreneurs set up businesses or expand or diversify an existing one, find local or foreign investment partners, and secure debt and equity finance. It does not finance projects.

During 1991, it worked on 23 projects in African countries. The projects, which have total investment costs of R144 million, are expected to result in the creation of 2,000 jobs.

About 11 projects were agricultural industry. The sector in which demand for APDF's services has been the heaviest, 10 in manufacturing and two in hotels and services. It helped raise R96 million or 66 percent of the total funding requirements for the projects. For the first time, projects in the West and Central Africa outnumbered those in East and Southern Africa.

This reflects the increase in private sector activity in Ghana and Nigeria, and APDF advisory board member Mr Makarand Dabaya, who serves as vice-president for engineering at the International Finance Corporation, APDF's executive agency.

He noted that African entrepreneurs "continue to show the ability to fulfill and successfully manage a large variety of enterprises despite difficult conditions, including a severe shortage of equity funding in several countries." The APDF is sponsored by IFC, the United Nations Development Programme and the African Development Bank.
His vision is of a brighter tomorrow

A HARDLINE Comrade and member of the Soweto SRC in 1976 had a dream just two years ago — today he is busy bringing it to fruition.

These days he heads an operation dedicated to helping his community in a far more positive way, he believes. And, says Sam Mofhe, "Why look back to the past, when you can look forward into the future?"

Mr Mofhe, chief executive of the National Association of Co-operative Societies of South Africa (Naessa), adds: "Many of our people find it easier to look back, I suspect — blaming the system for every little evil — because that way you don't have to look for solutions."

Sixteen years ago, Mr Mofhe was a young firebrand of 20, often on the run from police, holding clandestine meetings, militant and bristling with anger.

Mofhe explains: In the case of the stokvel, it usually constitutes up to 12 members paying money into a common pool, with one of their number taking the pool when it is "his turn". Which is why the number is usually 12 so that each member's turn comes up once a year.

Similarly, the men left at home in the rural areas began to form clubs to guard against hard times, and they operate in much the same way.

The violence that has continued to corrode the country's human resources since the mid-70s has brought about a major restructuring of the way of life — and death — of the black community.

Burial societies are very much a part of the traditional way of life and the black community. But whereas in the past a death in the community might occur on a fairly predictable basis, endemic violence has changed all that. Now individuals and communities can find themselves faced with staggering expense.

Naessa, through its burial scheme, is able greatly to ease this burden.

One man

When Sam Mofhe had his vision he could think of only one man to make it work: Dr Motlan. He is its chairman — "its real heart and soul". Sam says he approached the doctor saying: "May I abuse you one more time?" Dr Motlan liked what he heard of the scheme. "But he's a real taskmaster. He doesn't just hand out bouquets. If something isn't being done right, he doesn't hesitate to say so. We've been together in Naessa three years now. There is no better person for guidance."

Naessa now has its own monthly newspaper, and is going from strength to strength.

MICHAEL SHAFTO
Black businessmen urged to look ahead

Sam Motsuenyane, president of the National African Federated Chamber of Commerce, steps down today after 28 years at the helm of the oldest black business organisation in SA. STAN HLOPHE spoke to him on the eve of his retirement.

His successor will be elected at Nafco's 28th annual conference at Sun City, which ends tomorrow.

Apart from being Nafco's president, Dr Motsuenyane is also chairman of the African Bank and a director of a number of companies, including Barlow Rand, Transnet and Black Chain, the first black-owned supermarket.

Dr Motsuenyane is proud to leave an organisation which has risen from a group of corner-shop traders to an organisation with a grade of place in both local and international business forums.

He says Nafco's record speaks for itself and he is honoured to have been instrumental in its achievements.

Dr Motsuenyane's business career started when he co-founded and worked at the African National Soil Conservation Association, formed in 1953 to build awareness of soil erosion in black communities.

During that era, he rubbed shoulders with dignitaries such as former ANC leaders Dr S J Moroka, Dr W F Nkomo, S J Tena, Dr D D T Jabavu and the late Zulu king Cyprian Dlamini.

In 1984 he was appointed agricultural consultant for Nafco with a seat on the board. He was also editor of the first black business publication, African Trade.

He has travelled extensively throughout the world to forge links between black businessmen and their overseas counterparts.

But, like other opponents of apartheid, he has had his share of problems with the authorities — such as when he had to wait six months for a visa to travel to the United States as a leadership exchange programme candidate in 1959.

After nearly 28 years of being black business's foremost spokesman, Dr Motsuenyane, a father of six, plans to devote most of his time to writing.

BLACK businessmen, who have so far concentrated on being taxi owners and small-time traders, need to broaden their scope if they are to have an impact in the South African economy, says the outgoing president of the National African Federated Chamber of Commerce (Nafco), Dr Sam Motsuenyane.

Speaking on the future of black business, Dr Motsuenyane (65) says it is high time black businessmen became involved in large-scale business activities such as farming, goods removal and the import/export business.

"Black businessmen need to look ahead and, above all, acquire more skills in order to be in a position to be competitive in the market, especially in view of the fact that most restrictive legislation, including the Land Act, has been repealed.

"Also, they need to unite and look for new opportunities in the areas of potential growth, such as housing. More than 1.5 million houses need to be built in the next decade," he said.

Dr Motsuenyane describes as "unfortunate" the divisions within organised black business, represented by the separate existence of Nafco and the Foundation for African Business and Consumer Services.

He rejects allegations that Nafco leans towards the ANC politically. "Our national strategy is to pursue a non-racial position. We speak to all organisations," Dr Motsuenyane says.
From backyard to a factory

SUCCESS

Abby Mokone has built up a thriving paint manufacturing industry:

By Joshua Raboroko

Abby Mokone . . . hard work has paid off.

At first working for companies that manufacture a variety of products in Pretoria, talented and hardworking Mr Abby Molefi Mokone (39) decided to start his own business.

He started the Speedy Waterproofing and Painting business on the back yard of his Greenshome home after struggling to get a leave notice.

As the business flourished, the space became too small and he moved the local small business into a larger premises where he expanded.

Today, Mokone’s enterprise manufactures an assortment of waterproofing compounds and paints, including his own products, branded Mokia Paint.

He believes that small businesses have to emulate manufacturing if they are to thrive and create wealth and job opportunities.

He uses most of his products to and looking roof, attic, cupo, conservatory and renovate and paint newly built homes. He also supplies small industries.

"I am not building, but I can assist you to build quality products at a cheaper price than most of my competitors in the white areas," he said.

He sells most of his products on the PWV and "it is my dream to start looking at exporting to African states and overseas countries".

He was born in Pretoria near Pretoria and left school after passing Standard 5 in 1985. He could not afford to pay for his education.

He worked for employers, and "everything I learned, I have put it to good".

He was promoted to marketing positions at companies that produce, monte products, including paints and lacquers between 1970-86.

He was fascinated by manufacturing and thus inspired him to start his own business.

"I passed my house. My neighbors were impressed and turned me to do the job for them during my bennu time.

"I bought paint and worked over weekends. That used to bring me a lot of income. It was not long before my house became an industry."

When the demand grew, he hired four people who were former cops in and the place became too small.

His quest led job to go into business fulltime in February 1997.

He was featured in a television show that was broadcast on SABC 1.

He now employs 15 people and on August 28 will be launching a new super acrylic brand of PVA paints, a major achievement for his small operation.

The present business can produce 200 five-liter tins of paint daily.

Mokone said the prospects for the future were bright, despite the wave of violence engulfing the country.

"I am still lucky to get raw material despite the fact that trucks are being attacked by lootings in the townships."

For your waterproofing and renovations contact Mokone at 0114611483.

The article qualifies Mokone for the Sanlam/Sanlam Enviromoment of the Month Competition, which is part of the newspaper’s Nation Building campaign.
Big cash injection

International finance company is very optimistic about the prospects of a future South Africa.

By Joshua Raboroko

The International Finance Corporation would provide about R450 million in investment and loans to business in South Africa over the next three to four years.

An executive of the IFC, Mr Richard Parry, said the corporation would open offices in the country and assistance would be directed particularly at black and minority group owned businesses.

In the long term the IFC looked forward to expanding its assistance to larger South African companies in their expansion plans in the rest of Southern Africa.

The IFC had invested R18 billion worldwide with loans and investments to about R2 400 million in Africa.
Black referendum' tests the ANC

The talks will resume — and so will the week-long stayaway. If it succeeds, it will bolster the ANC position at the table. By Rachel Soma and Reaves Evans.

NEXT week's week-long mass action campaign will be the decisive test of strength for the African National Congress and its allies before talks on the country's future resume in earnest.

Just as the government used the white referendum to test its support, so the two-day general strike will be a 'black referendum' — giving muscle to the ANC's demands at the negotiating table if it succeeds.

Despite the lacklustre start to the mass action campaign in the past fortnight, the ANC is confidently predicting 80 per cent support for the two-day stayaway which begins on Monday. The security general of the Congress of South African Trade Unions, Joe Ndlovu, and the majority of workers would heed the call.

With the government and the ANC having moved a little closer to each other over the past fortnight, the week-long mass action campaign is beginning to look like a final showdown in the strike. The middle ground is now the relationship between the alliance, which views mass action as a step to be taken and off during negotiations, seems to have won the day over mere headline-watching.

ANC president Nelson Mandela stressed this week that the ANC was keen to resume negotiations and that there was no question of mass action having an insurrectionary agenda.

Similar noises are coming from Cosatu. "The ball is in the government's court right now — we are prepared to talk at any point," Ndlovu told The Weekly Mail.

He added he was confident that the government was making its "last stand", and was under no much pressure to settle, because of the new talks. The prime minister's suspension of the strike speaks of the government's confidence that it can win without concessions.

"It is not a declaration of a battle, but a declaration of a battle by the ANC to press for a solution once it is understood that they have not been able to reach an agreement," said Ndlovu.

The SACP's Chris Hani leads a pro-Cuban protest in Johannesburg this week as part of the mass action campaign. "We believe that we can win because we are not alone, but because we are united and determined.

The SACP's Chris Hani leads a pro-Cuban protest in Johannesburg this week as part of the mass action campaign. "We believe that we can win because we are not alone, but because we are united and determined."
Main topic

The mass action campaign was the dominant topic in trains, taxis and township shopping complexes. Most Soweto residents said they would "play it by ear".

A security guard who did not want his name mentioned said, "For me, it's work as usual. I'm lucky because I work night shift. But if it's really bad, I won't be coming in."

Last night some parts of Soweto, normally bustling with activity, were strangely quiet. By 7pm, the streets were empty in Orlando, Naledi, Protea and Ikhwana. Occasional cars, police vehicles or a taxi ferrying people home were to be seen.

But despite the ANC alliance's call for a general stayaway, some workers are determined to go to work.

"I have family to take care of. Strikes bring nothing but hardship and at the end of the day the union people are not affected. It's not fair," said a salesman in the clothing industry.

No choice but to remain at home

April 18, 1992

Allim Milazi and Brian Sokutu

Street vendors make meagre profits, but they have given the nod to observing next week's general strike.

In a snap survey by the Saturday Star in Johannesburg yesterday, two days before the campaign is due to start, vendors spoke of the effect it would have on their businesses.

"I have children to feed and live by selling fruit and vegetables. But, I will be at home next week," said a woman in Sauer Street.

"There are no people in the city. It's the point of coming in when we depend on city shoppers," she said.

Another said, "Who will buy my goods? Business is not good, now it's going to be worse. I have no alternative but to stay at home.

Also likely to close their businesses are clothing and furniture stores, whose customers are mainly black. Some shop-owners' declined to comment on whether they would close or adopt a "no work, no pay" stand.
Cash-strapped SBDC curbs lending

Govt subsidy cut squeezes small business

THE Small Business Development Corporation (SBDC) had been forced to cut loans by almost 30% because of government's virtual elimination of its subsidy, SBDC MD Ben Vosloo said yesterday.

He warned that loans could be cut by 50% unless new forms of finance were secured for the next financial year, which starts in April.

Meanwhile, inquiries from aspirant businessmen about loans were pouring in at the rate of 2 000 a day - almost double the rate of last year.

The cuts the SBDC had been forced to make come at a time when SA's employment outlook is far from bright. The SBDC has estimated that only 7% of the 380 000 people writing matric this year will find employment next year.

Last week the Afrikaanse Handels-instituut predicted that the ranks of the unemployed would grow by 500 000 in the next 12 months, adding to the 1-million people who had lost their jobs in the past three years.

In its first 11 years the SBDC claims to have created 310 000 jobs at an average cost of R19 000 a job.

Government this year cut state capital funding for the SBDC from R100m to under R80m.

Vosloo said negotiations with the Industrial Development Corporation - which could have seen the IDC inject R750m into the SBDC - had failed.

Earlier this year the SBDC had rejected the IDC offer because the IDC had demanded that its control of the SBDC equal the private sector's. (The IDC holds 50% of the SBDC shares but has just 25% of the seats on its board.)

Vosloo said the SBDC's regions were all working on reduced quotas and had already cut back on issuing loans by almost 30%.

These cuts could not have occurred at a worse time, he said, with demand for the SBDC's services increasing sharply.

The regions' offices were receiving about 2 000 inquiries a day and most of these had to be declined because of lack of finance.

Vosloo said the "demand for our services has increased dramatically. Thousands of people are desperately looking for ways to start their own business."

However, instead of the average R30m a month issued last year, the corporation was now issuing less than R22m, while income was running at R15m a month. The deficit was being financed from SBDC reserves.

Vosloo said it was possible that loans could be cut in half from last year's levels if new finance was not obtained.

The SBDC was currently negotiating with its private sector shareholders, government and the Life Offices Association on new funding.

However, he said he was optimistic that "an acceptable solution" would be found with its private and public sector shareholders.
Stokvels on brink of deal with 'major finance house'

STOKVELS are expected to reach final agreement with a major financial institution soon on a joint venture aimed at developing a special investment product for stokvel members.

Sources said yesterday the National Stokvels Association of SA (Nassas) and a major financial institution would probably clinch a deal next week.

Nassas president Andrew Lukhele could not be reached yesterday to confirm this.

Negotiations between the financial institution and Nassas began soon after it had become clear that Syfrets-administered unit trusts were not suitable for stokvel members, sources said.

But the sources insisted on keeping the name of the financial institution concerned under wraps for the time being.

Nassas consultant and Treemsen Broker Services MD Stephen Japp recently said a number of companies in the US and Britain had signalled they would invest in a specially designed unit trust product for stokvel members, provided it yielded good returns and was "benefiting people on the ground".

The special unit trust product would be tailored to the needs of stokvel members.

Lukhele has said his organisation planned to alleviate the black housing crisis by diverting millions from banks to specially-designed unit trusts, which would serve as collateral for home loans.

The arrangement, Lukhele said, would allow black savings to be ploughed back into black communities rather than having the money lent to affluent whites.

He added that the recent De Looir Commission report on housing vindicated Nassas's belief that stokvels could play a role in addressing the black housing backlog.

The latest Marklin survey of informal financial sector indicates a 60% growth in money collected by stokvels in urban areas. In 1991, stokvels collected an estimated R83m a month compared with R22m in 1989.

It is also understood that stokvels are investing millions in club accounts of several major financial institutions.
BUSINESS An upholsterer who made it despite all odds ● Eskom brings light to schools

By Joshua Raboroko

S

OLE PROPRIETOR of Joe’s Motor Timmers and Upholsters in Soweto, Mr Joe Sipho Nkuna (38), will give a new lease of life to your furniture and car interiors.

The skills he acquired from his uncle, Mr Albert Nkuna, an upholsterer, have given him the touch to make your old furniture as good as new again.

His booming business specialises in car seat covering, sofas, chairs and trimming a variety of goods.

Born in Maputo he left school after passing Standard 5. He was then invited by his uncle to help him in his upholstery trade. However he was not happy with what he earned.

“There were six of us at home and there were no jobs in Mozambique at the time,” he said.

As a result he came to South Africa to look for employment,” he said.

He was arrested on numerous occasions for not having legal documents to work and to be in Johannesburg.

“Every time I was deported I made my way back,” he said.

“Hunger and frustration forced me to come back to Johannesburg. I stayed with relatives until I fixed my documents,”

When he could not find employment in Johannesburg he decided to continue the work he learnt from his uncle.

“I did not have money to buy material and my clients gave me assistance,”

He operated from the backyard of a relative’s house. As demand grew he moved to the backyard of a petrol station in Tahawelo.

“My clients were mostly taxi owners who needed their vehicle’s seats to be covered,” he said.

He applied for a site at the SBDC’s hive in Orlando West and was successful. He bought machinery worth R5 000 and employed five people to help him.

Today he employs 15 people.

This article qualifies Nkuna for the Sowetan/Sanlam Entrepreneur of the Month Competition which is part of the Nation Building campaign.

Mr Joe Sipho Nkuna, born in Maputo
Scheme will boost black business

By Michael Chester

A multimillion-rand plan to bring more black entrepreneurs into the economic mainstream has been announced.

More than R500 million in bank loans could be ploughed into the cash-starved small business sector over the next three years.

The loan bonanza was announced by the Small Business Development Corporation (SBDC), which forecast an end to the frustrations of many budding entrepreneurs who had until now been denied loans because they were considered too high a risk.

The head of the SBDC business finance division, Kees de Haan, said First National, Standard, Nedbank, Boland and African Bank had agreed to channel special loans into the scheme. All five banks had alerted managers of a combined total of more than 1 000 branches to be on standby to offer their expertise and guidance to loan applicants.

Loans of up to R400 000 each would be considered, with repayments over five years.

Bank fees would be held at 0.75 percent a year and interest rates set at no higher than 4 percent above the prime overdraft rate.

The magic key that had unlocked loan funds was the provision of guarantee finance to safeguard the banks from the risk of bad debts.

The SBDC said the Department of Finance through the Development Bank of Southern Africa (DBSA) had already provided R20 million to underwrite the first flow of loans.
Entrepreneurs crucial to our future

By JETHRO SEREIKHO

THE current political climate has created rising black expectations of a new SA, while whites are experiencing the opposite feeling, a seminar heard this week.

The seminar — which examined the role of the informal and small business and the economy of South Africa — was addressed by City Press editor Khulu Sibiya at Soweto's Vista University campus.

The seminar was hosted jointly by City Press and insurance giant Sanlam.

"Although South Africa is bound to change politically, there will be little if any economic change for most blacks," he said.

Hence it is highly necessary that through small and big business, South Africans should start empowering blacks not only politically but also economically," Sibiya said.

The Development Bank of Southern Africa's Denis Zimu emphasised to the seminar that beyond black political gains, entrepreneurs are also crucial players which could make or break a new South Africa.

He told the seminar that these entrepreneurs had certain qualities and characteristics which had to be allowed to blossom.

According to Zimu, a former United States university lecturer, these qualities are a desire to have things done, self-confidence, a relentless drive to persist during difficult times and a sense of achievement.

Chief executive officer of the Get-Ahead Foundation Don MacRobert said informal and small businesses are essentially what can be termed "unlicensed business" which have a vital role to play in South Africa.

"Statistics show that 75 percent of the country's population could get jobs in 1960, but this year the figure is 7 percent. Small and informal business has to continue to play a role in curbing this problem," he said.

Small Business Development Corporation (SBDC) executive Dawne Crous said his organisation's role is to stimulate entrepreneurship among South Africans, and they envisage the corporation playing a vital role in post-apartheid South Africa.

"We grant loans to small and informal businesses amounting to 25 million every month," said Crous.

Towards the end of the stimulating seminar the floor was opened for a question-and-answer session. It was here that it became clear that small and informal business must make a superhuman effort to survive and make a real and lasting contribution to a future South Africa.
R500m aid for small businesses

Own Correspondent
JOHANNESBURG — A R500 million scheme has been launched to assist thousands of small and medium businesses to enter the mainstream of the economy in the next three years, the Small Business Development Corporation announced yesterday.

Through the scheme — a joint effort between the SBDC, five commercial banks and the government — development finance will be offered to small and medium enterprises through the branch networks of the banks, the SBDC said.

The Department of Trade and Industry has provided the initial R20m to underwrite the scheme, which is to be administered by the SBDC.

SBDC head of business financing Mr Kees de Haan said: "The scheme underwrites a portion of the risk to which the bank is exposed when considering small business loans, thus enabling the bankers to retain their normal credit standards while, at the same time, reducing the collateral which the entrepreneur would normally have to supply."

To date the scheme has underwritten finance to more than 130 SBDC clients for whom finance amounting to R28m has been granted. The maximum amount of financing allowed under the scheme is R400 000.
Govt underwrites bank finance

R500m loan plan to bolster small business

A R500m scheme would provide development finance for thousands of small and medium businesses to enter the mainstream of the economy in the next three years, the SBDC said yesterday.

The scheme — a joint effort by the SBDC, five commercial banks and government — would offer development finance to small and medium enterprises through the branch networks of the banks, the SBDC said.

The banks involved were African Bank, Boland Bank, FNB, Nedbank and Standard Bank.

The Finance Department, through the Trade and Industry Department, had provided the initial R20m to underwrite the scheme, which was being administered by the SBDC.

SBDC head of business financing Kees de Haan said: "The scheme underwrites a portion of the risk to which the bank is exposed when considering small business loans, thus enabling the bankers to retain their normal credit standards while at the same time reducing the collateral which the entrepreneur would normally have to supply."

The scheme harnessed the business financing expertise of thousands of the banks' managers and their infrastructure of more than 1 000 outlets, and combined this with the development of the SBDC, De Haan said.

It benefited the entrepreneur by reducing collateral requirements, increasing sources of development capital and providing greater access to the whole range of services offered by the banks, he added.

To date the scheme had underwritten finance to more than 130 small and medium enterprise clients for whom finance amounting to R28m had been mobilised.

"The maximum amount of financing per client which may be accommodated in the scheme amounts to R400 000, while the maximum period of the guarantee is five years."

"A fee of 0.75% per annum is levied on the amount granted, while the banks may not charge an interest rate higher than their prime overdraft rate plus 4%," De Haan said.

"The scheme is a further deployment of the SBDC's striving to optimise state development funds and the mobilisation of private sector resources in the promotion of entrepreneurship among all South Africans," he added.

He said the scheme was created to unlock the financial resources and infrastructure of the commercial banks for the benefit of the small enterprise community.

Last week SBDC MD Ben Vosloo said the SBDC had been forced to cut loans by almost 30% because of government's virtual elimination of its subsidy.

He warned that loans could be cut by 50% unless new forms of finance were secured for the next financial year.

Loan inquiries from aspirant businessmen were pouring in at the rate of 2 000 a day, almost double the rate of last year.

Government this year cut state capital funding for the SBDC from R100m to less than R8m.
Huge growth in informal trading

By Joshua Raboroko

THE informal sector is playing an increasingly vital role in township economic activities.

People find they can earn more than in the formal sector as unemployment and retrenchment figures skyrocket.

This is according to newly-released research, which was conducted on behalf of the Get Ahead Foundation by the Vista University of Port Elizabeth campus and sponsored by the Southern Foundation, the social responsibility arm of Southern Life.

The study, which concentrated on KwaZakhele and Mamelodi adds to research undertaken last year in the same areas by the Michigan State University for the Get Ahead Foundation.

The Michigan State University found that the rate at which the informal sector employs people grows annually by 23.9 percent.

Latest study

Figures from the latest study show that in any given family, there is often more than one number involved in informal sector activities, with women playing the greatest role.

In the 200 families interviewed in the two townships, over 230 people were found to be involved in the informal sector.

Of those, 50 percent of mothers were dependent on the informal sector for income, while fathers accounted for 24 percent, sons nine percent and daughters 11 percent.

A quarter of those interviewed had turned to the informal sector because they believed they could earn more there than in the formal sector.

Nineteen percent were operating part-time in the sector in order to supplement formal sector income.

Another major reason for entering the informal sector was the high unemployment rate. The study found that 18 percent of heads of households in Mamelodi and 33 percent in KwaZakhele earned no salary at all.

The majority of informal sector operators were found to be in retail and services, with a very low percentage (19 percent) in manufacturing.

While the informal sector is growing, the study found that it is still hampered by red tape and a lack of success to accommodation, financing and training.

Only nine percent of people interviewed were able to obtain loans from banks with a further nine percent relying on development organisations operational in their areas. About 49 percent resorted to borrowing from family members and 21 percent from outside individuals.

Manufacturing, which has been shown to lag behind small-scale manufacturing in Lesotho, Zimbabwe and Kenya, is hampered because South African townships were designed as dormitories with no provisions for trade and traders, the study found.

Recommendations made by the Vista University/Get Ahead study include:

- Long term funding to overhaul townships and develop proper manufacturing and trading facilities as well as market places;
- Products tailored specifically for the informal sector by formal sector lending institutions;
- The relaxation of legal restrictions on shebeen owners;
- Training for spaza shop owners who have no real concept of profit margins, and
- Training in technical skills for manufacturers.
News

Banks join forces in far-reaching business scheme • Craven on Die Stem Row

R500m to set up

small businesses

SOUTH AFRICA 24/2/02 SWETAN

THOUSANDS of unemployed blacks

A chance for thousands

of unemployed:

The government could provide employment for thousands

who have access to a scheme which

could help speed their economic growth.

The idea of the scheme, which is
due to be announced next month,

was developed by the former

department of trade and

industry. It is expected to

be launched in May.

The scheme will provide

jobs for up to 10,000 people.

The aim is to create

opportunities for those

who have been
deprived of

jobs in the past.

The government

hopes that the scheme

will help to
develop new business

opportunities.

The scheme will
target small businesses,

which are seen as

important for the
economy.

The government

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The scheme will

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Making good in business (153A)

Course for informal sector entrepreneurs:

THE launch of a business development centre for informal sector entrepreneurs takes place in Johannesburg on August 26.

Regional manager of the Independent Business Training Trust, Mr Stephen Umlaw, yesterday said South Africa's economic future depended largely on the stimulation of free enterprise at the grassroots level of society.

"This is an extremely serious matter which requires the urgent attention of the Government and big business," he said.

The centre will offer courses ideal for spaza shops, dressmakers, hawkers, hair salons, repair shops, creches and preschool centres, painters, carpenters, leather workers, butchers, taverns, cafés and other businesses.

Thousands of people have done the course and their businesses are prospering as a result.

The course consists of eight modules and these are: using a calculator; investigating the market, purchasing; costing and pricing; marketing; working out a business plan and loan requirements; managing a weekly cash flow and controlling stock.

This one-up business training is a special course sponsored by USAID and other organisations for people who want to be successful.

After completing the four-weeks course, successful candidates will be given a small loan to start a business - loans range from R100 to R4 000.

Everyone who completes the course is presented with a Trident Institute Diploma.

Umlaw said that it was possible to create two million jobs for unemployed people in the informal sector.

For this to happen, financial resources must be allocated and appropriate action taken to rectify the inequity of the past and to create a vibrant economy in and around the townships.
Soweto candles blaze the trail

Managing Director of Ekukhanya Soweto Candles Mr Kenny Hatta’s ambition is to light the whole of Africa.

The company is the first black-owned candle manufacturing concern and already exports different kinds to the Netherlands, Germany and Australia. "Now I want to expand the trade from Cape to Cairo by lighting the whole of Africa," he said in his opulent Soweto office this week.

Hatta said with changes "in our country at the moment, the chances are my dream will come true".

The company also manufactures candles for restaurants, hotels, funerals, personal use, festivals and spaaz shops.

He has produced for institutions like the Orlando Home and donated about 600 candles to the bereaved families of the Bophelong massacre.

The chisnimate Hatta said "Any kind of candle, big or small, we can make it".

Soweto uprising

As a youngster in the township, Hatta never stayed out of trouble. He was detained under the Internal Security Act for his involvement in the 1976 Soweto uprisings.

Despite harassment at the time, he continued his education and matriculated at Naledi High in 1980. He holds several diplomas in business management and administration.

He worked for numerous companies, but quit each time because "a white person was placed in charge, despite the fact that I taught them the trade."

He then decided to join his wife, Kelepho, who was running the small candle manufacturing company in 1989. The business previously belonged to Bishop David Nkwe, his father-in-law.

Hatta said his business was booming regardless of the fact that many blacks were now using electricity to light their homes.

His focus was mainly in the urban and rural areas. He will open a new factory in Welkom in the Orange Free State soon.

The candle factory got welcome publicity when he exhibited during the Matchmaker Trade Fair at Nasrec last year. He was thankful to the fair because "my business got more exposure."

He will participate in this year’s Matchmaker scheduled for Nasrec.

This article will qualify Hatta for the Sowetan/Sanlam Entrepreneur of the Month Competition which is part of our Nation Building campaign.
Breaking business’ big barrier

Financing a new business is one of the biggest barriers to entry and existing financial packages are found lacking in meeting businesses needs.

Mr Joe Schwenke, senior general manager of the Small Business Development Corporation (SBDC) is one of the speakers at our business conference in September and will briefly cover the type of financial packages currently available before going on to discuss the need for more suitable financial packages.

"The market is ripe for more innovative financial packages," says Mr Schwenke, and the current packages on offer are simply insufficient for local needs.

Schwenke will describe two categories that require attention: microloans (up to R5 000) and equity finance.
Small business a ‘key to wealth’ during recession

THE Cape Town-based Southern Life Association will again sponsor the popular Small Business Week, introduced by the Small Business Development Corporation (SBDC) in 1986.

This year it will take place from October 3 to 10 and the theme will be “Own Key to Wealth”, with the aim of making the public aware of self-employment as a “viable and existing” career option at a time when formal jobs are becoming scarce.

It is hoped to increase both the number of organisations involved — there were 60 last year and more than 100 expected this year — and the events held during the promotion.

Last year there were nearly 300 events ranging from flea markets, trade fairs, exhibitions and competitions to workshops, seminars, conferences and training sessions.

The aim for 1992 is to increase the number of events to at least 400 to reach a broad spectrum of the public as possible with the message that the small and medium enterprise (SME) sector is the most effective route to achieving a healthy economy and individual prosperity.

Small Business Week aims to promote a culture of entrepreneurship among South Africans at all levels of society,” says the SBW national co-ordinating committee chairman, Toni Kedmeraki, who is senior general manager of the SBDC.

“In the current situation of economic recession and high unemployment levels, the public needs to be aware that the most successful economies of the world are founded on vibrant SME sectors.

“The SBW aims to create greater awareness of the potential of the SME sector in South Africa to create jobs and wealth for all communities, as it has done in Pacific Rim and European Community countries.

“The SME sector has proved itself not only to be the major creator of jobs in all these economies, but also the most cost-effective one.”

SBW 1992 is being organised by a national co-ordinating committee and six regional committees.


Also represented are the small business units of Standard, First National and Nedbank and of the Witwatersrand and Potchefstroom universities, as well as large corporations such as Anglo American and Southern Life.

The committees have invited municipalities, educational institutions, libraries, community and business organisations to arrange their own activities, which will be included in a calendar of events.

Arie van der Zwan, executive director of Southern Life, which has sponsored SBW for the third consecutive year, says his company endorses the philosophy that entrepreneurship can be a positive means of countering unemployment.

“Estimates are that the entire formal business sector will have fewer than 40 000 job opportunities this year as the recession slashes demand for labour,” he says.

“We cannot rely solely on foreign investment to create job opportunities. It has been proved again and again that self-employment provides a significant thrust for the creation of new jobs.”
SA's tragic child workers miss out on a better life

While other children are still sleeping, 17-year-old Goodenough Nje Sibiya is already at work. He is a coal-seller in Zola township, Soweto.

Sibiya, who started selling coal in 1983 when he was nine years old, wakes up at 5.30 am every day to go to work. He starts work at 6 am and knocks off at 7 pm.

"My father died when I was two years old and my mother was left alone to bring us up," he says. "There are five boys in the family and it was difficult for her on her own."

When a friend who was a coal-seller asked Sibiya to help him fix his cart, he agreed and they started working together. Selling coal helps him to buy food and cigarettes, he says, but it is not easy.

"We get robbed often. Just last week I was selling coal in Jabulani when I was robbed," he says, still walking with a limp.

With the price of coal increasing recently to R15 a bag, it is even more difficult to sell coal. This means that some weeks Sibiya gets paid very little.

"If I sell nothing, I get paid R30 short of my wages at the end of the week," he says. "If I sell something, I earn R10 a day."

In summer, it is even worse. Sometimes Sibiya sells nothing, if he is lucky he sells 10 bags a day.

Sibiya is just one of the many children who are working in the townships.

Bheki Mthembu, who is 16 years old, is another. He works for his brother in Klip-town, selling combs, mirrors, cosmetics and socks.

"I come from Osuweni in Newcastle," says Mthembu. "Last year, my brother fetched me to work in Johannesburg. He said he did not want to employ other people who were not relatives because they would steal his money or goods."

During the week he works from 7.30 am until five in the afternoon. Sometimes he works during weekends as well.

"At the end of every week, my brother pays me R55. I don't mind because even when I don't sell much, he still pays me the same amount," says Mthembu.

The youngest, who left school while he was in standard six, said he would like to go back to school — but, he says, he can only do so if his brother agrees.

Another child worker is Sithembiso Mashinini, who washes taxis at the rank at Soweto's Baragwanath Hospital.

Mashinini, who comes from Duduzane in Nigel, is 12 years old. He was in Sub B when he left school because "my mother and teachers used to punish me every time I did something wrong."

When he played with his friends instead of coming home immediately after school, for example, he says his mother would beat him with a sjambok.

Mashinini works for 12 hours a day, and sometimes gets beaten up if the taxis are dirty, even if it is not his fault.

THE CHILD AND THE LAW

Last year, farmers wanted the Government to change the Basic Conditions of Employment Act to allow them to employ children as young as 12 years old. Trade unions opposed this and called on the Government to increase the age limit to 18.

After long discussions, it was eventually agreed that only children older than 15 years could work on farms and that the Government could not give exemptions to anyone.

So, in June last year, section 52A of the Child Care Act was changed to prevent children under 15 from being employed unless their parents or guardians gave written permission.

The workshop was held last October, and was attended by 14 organisations. "The participants pointed out that there were a number of factors which produced child labour in South Africa, and that these must be identified so they were to be addressed," says Loffel. "These include poverty and illiteracy."

In an attempt to address these problems, the workshop suggested that some of the money obtained through Value-Added Tax (VAT) should be used to help needy parents. Another suggestion was that free, compulsory education should be extended from primary school to secondary school.

Vocational training was also singled out as important to give adults additional skills to help them get jobs making it unnecessary for them to send their children to work.

Learn and Teach is available from street corners and bookstores at R1.95.
FW asked to resolve row over R1-bn

By Michael Chester

Business magnate Dr Anton Rupert yesterday urged the State President to intervene and halt a corporate feud that has been blamed for the blockage of some R1 billion in funds earmarked to create thousands of new small businesses and new jobs.

Dr Rupert, founder and chairman of the Small Business Development Corporation, disclosed plans to seek talks with President F.W. de Klerk on ways to break the impasse and release more cash to counter the unemployment crisis.

The R1 billion has been trapped in limbo because of a breakdown in discussions between the SBDC and the State-controlled Industrial Development Corporation over control of the funds.

Dr Rupert intends to deliver a blunt warning that the power struggle threatens to force severe cutbacks in SBDC loan programmes because of critical cash shortages.

"We cannot allow a development programme of such critical importance to become shipwrecked by inertia or lack of vision," he told the SBDC annual general meeting in Johannesburg.

SDBC managing director Dr Ben Vosloo blamed the impasse on an IDC demand for equal control of the SBDC administration in exchange for an injection of R1 billion from its surplus funds.

He said the SBDC preferred to remain under private-sector control, which had worked with outstanding success since it was founded 11 years ago, and considered the IDC demands totally unacceptable.

IDC managing director Carel van der Merwe was unavailable for comment last night.

Anton Rupert. To deliver blunt warning on power struggle.
The new National Economic Forum has finally reached the launch pad. Out of negotiations due to start next month, it is expected to spell out both short and longer-term policies, MICHAEI CHESTER writes

Setting the agenda for the new National Economic Forum that starts work next month will bring South Africa to the moment of truth about the future. The immediate task is to solve as much of the apartheid era as has been specified.

How far back has it slipped in global economic terms in the last few years? This question has been asked since the beginning of the year. Out of 36 countries, South Africa was ranked no better than 20th. Even among the new economic powers, in the second league. South Africa failed to make the jump over the bottom of the scale.

While South Africa was engulfed in its apartheid monster and international isolation, it has been overtaken by a world of smaller and weaker bases. The stage is set for further wobbles. What the former wobbles in Singapore, South Korea, Thailand and Malaysia? How SA decides to start closing these gaps will determine whether the ladder will be worth only by researchers in Switzerland in the future.

Methods and strategies agreed upon inside the National Economic Forum will be closely scrutinized by all eyes at the World Bank and International Monetary Fund. The mood could change. If in the past the local government has been expected to new flows of foreign investment needed to ensure economic recovery.

Before they put their feet in the pockets, potential overseas investors as well as investors at home will need the assurance of practicality and coherence in the blueprint that is on the table.

It’s not a view we use that daydreams that many have raised. It is a case of when and where the challenge is going to be met. The real program will begin only once east-west dumping and ever-increasing costs have been tested.

The first obstacle may equal the challenge of a very long and deep recession, and are likely to pose problems for the government.

Dr. Edmond Besson, of the

Dr. Anton Rupert founded the successful Small Business Development Corporation

Small Business Development Corporation (SSDC) today signed the SBD today.

The head of the SSDC regional office, Mr. Rupert of the Rhoodard Group, under the auspices of the SSDC and the small business sector.

The number of individuals affected by the recession has soared above 2.7 million, while in 1978 the numbers had increased by 10% of the workforce before.

Tired in even deeper is school teachers, now finding out of the labour market at the rate of 4.5% a year and with only about seven in every 100 likely to find vacancies in the formal industrial and commercial sector, according to estimates by the SA Chamber of Commerce.

But the agenda confronting the National Economic Forum does not end with the unemployment issue. Yet to be resolved is the clash in arguments about the merits of privatization or nationalization.

Somewhere, every time the national debate seems to retreat into the background, a voice is heard: the potential for big/small business contact at almost without limit. They take their cue from some Far East economies.

So far the SSDC has created no fewer than 12,000 new jobs out of thin air under its loan programmes. It believes even though unemployment total could be overshadowed by new initiatives of high-commitment clients.

A think-tank has worked out that an avalanche of more than 150,000 new small and medium size enterprises - with many as 2.5 million new jobs must be created could be provided over the next five years.

The scheme involves an agreement between the National Economic Forum and the government to establish and the 1984 in the masterplan.

No one is following behind-the-scenes discussions with more attention than the million of potential entrepreneurs who are standing in unemployment queues as the recession swings.

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How you can run your own factory

Jobless people trained to manufacture a variety of products in the fight against rampant unemployment in South Africa:

THE African Business and Manufacturers Development Association (ABMDA) has trained about 600 blacks in manufacturing training programmes since its formation last year.

ABMDA chairman Mr Bradley Thababalala said that the acute shortage of competent blacks in manufacturing inspired his organisation to start the training programme.

Unemployment was becoming a time bomb which could seriously damage society and the success of efforts to create a democracy, he said.

“We want to train jobless people to manufacture a variety of products which they can sell and earn a living,” he said.

Items on their manufacturing agenda include mixing floor polish, dishwashers, fabric softeners, orange juice, candles, perfumes, foodstuffs and achaa, all of which they can sell in the townships and in rural areas.

Skilled Individuals

These products are manufactured at the Small Business Development Corporation’s (SBDC) Tower Hive in Industria. They can be contacted at (011) 473-2418.

He said that the organisation was formed by a group of skilled individuals who were operating mini-factories at the SBDC Tower Hive in Industria.

“We wanted to impart our knowledge and skills to black people who are in need by starting a training programme. “This was initially with a small group of people. But the programme grew and there were more people who came for training. Our training projects grew from handicrafts, welding and polish making to baking and the manufacture of dish washing soap,” he said.

Structuring of programme

Experts on management from big companies were called in to assist with the structuring of the training programme.

Before training could start, prospective trainers for a particular project were encouraged to form consortiums to help with expenses and also raise enough money without going to financial institutions, Thababalala said.

During the training the association provides all the necessary machinery for the different projects.

After qualifying, members of different groups were encouraged to establish mini-factories in their areas and sell their products to local markets, including spaza shops and hawkers.

As a result of their programmes, people had realised the need to manufacture products. Raw materials were bought by the association.

The only problem that has emerged was the scarcity of mangoes because “we have to teach people how to manufacture achaa,” he said.
A stroke of genius

BRILLIANT PAINT from back yard to a groundbreaking new paint for Abbey:

The winner of the July Soweto/Sanlam Entrepreneur of the Month Competition, Mr. Abbey Molefi Mokone (39), will launch a new paint at the Bophuthatswana National Development Corporation conference room tomorrow.

Mokone, who owns Speedy Waterproofing and Painting Company in Garankuwa, said the launch of the new brand of PVC paint could be a major breakthrough for his small operation.

He was delighted when he was nominated winner of the July Soweto/Sanlam Entrepreneur of the Month competition which is part of Soweto’s Nation Building campaign.

“Thanks to great heights thanks to the Nation Building campaign,” he said.

Business Innovation

Mokone will now be judged against four other winners for the Soweto/Sanlam Entrepreneur of the Year competition which is designed to create a spirit of business innovation among the township operators.

The other winners are Mrs. Lena Khosa, who owns Sikhaysile Dressmaking in KwaNdebele; Mr. Amon Buti Mapula, owner and director of Million Dollar Furniture manufacturing company in Soweto; and Mr. Jose Manuel Isidro of Jose Ribiero Furniture manufacturing company in Mamelodi.

Mokone wants to open branches of his business in the Northern Transvaal as well as sell franchise to aspiring entrepreneurs because “I want to build the nation”.

Mokone said his company was the largest paint distributor in the area. His customers were big and small business operators.

His enterprise manufactures an assortment of waterproofing compounds and paints, including his own products, name-branded Mokita Paints.

He uses most of the products to seal leaking roofs, attach tiles, repair reservoirs and renovate and paint newly built homes.

“I am not boasting but I sell quality products at a cheaper price than most of my competitors in the white areas,” he said.

He added: “I have always been fascinated by manufacturing products for the black community”.

He expanded

He started his business in the back yard of his Garankuwa home after struggling to get a business site.

As the business flourished the space became too small and he moved to the local Small Business Development Corporation site where he expanded his operation.

Mokone was born in Roosstad near Pretoria. He left school after passing Standard 5 in 1970 because “my parents could not afford to pay for my education”.

He looked for employment and “everything he touched just turned to gold”.

He was promoted to marketing positions at companies that produce numerous products, including toiletries.

He was inspired to start his own business after painting his own home. Neighbours were impressed and hired him to do the job for them during his spare time.

Robberies and violence

Today his business has grown. Mokone is reluctant to talk about his turnover because of spiralling rate of robberies and violence hitting the country.

“It is not wise to talk about one’s income in the present political climate in the country. We have heard about business people been killed and nugged because they were thought to have money,” he said.

For more information contact Mokone at (01461) 34835.
BUSINESS Blacks can own swimming pools and have them serviced by a black firm

Richard is now his own boss

BUSINESS SENSE He had a dream
and then set out to make it come true:

By Joshua Raboroko

MR Richard Modhbedi Phaladi (44), owner of a business in Garankuwa, near Pretoria, is a man who concentrated on
his dream and set out to achieve it.

"I always wanted to be my own boss and have my own business after I left school," he said.

He is the owner of the Odi Waterproofing, Swimming Pool Construction, Paving, Landscape, Fencing and
Thatched Summer Houses Manufacturer in the small Bophuthatswana township.

"We build new swimming pools of different sizes or to the owners' requirements, plus thatched summer houses, install vacuum cleaning units and pool lights, lay paving bricks around the pool, and erect safety or security fences around the pool with lockable gates. We use granite, concrete, steel and marble. We offer a guarantee on all our work," Phaladi said.

The company operates in the whole of Bophuthatswana, PWV areas, Lebowa, Venda and Gazankulu.

At last, Phaladi said, blacks in the townships can now own swimming pools and have them serviced by a black firm.

Phaladi's business motto reads: "Our prices are very competitive. Quality job normally earns a guarantee. Why not ask for it?"

He obtained a Bachelor of Arts degree at Turffontein in 1976. He was detained under the Internal Security Act while a treasurer of the Students Representative Council.

After graduating, he worked for the Bophuthatswana National Development Corporation (BNDC) as a business development officer. It was while he was working there that he developed an interest in becoming an entrepreneur.

He quit BNDC to do a BA honours degree in 1982 and then worked for the Bophuthatswana government's department of economic affairs until 1990.

The spirit of entrepreneurship was in his blood and he obtained a loan from a bank to start the waterproofing and swimming pool company.

As money started pouring into his business, he expanded the trade to include paving, landscaping, building thatched shades and summer houses.

Phaladi (right) at his business in Garankuwa.

He employs 10 well-trained people and is looking at the possibility of employing more next year.

Phaladi has entered into partnership with a friend who has a retail outlet. During his spare time he listens to jazz and is an ardent soccer fan.

This article will qualify Phaladi for the Sowetan/Sanlam Entrepreneur of the Month competition which is part of Nation Building campaign.
Funding of small man a big issue

The existing banking and financial structures are hopelessly inadequate, says Gaby Magomola:

THE financing of small business is one of the subjects expected to evoke a keen response from delegates at the Business and Entrepreneurial Conference to be held on September 13-15.

Mr Gaby Magomola, executive chairman of the Inter-Africa group and a director of Future Bank, will be one of the speakers.

He believes that existing banking and financial structures are "hopelessly inadequate" for small black businessmen.

"Years of apartheid and exclusion from economic activities have prevented potential black businessmen from securing the type of collateral required by existing structures in order to obtain financial assistance," says Magomola.

There had been little attempt to create specialised financial deals geared specifically for small businessmen found so readily in economically sound countries, he said.

Both the public and private sector need to come together and reorganise financial structures to ensure a facility which provides greater credit to this group.

Their economic success would have a domino effect on the rest of the economy and their participation in the economic activities must be encouraged and nurtured, Magomola said.

Business sense & brains

Venue:
Eskom Training College, Midrand.

Who should attend:
- Executives of major companies and those managers dealing with small business and entrepreneurial development.
- Officials of business associations;
- Officials of chambers of commerce and industry;
- Officials of financial institutions and funding organisations;
- Small businessmen from all sections of the community who want to grow into sizeable units;
- Officials of development agencies;
- All interested in getting an insight into the challenges ahead, and how some of these can be overcome.

Themes:
- Role of Government in transforming small business into medium sized enterprises;
- Financing of small business;
- Role of big business in developing small business;
- Women in business;
- Looking into the future.

Internationally famed two to speak at our conference

Africa Development Facility chief discusses the continent:

TWO officials of the International Finance Corporation will take part in our business and entrepreneurial development conference.

The two are Mr Alexander Keyserlingk, general manager of the Africa Development Facility, and Mr Omarri Issa, regional manager for Southern Africa.

The two experts have been involved in entrepreneurial development in many parts of the world, including the now booming Far East.

They will cite many examples of the success story of the East in their presentations at the conference Keyserlingk, who is the guest speaker, will speak on "Entrepreneurial development - lessons from Africa. He will discuss what has succeeded in Africa and what has not."

Another of the overseas speakers will talk on the development of external trade.

Local speakers are Dr Nthato Modlane, Sipho Shabalala, Professor Jakes Gerwel and Gaby Magomola.
Boost for traders in township

SMALL businesses in Khayelitsha, the sprawling shanty town near Cape Town, could share in a multimillion-rand boost from investment by big business here and overseas.

This is the result of 600 traders forming the Khayelitsha Business Association (Khaba) and opening a double-storey office building this week.

The office, between Lwandile and Spine Roads next to the Western Cape Training Centre, is run by a full-time secretary, who will be supervised by an executive committee of traders.

Khayelitsha is estimated to house 500,000 people, calculated at between two and three shacks a site.

Its business community received its biggest boost this week in the shape of a Nedbank cheque for R87 000 from the Nedcor group — enough to meet the running costs of the Khaba centre for a year.

"Mr David Halsted, United States Consul in Cape Town, said millions of dollars were earmarked for aid to small businesses in South Africa and until now there had been no formal organisation to consult about the allocation of funds.

The US government had $2 million (about R5.5 million) immediately available in loan guarantees to black businesses and another $7 million (about R19 million) could be available later.

Unveiling a plaque to officially open the building, Nedcor chief executive Mr Chris Liebenberg said the objectives of his company chairman's fund were job-creation, housing and education, reports EDWARD MOLOINYANE.

"We have been able to assist a number of projects. We are training the best young entrepreneurs and we are delighted to be involved in these initiatives.

"I feel humble when I see the lack of safety nets for business people out here."

Khaba chairman Mr Victor Mbanzi said Khayelitsha was in dire need of resources, especially jobs.

Business people, he said, played an important role in alleviating unemployment.

The township was notorious for the high crime rate because many people were unemployed.

He said Khaba represented about 640 paid members who ranged from street hawkers to big dealers. The township also needed shopping centres and factories and he appealed to potential investors to move there.

The organisation had good relationships with all community and political organisations, including the police.

Weekend Argus was commended for its support of Khayelitsha's business community and framed copies of two front pages of the Business Section were presented to Mr Mbanzi by Mr Theo Rudman, director of the Self-Employment Institute.

Picture, page 3.
"Spazatainers’ open space for township business"

A UNUSUAL project — "spazatainers" — is the result of a joint venture between the informal sector, private enterprise and a big corporation's community involvement programme.

The project aims to convert second-hand freight containers into secure, waterproof, affordable and practical "premises" for spaza shop-owners in Western Cape townships.

Two "spazatainers" are operating, with 33 expected to be available by December and 75 in the next year.

The brainchild of businessman Mr David Jacobs, the "spazatainer" idea developed out of his concern about the insecure and primitive conditions under which spaza shop-owners often operate.

Together with a former business lecturer and marketer, Mr Glenn Johnston, Jacobs identified the conversion of old containers as one way of providing spaza shop-owners with premises. But spaza shop-owners could not afford to buy containers on the open market and the idea never got off the ground.

But they did not let it rest there and, with the help of retired businessman Mr Mark Hoffman and shopping centre developer Mr Tony Malan, a scheme was developed to provide the containers to traders at an affordable fee of R28 a week over two years.

The cost of the containers will be subsidised through the sale of advertising space on the containers, with the owners receiving some of the advertising revenue once the containers have been paid off.

The project was presented to Safmarine, who liked the concept and decided to make containers available at minimal cost.

The project will be extended to other forms of retail activity and areas have been allocated by the Langelethu Town Council for the creation of a "spazatainer" shopping centre to cater for aspirant entrepreneurs.

The "spazatainers" are using premises made available by the Small Business Development Corporation.

LYNDA LOXTON
Asian hawkers face ‘end trading’ ultimatum

ASIANS chased out of Lesotho last year were flooding the pavement markets of SA towns and posing unfair competition to black hawkers, African Council for Hawkers and Informal Business (Achib) president Lawrence Mavundla says.

And has 45 000-member council has invited political organisations, chambers of commerce, the trade unions and Johannesburg City Council to a meeting on Wednesday to discuss the problem.

Lesotho citizens attacked Asians in May last year after a black woman accused of stealing from one of their stores was killed.

Mavundla said the blame for the pavement trading problem lay with the Johannesburg council and other local authorities which gave licences to non-South Africans without even consulting local business leaders.

"Big business is protected by laws against invasion by foreign companies, and they are consulted whenever foreign firms are to invest in SA. But not so with small business — foreigners are just granted licences to pose unfair competition against our hawkers."

Mavundla, who said there were about 300 Chinese and Korean hawkers on Johannesburg streets alone and these people knew neither English nor the local currency — resulting in many black hawkers having to fold up their stalls and close shop.

"Hawkers are now going to give the foreigners three days to leave the streets, after which we will decide on what action to take against them. They can't resist the will of the people," Mavundla said.

Acting Deputy Chief of the Johannesburg Licensing Department Roy van Jaarsveld said the Asians were as entitled to trade in Johannesburg as anybody else.

"In terms of the licensing by-laws, anyone in the country legally is entitled to a licence," he said.